

Company Registration No. 04323657 (England and Wales)

**TANGENT MARKETING SERVICES LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 29 FEBRUARY 2008**

**COMPANIES HOUSE COPY**

**UHY** Hacker Young  
Chartered Accountants

TUESDAY



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16/12/2008  
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## **TANGENT MARKETING SERVICES LIMITED**

### **COMPANY INFORMATION**

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<b>Directors</b>	Nicholas Green Timothy Green Graeme Harris
<b>Secretary</b>	Graeme Harris
<b>Company number</b>	04323657
<b>Registered office</b>	84-86 Great Portland Street London W1W 7NR
<b>Auditors</b>	UHY Hacker Young LLP Quadrant House 17 Thomas More Street Thomas More Square London E1W 1YW

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# **TANGENT MARKETING SERVICES LIMITED**

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# **TANGENT MARKETING SERVICES LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 29 FEBRUARY 2008**

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The directors present their report and financial statements for the year ended 29 February 2008.

#### **Principal activities and review of the business**

The principal activity of the company is that of customised marketing services.

Online marketing continues to grow at significant rates. Tangent is now firmly established as a company capable of providing complex and innovative web solutions.

We run the company with a focus on turnover and operating profit. We believe that our focus on these key performance indicators (KPI's) will deliver value in the medium to long term. Turnover fell by 0.6% to £7.6 million, operating margin fell from 14.5% to 13.2% and operating profits fell by 9% to £1 million.

#### **Results and dividends**

The results for the year are set out on page 5.

The directors do not recommend payment of an ordinary dividend.

#### **Directors**

The following directors have held office since 1 March 2007:

Nicholas Green  
Timothy Green  
Graeme Harris

#### **Donations**

During the year the company made charitable donations of £1,450 (2007: £1,000) and a political donation to the Labour party of £2,750 (2007: nil).

#### **Auditors**

In accordance with section 385 of the Companies Act 1985, a resolution proposing that UHY Hacker Young LLP be reappointed as auditors of the company will be put to the Annual General Meeting.

# TANGENT MARKETING SERVICES LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2008

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### Directors' responsibilities

The directors are responsible for preparing 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). The financial statements are required by law to 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;
- 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 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 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.

### Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



Graeme Harris

Director

12/12/08

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TANGENT MARKETING SERVICES LIMITED**

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We have audited the financial statements of Tangent Marketing Services Limited for the year ended 29 February 2008 set out on pages 5 to 14. 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 auditors' 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 the 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 are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we 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.

### **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 judgements 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.

**INDEPENDENT AUDITORS' REPORT (CONTINUED)**  
**TO THE SHAREHOLDERS OF TANGENT MARKETING SERVICES LIMITED**

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**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 29 February 2008 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 given in the directors' report is consistent with the financial statements.

*UHY Hacker Young LLP*  
UHY Hacker Young LLP

*12 December 2008*

Chartered Accountants  
Registered Auditor

# TANGENT MARKETING SERVICES LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 29 FEBRUARY 2008

	Notes	2008 £	2007 £
<b>Turnover</b>	<b>2</b>	7,621,286	7,671,866
Cost of sales		(4,394,343)	(4,374,989)
<b>Gross profit</b>		3,226,943	3,296,877
Administrative expenses		(2,218,326)	(2,185,450)
<b>Operating profit</b>	<b>3</b>	1,008,617	1,111,427
Other interest receivable and similar income	<b>4</b>	67,788	26,343
Interest payable and similar charges	<b>5</b>	(16,324)	(19,063)
<b>Profit on ordinary activities before taxation</b>		1,060,081	1,118,707
Tax on profit on ordinary activities	<b>6</b>	(111,000)	(19,000)
<b>Profit for the year</b>	<b>15</b>	949,081	1,099,707

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

# TANGENT MARKETING SERVICES LIMITED

## BALANCE SHEET

AS AT 29 FEBRUARY 2008

	Notes	2008 £	£	2007 £	£
<b>Fixed assets</b>					
Tangible assets	7		644,247		659,928
<b>Current assets</b>					
Stocks	8	60,455		86,694	
Debtors	9	1,893,146		1,937,129	
Cash at bank and in hand		2,222,036		1,165,012	
		<u>4,175,637</u>		<u>3,188,835</u>	
<b>Creditors: amounts falling due within one year</b>	10	<u>(4,078,281)</u>		<u>(1,595,560)</u>	
<b>Net current assets</b>			<u>97,356</u>		<u>1,593,275</u>
<b>Total assets less current liabilities</b>			741,603		2,253,203
<b>Creditors: amounts falling due after more than one year</b>	11		<u>(1,348,625)</u>		<u>(3,809,306)</u>
			<u>(607,022)</u>		<u>(1,556,103)</u>
<b>Capital and reserves</b>					
Called up share capital	14	250,000		250,000	
Profit and loss account	15	(857,022)		(1,806,103)	
<b>Shareholders' funds</b>	16	<u>(607,022)</u>		<u>(1,556,103)</u>	

Approved by the Board and authorised for issue on 12/12/08



Graeme Harris  
Director

# **TANGENT MARKETING SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 29 FEBRUARY 2008**

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#### **1 Accounting policies**

##### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention.

The company has a net liability position at the year end of £607,022 (2007: £1,556,103). The financial statements have been prepared on the basis of a going concern. The company's ability to continue as a going concern is contingent upon the continuing support from its parent company, Tangent Communications plc. The parent company has confirmed continuing financial support for the foreseeable future.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement 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.

##### **1.2 Compliance with accounting standards**

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

##### **1.3 Turnover**

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

##### **1.4 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Leasehold	Over the term of the lease
Fixtures, fittings & equipment	Over 3-10 years on cost

##### **1.5 Leasing and hire purchase commitments**

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 a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

##### **1.6 Stock and work in progress**

Stock and work in progress are valued at the lower of cost and net realisable value. Costs are represented by direct materials and labour together with attributable amounts of fixed and variable overheads incurred in bringing each product to its present location and condition. Net realisable value is the estimated selling price less further costs to completion and disposal.

# TANGENT MARKETING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2008

### 1 Accounting policies

(Continued)

#### 1.7 Pensions

The company makes contributions to the personal pension plans of certain employees. Contributions are charged to the profit and loss accounts as they become payable.

#### 1.8 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted. No provision is made in respect of timing differences arising from the sale or revaluation of fixed assets unless there is a commitment to the disposal of the assets at the balance sheet date. Deferred tax assets are recognised only to the extent that the directors consider there to be suitable taxable profits from which the underlying timing differences can be deducted.

### 2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3	Operating profit	2008 £	2007 £
	Operating profit is stated after charging:		
	Operating lease rentals	169,563	170,928
	Fees payable to the company's auditor for the audit of the company's annual accounts	7,500	7,500
	and after crediting:		
	Profit on disposal of tangible assets	<u>(11,116)</u>	<u>(55,517)</u>
4	Investment income	2008 £	2007 £
	Bank interest	<u>67,788</u>	<u>26,343</u>
		<u>67,788</u>	<u>26,343</u>
5	Interest payable	2008 £	2007 £
	Hire purchase interest	<u>16,324</u>	<u>19,063</u>

**TANGENT MARKETING SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 29 FEBRUARY 2008**

<b>6 Taxation</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
<b>Domestic current year tax</b>		
U.K. corporation tax	111,000	19,000
<b>Current tax charge</b>	<u>111,000</u>	<u>19,000</u>
 <b>Factors affecting the tax charge for the year</b>		
Profit on ordinary activities before taxation	<u>1,060,081</u>	<u>1,118,707</u>
 Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2007 - 30.00%)	<u>318,024</u>	<u>335,612</u>
Effects of:		
Non deductible expenses	6,657	18,324
Depreciation in excess of capital allowances	-	(21,422)
Short term timing differences	-	3,078
Tax losses utilised	(202,900)	(219,002)
Group relief	(4,079)	(86,590)
Difference in tax rate	-	(11,000)
Other tax adjustments	(6,702)	-
	<u>(207,024)</u>	<u>(316,612)</u>
<b>Current tax charge</b>	<u>111,000</u>	<u>19,000</u>

# TANGENT MARKETING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2008

### 7 Tangible fixed assets

	Land and buildings Leasehold £	Fixtures, fittings & equipment £	Total £
<b>Cost</b>			
At 1 March 2007	58,676	1,816,657	1,875,333
Additions	9,690	252,722	262,412
Disposals	-	(66,728)	(66,728)
At 29 February 2008	68,366	2,002,651	2,071,017
<b>Depreciation</b>			
At 1 March 2007	31,052	1,184,353	1,215,405
On disposals	-	(63,916)	(63,916)
Charge for the year	21,575	253,706	275,281
At 29 February 2008	52,627	1,374,143	1,426,770
<b>Net book value</b>			
At 29 February 2008	15,739	628,508	644,247
At 28 February 2007	27,624	632,304	659,928

Included above are assets held under finance leases or hire purchase contracts as follows:

	Fixtures, fittings & equipment £
<b>Net book values</b>	
At 29 February 2008	213,990
At 28 February 2007	351,712
<b>Depreciation charge for the year</b>	
At 29 February 2008	77,321
At 28 February 2007	135,602

**TANGENT MARKETING SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 29 FEBRUARY 2008**

<b>8</b>	<b>Stocks and work in progress</b>	<b>2008</b>	<b>2007</b>
		<b>£</b>	<b>£</b>
	Raw materials and consumables	54,058	71,463
	Work in progress	6,397	15,231
		<u>60,455</u>	<u>86,694</u>
<b>9</b>	<b>Debtors</b>	<b>2008</b>	<b>2007</b>
		<b>£</b>	<b>£</b>
	Trade debtors	1,749,012	1,772,465
	Amounts owed by subsidiary undertakings	18,065	-
	Other debtors	14,595	14,209
	Prepayments and accrued income	111,474	150,455
		<u>1,893,146</u>	<u>1,937,129</u>
<b>10</b>	<b>Creditors: amounts falling due within one year</b>	<b>2008</b>	<b>2007</b>
		<b>£</b>	<b>£</b>
	Net obligations under hire purchase contracts	66,500	69,592
	Trade creditors	686,037	917,344
	Amounts owed to parent and fellow subsidiary undertakings	2,724,022	-
	Corporation tax	111,000	19,000
	Other taxes and social security costs	219,704	299,456
	Other creditors	28,924	30,822
	Accruals and deferred income	242,094	259,346
		<u>4,078,281</u>	<u>1,595,560</u>

On 6 March 2007 the company agreed a £1m overdraft facility at a rate of 1.25% over base rate secured by cross guarantees and debentures. The overdraft facility has never been drawn, but having the facility improves the financial flexibility of the company. The hire purchase liabilities as set out in note 11 are all secured on the assets against which the borrowings were provided.

# TANGENT MARKETING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 29 FEBRUARY 2008

<b>11 Creditors: amounts falling due after more than one year</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Amounts owed to parent and fellow subsidiaries	1,200,000	3,594,181
Net obligations under hire purchase contracts	148,625	215,125
	<u>1,348,625</u>	<u>3,809,306</u>
<b>Net obligations under hire purchase contracts</b>		
Repayable within one year	66,500	69,592
Repayable between one and five years	148,625	215,125
	<u>215,125</u>	<u>284,717</u>
Included in liabilities falling due within one year	(66,500)	(69,592)
	<u>148,625</u>	<u>215,125</u>

The amounts due to parent and fellow subsidiaries is unsecured, interest free and has no fixed terms of repayment.

### 13 Pension and other post-retirement benefit commitments

#### Defined contribution

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Contributions payable by the company for the year	<u>31,364</u>	<u>48,583</u>

### 14 Share capital

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
250,000 Ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>
<b>Allotted, called up and fully paid</b>		
250,000 Ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>

# TANGENT MARKETING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 29 FEBRUARY 2008

#### 15 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 March 2007	(1,806,103)
Profit for the year	949,081
Balance at 29 February 2008	<u>(857,022)</u>

#### 16 Reconciliation of movements in shareholders' funds

	2008 £	2007 £
Profit for the financial year	949,081	1,099,707
Opening shareholders' funds	<u>(1,556,103)</u>	<u>(2,655,810)</u>
Closing shareholders' funds	<u>(607,022)</u>	<u>(1,556,103)</u>

#### 17 Financial commitments

At 29 February 2008 the company was committed to making the following payments under non-cancellable operating leases in the year to 28 February 2009:

	Land and buildings		Other	
	2008 £	2007 £	2008 £	2007 £
Operating leases which expire:				
Within one year	28,667	22,750	7,667	3,852
Between two and five years	-	110,000	3,246	18,270
	<u>28,667</u>	<u>132,750</u>	<u>10,913</u>	<u>22,122</u>

#### 18 Directors' emoluments

	2008 £	2007 £
Emoluments for qualifying services	<u>-</u>	<u>377,406</u>

# TANGENT MARKETING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2008

### 19 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was:

	2008 Number	2007 Number
Production	43	47
Sales	22	23
Administration	16	18
	<u>81</u>	<u>88</u>

#### Employment costs

	2008 £	2007 £
Wages and salaries	2,435,209	2,322,224
Social security costs	251,665	249,579
Other pension costs	31,364	48,583
	<u>2,718,238</u>	<u>2,620,386</u>

### 20 Control

The ultimate controlling party of the company is its parent company Tangent Communications plc, a company registered in England and Wales. Tangent Communications plc prepares group financial statements, which can be obtained from Companies House.

### 21 Related party transactions

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