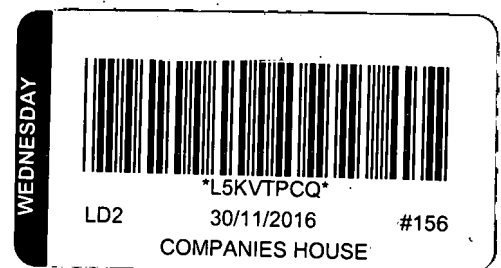


Company Registration No. 04323657 (England and Wales)

TANGENT MARKETING SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2016



TANGENT MARKETING SERVICES LIMITED

COMPANY INFORMATION

Directors Timothy Green
Oliver Green (Appointed 31 October 2016)

Secretary Hugh O'Neill

Company number 04323657

Registered office 4th Floor
40-44 Clipstone Street
London
W1W 5DW

Auditor UHY Hacker Young
Quadrant House
4 Thomas More Square
London
E1W 1YW

TANGENT MARKETING SERVICES LIMITED

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TANGENT MARKETING SERVICES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 29 FEBRUARY 2016

The directors present the strategic report and financial statements for the year ended 29 February 2016.

Review of the business

The principal activity of the company continued to be that of digital marketing. The business operates through the Tangent Snowball brand and post year-end has been re-branded to Tangent.

Sales in 2015-16 were £6.64m (2015: £7.29m), operating profits were £0.64m (2015:£0.35m).

The directors reviewed the carrying value of intangible assets held at 29 February 2016. As a result of that review the carrying value was reduced and a subsequent impairment charge of £0.13m included in the Income Statement for the year ended 29 February 2016.

TANGENT MARKETING SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2016

The principal risks and uncertainties faced by the company are listed below. Some risks remain beyond the control of the company, as such the company cannot provide absolute assurance that all risks are managed to an acceptable level.

Risk area	Impact on Tangent	Mitigation of risk
Loss of service in both website and print/delivery infrastructure.	Tangent will not be able to fulfil client orders and as such financial performance may be impacted in both the short and longer term as customers may move to alternative suppliers.	Tangent invests in significant IT hosting infrastructure to ensure that up time is maximised and disaster recovery procedures are resilient and robust. Tangent has service contracts in respect of all its key items of plant with contracted service levels to mitigate downtime. In addition, Tangent invests in vendor lead training programmes to further reduce machinery failure.
Loss or a significant reduction in revenue from a major client	Tangent has some significant client relationships. Loss or a significant reduction in revenue from one or more of these clients may impact Tangent's operating profit and financial performance.	Tangent has a proven track record of both winning new business and organically growing long term client relationships. Strategic account managers are appointed to preserve these relationships, monitor service levels and expand services to clients.
Shortage or loss of key personnel and skills	The inability to attract or retain key staff with the required level of competency and technical knowledge may impact our ability to capitalise on opportunity and deliver against our business strategy and objectives.	Tangent seeks to engage, motivate and retain staff by offering remuneration packages that include competitive basic salaries, annual bonus awards and benefits packages. Comprehensive annual staff reviews are undertaken to identify skills gaps.
Deterioration in the general economic environment	There is a risk that general economic issues may impact Tangent's clients and reduce their spending power. This may impact on revenue and the profitability of Tangent.	Trends, both general and market specific, are monitored and factored into business planning and forecasting. In addition, Tangent builds strong working relationships with its significant clients maintaining an on-going dialogue to provide visibility on potential future revenue.
Technological obsolescence	Tangent's equipment/products may become obsolete, potentially impacting productivity and margin.	Tangent continues to invest in digital platforms to improve competitive edge and broaden the product offering. Development of strong relationships with suppliers and dedicated procurement resources within the group ensures that Tangent is able to react quickly to changes in technology.

TANGENT MARKETING SERVICES LIMITED

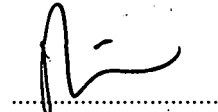
STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2016

The key performance indicators that management use to measure and drive business performance are as follows:-

- Revenue
- Revenue growth
- Gross margin
- Employment costs as a percentage of sales
- Underlying operating profit margin
- Staff retention

On behalf of the board



.....
Timothy Green

Director

29/11/16

TANGENT MARKETING SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 29 FEBRUARY 2016

The directors present their annual report and financial statements for the year ended 29 February 2016.

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Nicholas Green	(Retired 31 October 2016)
Timothy Green	
Oliver Green	(Appointed 31 October 2016)

Financial instruments

Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Credit risk

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade Receivables are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Auditor

The auditor, 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 2016

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, 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) including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). 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, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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 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.

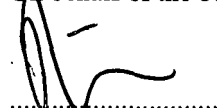
Statement of disclosure to auditor

Each director in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

On behalf of the board



Timothy Green

Director

29/1/16

INDEPENDENT AUDITOR'S 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 2016 set out on pages 8 to 25. 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), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 4 - 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 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 29 February 2016 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S 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.



Subarna Banerjee (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young

30/11/16

Chartered Accountants
Statutory Auditor

TANGENT MARKETING SERVICES LIMITED**INCOME STATEMENT****FOR THE YEAR ENDED 29 FEBRUARY 2016**

	Notes	2016 £	2015 £
Revenue	2	6,636,031	7,294,617
Cost of sales		(1,098,762)	(1,350,282)
Gross profit		<u>5,537,269</u>	<u>5,944,335</u>
Administrative expenses		(4,892,505)	(5,314,407)
Profit/(loss) on disposal of operations		-	(19,000)
Exceptional items		-	(262,919)
Operating profit	3	<u>644,764</u>	<u>348,009</u>
Tax on profit	5	<u>57,800</u>	<u>(79,819)</u>
Profit for the financial year	14	<u><u>702,564</u></u>	<u><u>268,190</u></u>

The income statement has been prepared on the basis that all operations are continuing operations.

TANGENT MARKETING SERVICES LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 29 FEBRUARY 2016

	Notes	2016 £	2015 £
Fixed assets			
Intangible assets	7	-	183,236
Property, plant and equipment	8	198,587	255,963
		<u>198,587</u>	<u>439,199</u>
Current assets			
Deferred tax asset	11	41,345	26,907
Other receivables	9	8,340,166	5,670,706
Cash at bank and in hand		270,863	873,602
		<u>8,652,374</u>	<u>6,571,215</u>
Creditors: amounts falling due within one year			
Trade creditors and other payables	10	6,175,683	4,943,152
Taxation and social security		262,138	356,686
		<u>6,437,821</u>	<u>5,299,838</u>
Net current assets		<u>2,214,553</u>	<u>1,271,377</u>
Total assets less current liabilities		<u>2,413,140</u>	<u>1,710,576</u>
Net assets		<u>2,413,140</u>	<u>1,710,576</u>
Capital and reserves			
Called up share capital	13	250,000	250,000
Profit and loss account	14	2,163,140	1,460,576
Total equity		<u>2,413,140</u>	<u>1,710,576</u>

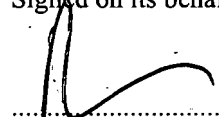
TANGENT MARKETING SERVICES LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 29 FEBRUARY 2016

The financial statements were approved by the Board of directors and authorised for issue on 29/11/16

Signed on its behalf by:



Timothy Green

Director

Company Registration No. 04323657

TANGENT MARKETING SERVICES LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 29 FEBRUARY 2016**

	Share capital £	Retained earnings £	Total £
Balance at 1 March 2014	250,000	1,192,386	1,442,386
	<hr/>	<hr/>	<hr/>
Profit and total comprehensive income for the year	-	268,190	268,190
	<hr/>	<hr/>	<hr/>
Balance at 28 February 2015	250,000	1,460,576	1,710,576
	<hr/>	<hr/>	<hr/>
Profit and total comprehensive income for the year	-	702,564	702,564
	<hr/>	<hr/>	<hr/>
Balance at 29 February 2016	250,000	2,163,140	2,413,140
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

TANGENT MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2016

1 Accounting policies

Company information

Tangent Marketing Services Limited is a company limited by shares incorporated in England and Wales. The registered office is 4th Floor, 40-44 Clipstone Street, London, W1W 5DW.

1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

These accounts for the year ended 29 February 2016 are the first accounts prepared in accordance with FRS 101. The Finance Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 101 was 1 March 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 101.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

TANGENT MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2016

1 Accounting policies

(Continued)

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n) (ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations. Equivalent disclosures are included in the consolidated financial statements of Tangent Communications plc in which the entity is consolidated;
- the requirements of paragraph 33 (c) of IFRS 5 Non current Assets Held for Sale and Discontinued Operations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment (iii) paragraph 118 (e) of IAS 38 Intangibles Assets, (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property and (v) paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40 ,111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to share based payments, financial instruments, capital management, presentation of a cash flow statement, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, business combinations, discontinued operations and related party transactions.

Where required, equivalent disclosures are given in the group accounts of Tangent Communications plc. The group accounts of Tangent Communications plc are available to the public and can be obtained as set out in note 18.

1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

TANGENT MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2016

1 Accounting policies

(Continued)

1.3 Revenue

Revenue is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.4 Intangible assets other than goodwill

Internally generated assets arising from the company's software development are recognised only if all of the following conditions are met:

- An asset is created that can be identified;
- It is probable that the asset created will generate future economic benefit; and
- The development cost of the asset can be measured reliably.

Once development has been completed internally generated intangible assets are amortised on a straight line basis over their useful lives.

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

1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	Over the term of the lease
Fixtures, fittings & equipment	Over 3-5 years on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

TANGENT MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2016

1 Accounting policies

(Continued)

1.6 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The company is exempt under FRS 101 from the disclosure requirements of IFRS 13. There was no impact on the company from the adoption of IFRS 13.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

TANGENT MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2016

1 Accounting policies

(Continued)

1.9 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.10 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

TANGENT MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2016

1 Accounting policies

(Continued)

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

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.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

TANGENT MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2016

1 Accounting policies

(Continued)

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Rentals payable under operating leases, less any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.16 Foreign exchange

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 Revenue

Fees, consultancy and print revenue	6,636,031	7,294,617
	<u>6,636,031</u>	<u>7,294,617</u>

The Board has chosen, for commercial reasons, not to disclose the split of revenue by geographical area.

3 Operating profit

	2016	2015
	£	£
Operating profit for the year is stated after charging/(crediting):		
Net foreign exchange losses/(gains)	(11,059)	63,777
Fees payable to the company's auditor for the audit of the company's financial statements	30,225	21,364
Depreciation of property, plant and equipment	103,135	144,483
Amortisation of intangible assets	52,492	54,492
Cost of inventories recognised as an expense	796,038	883,452

TANGENT MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2016

4 Employees

The average monthly number of persons employed by the company during the year was:

	2016 Number	2015 Number
Production	63	71
Sales	10	23
Administration	8	7
	<u>81</u>	<u>101</u>

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	3,221,365	3,739,571
Social security costs	247,123	391,910
Pension costs	71,368	71,751
	<u>3,539,856</u>	<u>4,203,232</u>

5 Income tax expense

	Continuing operations	
	2016 £	2015 £
Current tax		
Current year taxation	15,976	63,486
Adjustments in respect of prior periods	(51,350)	(2,134)
Other tax reliefs	(7,988)	-
	<u>(43,362)</u>	<u>61,352</u>

TANGENT MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 29 FEBRUARY 2016

	(Continued)	
5 Income tax expense		
Deferred tax		
Origination and reversal of temporary differences	(18,215)	18,467
Changes in tax rates	2,570	-
Adjustment in respect of prior periods	1,207	-
	<u>(14,438)</u>	<u>18,467</u>
 Total tax charge	 <u>(57,800)</u>	 <u>79,819</u>

The charge for the year can be reconciled to the profit per the income statement as follows:

	2016	2015
	£	£
Profit before taxation	<u>644,764</u>	<u>348,009</u>
 Expected tax charge based on a corporation tax rate of 20% (2015 21%)	 128,953	 73,082
Expenses not deductible in determining taxable profit	1,488	2,765
Adjustment in respect of prior years	(51,350)	(2,134)
Group relief	(133,054)	-
Permanent capital allowances in excess of depreciation	(2,087)	31,339
Other non-reversing timing differences	(1,750)	(11,618)
Provisions	-	(13,615)
 Tax charge for the year	 <u>(57,800)</u>	 <u>79,819</u>

TANGENT MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2016

6 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	2016 £	2015 £
In respect of:		
Intangible assets	130,744	-
Recognised in:		
Administrative expenses	130,744	-

7 Intangible fixed assets

	Customer lists £	Development Costs £	Total £
Cost			
At 28 February 2015	39,121	292,220	331,341
At 29 February 2016	39,121	292,220	331,341
Amortisation and impairment			
At 28 February 2015	39,121	108,984	148,105
Charge for the year	-	52,492	52,492
Impairment loss	-	130,744	130,744
At 29 February 2016	39,121	292,220	331,341
Carrying amount			
At 29 February 2016	-	-	-
At 28 February 2015	-	183,236	183,236

TANGENT MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2016

8 Property, plant and equipment

	Leasehold improvements	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 28 February 2015	118,262	429,801	548,063
Additions	-	45,759	45,759
At 29 February 2016	118,262	475,560	593,822
Accumulated depreciation and impairment			
At 28 February 2015	20,335	271,765	292,100
Charge for the year	24,366	78,769	103,135
At 29 February 2016	44,701	350,534	395,235
Carrying amount			
At 29 February 2016	73,561	125,026	198,587
At 28 February 2015	97,927	158,036	255,963

9 Trade and other receivables

	2016	2015
	£	£
Trade receivables	1,367,372	1,326,241
Other receivables	181,585	140,659
Amount due from parent and fellow subsidiary undertakings	5,993,940	3,615,601
Prepayments	797,269	588,205
	<u>8,340,166</u>	<u>5,670,706</u>

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

TANGENT MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2016

10 Trade and other payables

	Current	
	2016	2015
	£	£
Trade payables	190,194	279,386
Amount due to parent and fellow subsidiary undertakings	5,789,018	4,377,344
Accruals	195,818	286,422
Other payables	653	-
	<u>6,175,683</u>	<u>4,943,152</u>

11 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	ACAs	Tax losses	Total
	£	£	£
Deferred tax liability at 1 March 2014	-	-	-
Deferred tax asset at 1 March 2014	(24,000)	(21,374)	(45,374)
Deferred tax movements in prior year			
Other	18,467	-	18,467
Deferred tax liability at 1 March 2015	-	-	-
Deferred tax asset at 1 March 2015	(5,533)	(21,374)	(26,907)
Deferred tax movements in current year			
Credit to profit or loss	(13,563)	(875)	(14,438)
Deferred tax asset at 29 February 2016	<u>(19,096)</u>	<u>(22,249)</u>	<u>(41,345)</u>

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2016	2015
	£	£
Deferred tax assets	<u>(41,345)</u>	<u>(26,907)</u>

TANGENT MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2016

12 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total costs charged to income in respect of defined contribution plans is £71,368 (2015 - £71,751).

13 Share capital	2016 £	2015 £
Ordinary share capital		
<i>Authorised</i>		
250,000 Ordinary shares of £1 each	250,000	250,000
<i>Issued and fully paid</i>		
250,000 Ordinary shares of £1 each	250,000	250,000

14 Retained earnings

	£
At 1 March 2014	1,192,386
Profit for the year	268,190
At 28 February 2015	1,460,576
Profit for the year	702,564
At 29 February 2016	2,163,140

15 Contingent liabilities

At 28 February 2015, 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.

TANGENT MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2016

16 Operating lease commitments

Lessee

Amounts recognised in profit or loss as an expense during the period in respect of operating lease arrangements are as follows:

	2016 £	2015 £
Minimum lease payments under operating leases	285,536	283,529

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £	2015 £
Within one year	282,526	275,142
Between two and five years	655,754	932,011
	938,280	1,207,153

17 Related party transactions

No guarantees have been given or received.

During the year the company made sales to Nails Inc of £136,199 (2015: £419,180), which is deemed to be a related party by virtue of Michael Green's (a director and shareholder of the parent company) common interest in both entities. All transactions with Nails Inc were made at arm's length. At the year end an amount of £43,729 (2015: £201,168) was owed by Nails Inc and included in trade debtors.

18 Controlling party

At the year end, the ultimate parent company was Tangent Communications plc, a company registered in England and Wales. Tangent Communications plc prepares group financial statements and copies are available from the parent company's head office at 4th Floor, Threeways House, 40-44 Clipstone Street, London W1W 5DW.