

Company Registration No. 04323657 (England and Wales)

TANGENT MARKETING SERVICES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2012

COMPANIES HOUSE COPY



TANGENT MARKETING SERVICES LIMITED

COMPANY INFORMATION

Directors	Nicholas Green Timothy Green
Secretary	Kevin Cameron
Company number	04323657
Registered office	84-86 Great Portland Street London W1W 7NR
Auditors	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW

TANGENT MARKETING SERVICES LIMITED

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TANGENT MARKETING SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 29 FEBRUARY 2012

The directors present their report and financial statements for the year ended 29 February 2012

Principal activities and review of the business

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

On 1st March 2011 the trade of Snowball, part of a group company, Ravensworth Digital Services Limited, was transferred to Tangent Marketing Services Limited. At the same time the trade of Tangent on Demand, previously within Tangent Marketing Services Limited, was transferred to Ravensworth Digital Services Limited. As a result of this all marketing services revenues have been consolidated within Tangent Marketing Services Limited.

Following the transfer of trade as noted above and the continued investment in software and human resource revenues increased by 37% to £10,479,733 (2011 £7,645,015). The increased revenues lead to a significant increase in operating profit to £932,142 (2011 £248,645) returning an operating margin of 8.9% (2011 3.3%). The directors continue to review company performance by monitoring certain key performance indicators, these have been identified as, revenue growth, gross profit, operating profit and operating margin.

Key risks and uncertainties

The key risks and uncertainties for the company are identified as loss of a major client, loss of key personnel, changes in technology and competition in key market sectors.

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 2011:

Nicholas Green

Timothy Green

Political and charitable donations

	2012 £	2011 £
During the year the company made the following payments:		
Political donations to EU parties and organisations	1,250	5,000
Charitable donations	4,528	650

During the year the company made charitable donations of £4,528 (2011 £650) and a political donation to the Labour party of £1,250 (2011 £5,000).

Auditors

The auditors, UHY Hacker Young, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

TANGENT MARKETING SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2012

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 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.

Statement of disclosure to auditors

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.

By order of the board



Kevin Cameron
Secretary
27 November 2012

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TANGENT MARKETING SERVICES LIMITED

We have audited the financial statements of Tangent Marketing Services Limited for the year ended 29 February 2012 set out on pages 5 to 16. 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 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 directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 2, 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 APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

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 29 February 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF TANGENT MARKETING SERVICES 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 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



Colin Wright (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young

27 November 2012

Chartered Accountants
Statutory Auditor

TANGENT MARKETING SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 29 FEBRUARY 2012

	Notes	2012 £	2011 £
Turnover	2	10,479,733	7,645,015
Cost of sales		(3,777,725)	(2,189,791)
Gross profit		6,702,008	5,455,224
Administrative expenses		(5,769,866)	(5,206,579)
Operating profit	3	932,142	248,645
Non-operating exceptional items	3	(173,240)	(202,159)
Profit on ordinary activities before interest		758,902	46,486
Other interest receivable and similar income	4	-	1
Interest payable and similar charges	5	(67)	(1,994)
Profit on ordinary activities before taxation		758,835	44,493
Tax on profit on ordinary activities	6	(225,915)	43,887
Profit for the year	16	532,920	88,380

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 2012

	Notes	2012 £	£	2011 £	£
Fixed assets					
Tangible assets	8		247,969		276,612
Current assets					
Stocks	9	-		25,488	
Debtors	10	5,318,782		3,433,439	
Cash at bank and in hand		578,624		452,694	
		5,897,406		3,911,621	
Creditors: amounts falling due within one year	11	(4,605,033)		(3,180,811)	
Net current assets			1,292,373		730,810
Total assets less current liabilities			1,540,342		1,007,422
Creditors: amounts falling due after more than one year	12		(1,200,000)		(1,200,000)
			340,342		(192,578)
Capital and reserves					
Called up share capital	15		250,000		250,000
Profit and loss account	16		90,342		(442,578)
Shareholders' funds	17		340,342		(192,578)

Approved by the Board and authorised for issue on 27 November 2012


Nicholas Green
Director

Timothy Green
Director



Company Registration No. 04323657

TANGENT MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2012

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

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 Customer lists

The customer lists are amortised on a straight line basis over 2 years

1.5 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

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

1.6 Leasing and hire purchase commitments

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

1.7 Stock and work in progress

Work in progress is 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

1.8 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

TANGENT MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2012

1 Accounting policies

(Continued)

1.9 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.

1.10 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date, or if appropriate at the forward contract rate. Non-monetary assets denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction, or the contracted rate if the transaction is covered by a forward exchange contract. All differences are taken to profit and loss account.

2 Turnover

Geographical market

	2012 £	2011 £
UK	8,088,458	5,476,297
Europe	1,359,953	1,259,855
Rest of world	1,031,322	908,863
	<u>10,479,733</u>	<u>7,645,015</u>

TANGENT MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2012

3 Operating profit	2012	2011
	£	£
Operating profit is stated after charging		
Amortisation of intangible assets	-	19,561
Depreciation of tangible assets	126,080	195,792
Loss on disposal of tangible assets	-	632
Loss on foreign exchange transactions	15,810	-
Operating lease rentals	166,739	151,916
Fees payable to the company's auditor for the audit of the company's annual accounts	10,000	7,090
and after crediting		
Profit on foreign exchange transactions	-	(9,639)

The non-operating exceptional items relate to redundancy and termination costs and impairment provision

4 Investment income	2012	2011
	£	£
Bank interest	-	1
	-	1

5 Interest payable	2012	2011
	£	£
On bank loans and overdrafts	-	12
Hire purchase interest	67	1,982
	67	1,994

TANGENT MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2012

6 Taxation	2012	2011
	£	£
Domestic current year tax		
U K corporation tax	232,015	12,600
Adjustment for prior years	(2,100)	(1,487)
	<u>229,915</u>	<u>11,113</u>
Total current tax	229,915	11,113
Deferred tax		
Origination and reversal of timing differences	(4,000)	(55,000)
	<u>225,915</u>	<u>(43,887)</u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	<u>758,835</u>	<u>44,493</u>
 Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 26.00% (2011 - 28.00%)	 <u>197,297</u>	 <u>12,458</u>
Effects of		
Non deductible expenses	30,007	16,054
Depreciation in excess of capital allowances	10,414	33,575
Provisions	-	16,635
Group relief	-	(61,922)
Adjustments to previous periods	(2,100)	(1,487)
Other tax adjustments	(5,703)	(4,200)
	<u>32,618</u>	<u>(1,345)</u>
Current tax charge for the year	<u>229,915</u>	<u>11,113</u>

TANGENT MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2012

7 Intangible fixed assets

	Customer lists £
Cost	
At 1 March 2011 & at 29 February 2012	39,121
Amortisation	
At 1 March 2011 & at 29 February 2012	39,121
Net book value	
At 29 February 2012	-
At 28 February 2011	-

8 Tangible fixed assets

	Leasehold improvements £	Fixtures, fittings & equipment £	Total £
Cost			
At 1 March 2011	194,996	905,281	1,100,277
Additions	7,455	175,373	182,828
Transfers in from fellow subsidiaries	-	54,109	54,109
Transfers out from fellow subsidiaries	-	(631,216)	(631,216)
At 29 February 2012	202,451	503,547	705,998
Depreciation			
At 1 March 2011	151,241	672,424	823,665
Transfers in from fellow subsidiaries	-	3,836	3,836
Transfers out from fellow subsidiaries	-	(495,552)	(495,552)
Charge for the year	42,816	83,264	126,080
At 29 February 2012	194,057	263,972	458,029
Net book value			
At 29 February 2012	8,394	239,575	247,969
At 28 February 2011	43,755	232,857	276,612

TANGENT MARKETING SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 29 FEBRUARY 2012**

9	Stocks and work in progress	2012	2011
		£	£
	Raw materials and consumables	-	25,448
	Work in progress	-	40
		<u>-</u>	<u>25,488</u>
		<u>-</u>	<u>25,488</u>
10	Debtors	2012	2011
		£	£
	Trade debtors	2,676,711	1,376,002
	Amounts owed by parent and fellow subsidiary undertakings	2,330,113	1,873,482
	Other debtors	53,646	16,505
	Prepayments and accrued income	199,312	112,450
	Deferred tax asset (see note 13)	59,000	55,000
		<u>5,318,782</u>	<u>3,433,439</u>
		<u>5,318,782</u>	<u>3,433,439</u>

TANGENT MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2012

11 Creditors: amounts falling due within one year	2012	2011
	£	£
Net obligations under hire purchase contracts	-	25,623
Trade creditors	150,483	454,096
Amounts owed to parent and fellow subsidiary undertakings	2,754,100	1,844,108
Corporation tax	199,182	15,128
Other taxes and social security costs	435,434	132,730
Other creditors	78,163	78,479
Accruals and deferred income	987,671	630,647
	<u>4,605,033</u>	<u>3,180,811</u>

The hire purchase liabilities as set out in note 12 are all secured on the assets against which the borrowings were provided

Net obligations under hire purchase contracts

Repayable within one year	-	25,623
Finance charges and interest allocated to future accounting periods	-	-
	<u>-</u>	<u>25,623</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

12 Creditors: amounts falling due after more than one year	2012	2011
	£	£
Other loans	<u>1,200,000</u>	<u>1,200,000</u>
Analysis of loans		
Wholly repayable within five years	<u>1,200,000</u>	<u>1,200,000</u>
	<u>1,200,000</u>	<u>1,200,000</u>

The other loans represents amounts due to parent and is unsecured, interest free and has no fixed terms of repayment

TANGENT MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2012

13 Provisions for liabilities

The deferred tax asset (included in debtors, note 10) is made up as follows:

	2012 £	
Profit and loss account	(59,000)	
	2012 £	2011 £
Decelerated capital allowances	(30,500)	(26,500)
Other timing differences	(28,500)	(28,500)
	(59,000)	(55,000)

14 Pension and other post-retirement benefit commitments Defined contribution

	2012 £	2011 £
Contributions payable by the company for the year	33,003	13,427

15 Share capital

	2012 £	2011 £
Allotted, called up and fully paid 250,000 Ordinary shares of £1 each	250,000	250,000

TANGENT MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 FEBRUARY 2012

16 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 March 2011	(442,578)
Profit for the year	532,920
	<hr/>
Balance at 29 February 2012	90,342
	<hr/>

17 Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Profit for the financial year	532,920	88,380
Opening shareholders' funds	(192,578)	(280,958)
	<hr/>	<hr/>
Closing shareholders' funds	340,342	(192,578)
	<hr/>	<hr/>

18 Contingent liabilities

At 28 February 2012, the company had contingent liabilities amounting to £1m in respect of a unlimited multilateral guarantee and debentures relating to the group overdraft facility taken out by the parent company. The overdraft facility has never been drawn, but having the facility improves the financial flexibility of the group.

19 Financial commitments

At 29 February 2012 the company was committed to making the following payments under non-cancellable operating leases in the year to 28 February 2013:

	Land and buildings		Other	
	2012 £	2011 £	2012 £	2011 £
Operating leases which expire				
Between two and five years	202,562	175,000	6,227	-
	<hr/>	<hr/>	<hr/>	<hr/>

TANGENT MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2012

20 Employees

Number of employees

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

	2012 Number	2011 Number
Production	60	19
Sales	34	22
Administration	7	24
	<u>101</u>	<u>65</u>

Employment costs

	2012 £	2011 £
Wages and salaries	4,452,483	2,072,583
Social security costs	472,747	219,839
Other pension costs	33,003	13,427
	<u>4,958,233</u>	<u>2,305,849</u>

21 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.

22 Related party relationships and 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. Copies of the group financial statements are available from the parent company's head office at 84-86 Great Portland Street, London W1W 7NR.