

Tangible Financial Limited
REPORT AND FINANCIAL STATEMENTS
for the year ended
31 December 2010

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COMPANIES HOUSE

Company Number 02708053

Tangible Financial Limited

DIRECTORS AND OFFICERS

DIRECTORS

M Bentley
M Scott

SECRETARY

M Bentley

REGISTERED OFFICE

7 Midford Place
London
W1T 5BG

BUSINESS ADDRESS

11-13 Charterhouse Buildings
London EC1M 7AP

INDEPENDENT AUDITORS

Pricewaterhouse Coopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

BANKERS

Royal Bank of Scotland Plc
62/63 Threadneedle Street
PO Box 412
London
EC2R 8LA

Tangible Financial Limited

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

The directors submit their report and the audited financial statements of Tangible Financial Limited for the year ended 31 December 2010

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of a full service advertising and direct marketing agency

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The company made a pre-tax profit of £27,764 (2009 £717,195 loss) for the year on turnover of £2,613,311 (2009 £2,331,375)

At 31 December 2010 the company had net assets of £nil (2009 £128,190)

On 17 December 2010 a restructuring exercise was carried out and all the assets and liabilities were transferred to Tangible UK Limited

DIVIDENDS

As part of the restructuring exercise that was carried out on 17th December 2010 a dividend was paid to Tangible UK Limited of £129,748 and Hill Murray Group Limited of £23,830

DIRECTORS

The directors who held office during the year were as follows

LWN Camp	resigned 31 July 2010
M Bentley	appointed 1 June 2010
M Scott	appointed 30 November 2010
J Spooner	resigned 30 November 2010
A Ellis	resigned 30 November 2010
S Watkin	resigned 30 November 2010

CHARITABLE DONATIONS

During the year the company made charitable donations of £nil (2009 £163)

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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

Tangible Financial Limited

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

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 AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors has confirmed that they have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

INDEPENDENT AUDITORS

During the year, Baker Tilly resigned as auditor and the Directors appointed PricewaterhouseCoopers LLP in their place. PricewaterhouseCoopers LLP have indicated their willingness to remain in office. A resolution to continue their appointment will be proposed at the Annual General Meeting.

SMALL COMPANY PROVISION

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Signed by order of the board



Mark Bentley
Director

(2 September 2011

Tangible Financial Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TANGIBLE FINANCIAL LIMITED

We have audited the financial statements of Tangible Financial Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Accounting Policies 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).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 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 (APB's) Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 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

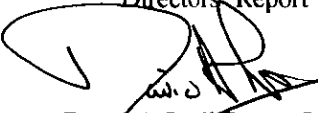
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the

Directors' Report



David A Snell (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
13 September 2011

Tangible Financial Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2010

	Notes	2010 £	2009 £
TURNOVER	1	2,613,311	2,331,375
Cost of sales		(1,097,305)	(295,676)
GROSS PROFIT		<u>1,516,006</u>	<u>2,035,699</u>
Administrative expenses		(1,448,429)	(2,329,261)
OPERATING PROFIT/(LOSS)	2	<u>67,577</u>	<u>(293,562)</u>
Exceptional item	4	(49,602)	(429,540)
Interest receivable	6	9,789	5,907
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>27,764</u>	<u>(717,195)</u>
Taxation	7	(2,376)	168,052
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	14	<u>25,388</u>	<u>(549,143)</u>

The operating profit/(loss) for the year arises from the company's operations to 31 December 2010. As at 31 December 2010, the continuing operations of Tangible Financial Ltd were transferred in to Tangible UK Ltd.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

Tangible Financial Limited

BALANCE SHEET

as at 31 December 2010

Company Number 02708053

	Notes	2010 £	2009 £
FIXED ASSETS			
Tangible assets	9	-	58,431
CURRENT ASSETS			
Debtors	10	-	1,505,662
		-	1,505,662
CREDITORS Amounts falling due within one year	11	-	(1,435,903)
NET CURRENT ASSETS		-	69,759
TOTAL ASSETS LESS CURRENT LIABILITIES		-	128,190
		-	128,190
CAPITAL AND RESERVES			
Called up share capital	13	-	19,702
Profit and loss account	14	-	108,488
TOTAL EQUITY SHAREHOLDERS' FUNDS	15	-	128,190

The financial statements and related notes on pages 5 to 15 were approved by the board of directors and authorised for issue on 12 September 2011 and are signed on its behalf by



Mark Bentley
Director
12 September 2011

Tangible Financial Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared 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.

GOING CONCERN

The directors confirm that the company's assets and trading operations have been transferred to Tangible UK Ltd and will continue in business for the foreseeable future. Tangible Financial Ltd will not trade from 1st January 2011 onwards.

TURNOVER

Turnover represents the amount invoiced to clients, net of VAT, for services provided to clients.

Commissions are recognised when charges are made to clients, usually when advertisements appear in the media, or when production work is completed. Fees are recognised over the period of the relevant assignments or agreement.

CASH FLOW STATEMENT

The directors have taken advantage of the exemption in Financial Reporting Standard 1 from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its ultimate parent publishes a consolidated cash flow statement.

TANGIBLE FIXED ASSETS AND DEPRECIATION

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

Leasehold improvements	Depreciated over the length of the lease
Fixtures, fittings and equipment	33 1/3% per annum

LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

PENSIONS

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amounts charged against profits represent the contribution payable to the scheme in respect of the financial year.

Tangible Financial Limited

ACCOUNTING POLICIES

DEFERRED 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 result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. 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.

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

SHARE-BASED PAYMENT

Certain employees of the company were participating in earn-out arrangements following the acquisition of the company by Cello Group plc but these arrangements ended during 2009.

Having regard to the conclusions behind FRS20 *Share-based payment*, payments made to employees in respect of earn-out arrangements are now treated as deemed remuneration within the profit and loss account.

In accordance with UITF44 *Group and treasury share transactions*, amounts applicable to employees are charged to the profit and loss account with a corresponding creation of a capital contribution reserve to recognise a contribution from the parent company.

FOREIGN CURRENCY TRANSLATIONS

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Tangible Financial Limited

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2010

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The total turnover of the company for the year has been derived from its principal activity

	2010 £	2009 £
United Kingdom	<u>2,613,111</u>	<u>2,331,375</u>

2 OTHER OPERATING EXPENSES (NET)

	2010 £	2009 £
Operating (loss)/profit is stated after charging		
Depreciation of owned tangible fixed assets	38,832	47,454
Operating lease rentals		
Land and building	-	247,710
Plant and machinery	14,822	61,827
Auditors' remuneration - Audit	16,829	22,794
Exchange loss / (gain)	<u>(4,502)</u>	<u>26</u>

3 DIRECTORS' EMOLUMENTS

	2010 £	2009 £
Aggregate emoluments	291,262	473,185
Deemed remuneration	-	(8,352)
Company contributions to defined contribution pension schemes	-	8,352
	<u>291,262</u>	<u>473,185</u>

Emoluments disclosed above include the following amounts paid to the highest paid director

	2010 £	2009 £
Aggregate emoluments	<u>103,599</u>	<u>115,252</u>

The number of directors whose retirement benefits were accruing under defined contribution pension schemes during the year was nil (2009: 1)

Tangible Financial Limited

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2010

4 EXCEPTIONAL ITEM

The majority of the exceptional item in 2010 relates to compensation payments made to staff who were made redundant during the year

5 EMPLOYEES	2010 No	2009 No
Number of employees		
The average monthly number of employees during the year was		
Production	13	18
Administration	6	5
	<u>19</u>	<u>23</u>
Employment costs	£	£
Wages and salaries	782,385	1,270,561
Deemed remuneration	-	(8,352)
Social security costs	109,251	143,860
Other pension costs	-	8,352
Share Based payments	-	-
	<u>891,636</u>	<u>1,414,421</u>

During 2009 the earn-out arrangement (see accounting policies on page 9) ended. The corresponding capital contribution from the parent company was recognised and the resulting credit under UJTF 44 was recognised in the profit and loss account.

6 INTEREST RECEIVABLE	2010 £	2009 £
Bank interest	2,412	5,907
Other interest	<u>7,377</u>	<u>-</u>
	<u>9,789</u>	<u>5,907</u>

Tangible Financial Limited
NOTES TO THE FINANCIAL STATEMENTS
For year ended 31 December 2010

7	TAXATION	2010 £	2009 £
	(a) Analysis of tax charge in period		
	Current tax		
	UK corporation tax		
	Current tax on income for the period	7771	(178,650)
	Adjustments in respect of prior periods	(4,121)	9,039
	Total current tax	<u>3,650</u>	<u>(169,611)</u>
	Deferred tax		
	Origination and reversal of timing differences	4,654	(5,209)
	Adjustment in respect of prior periods	(7,269)	6,768
		<u>1,341</u>	<u>1,559</u>
		<u>(1,274)</u>	<u>1,559</u>
	The tax assessed for the year is lower (2009 lower) than the standard rates of corporation tax in the UK (28%)		
	Tax on profit/(loss) on ordinary activities	<u>2,376</u>	<u>(168,052)</u>
	(b) Factors affecting the tax charge for the year		
	Profit/(loss) on ordinary activities before taxation	<u>27,762</u>	<u>(717,195)</u>
	Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28% (2009 28%)	<u>7,771</u>	<u>(200,815)</u>
	Effects of		
	Expenses not deductible for tax purposes	-	22,165
	Adjustment in respect of prior periods	(4,121)	9,039
	Current tax credit	<u>3,650</u>	<u>169,611</u>

Factors affecting current and future tax charges

During the year, as a result of the change in the UK main corporation tax rate from 29% to 27% that was substantively enacted on 20 July 2010 and that will be effective from 1 April 2011, the relevant deferred tax balances have been re-measured

Further reductions to the UK corporation tax rate were announced in the June 2010 Budget. The changes, which are expected to be enacted separately each year, propose to reduce the rate by 1% per annum to 24% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and, therefore, are not recognised in these financial statements

Tangible Financial Limited
NOTES TO THE FINANCIAL STATEMENTS
For year ended 31 December 2010

8 DEFERRED TAXATION

Deferred tax assets	-
On Deferred Remuneration	-
On Share options	-
On provisions	-
On fixed assets	-
	<u>-</u>
	<u>-</u>
Deferred tax liabilities	
On fixed assets	<u>-</u>
Deferred tax balances at the beginning of the year	36,542
Deferred tax charge/(credit) for the year	1,274
Transfer to Tangible UK Ltd	(37,816)
	<u>-</u>
Total Deferred tax balances at the end of the year	<u>-</u>

9 TANGIBLE FIXED ASSETS

	Leasehold improvements £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 January 2010	95,596	424,353	519,949
Additions	-	1,752	1,752
Transfer to Tangible UK Limited	(95,596)	(426,105)	(521,701)
	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2010	<u>-</u>	<u>-</u>	<u>-</u>
Depreciation			
At 1 January 2010	95,596	365,922	461,518
Charge for the period	-	38,832	38,832
Transfer to Tangible UK Limited	(95,596)	(404,754)	(500,350)
	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2010	<u>-</u>	<u>-</u>	<u>-</u>
Net book value			
At 31 December 2010	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2009	<u>-</u>	58,431	58,431
	<u>-</u>	<u>-</u>	<u>-</u>

Tangible Financial Limited

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2010

10	DEBTORS	2010 £	2009 £
	Trade debtors	-	503,195
	Amounts owed by group undertakings	-	618,092
	Other debtors	-	59,193
	Prepayments and accrued income	-	62,940
	Corporation tax	-	225,700
		<u>-</u>	<u>1,469,120</u>
	Debtors amounts falling due after more than one year	-	-
	Deferred tax asset	-	36,542
		<u>-</u>	<u>1,505,662</u>
	The deferred tax asset is made up as follows		
		£	£
	Timing difference on deemed remuneration	-	13,369
	Accelerated capital allowances	-	23,173
		<u>-</u>	<u>36,542</u>

11 PENSION COSTS

The pension cost charged in 2009 represents contributions payable by the company to employees' personal pension plan. In 2010 there were no contributions paid by the company and none outstanding at the year end.

12	CREDITORS Amounts falling due within one year	2010 £	2009 £
	Bank overdraft	-	608,872
	Trade creditors	-	155,188
	Amounts owed to group undertakings	-	385,796
	Other taxes and social security costs	-	80,489
	Other creditors	-	40,572
	Accruals and deferred income	-	166,986
		<u>-</u>	<u>1,435,903</u>

The bank overdraft in 2009 was secured via a fixed and floating charge over the company's assets.

13	SHARE CAPITAL	2010 £	2009 £
	Allotted, issued and fully paid 2 ordinary shares of 1p each	-	19,702
		<u>-</u>	<u>19,702</u>

On 17th December 2010 the assets and liabilities of Tangible Financial Limited were transferred to Tangible UK Limited. The share capital was converted into distributable reserves leaving 2 ordinary shares of 1p each owned by Tangible UK Limited.

Tangible Financial Limited
NOTES TO THE FINANCIAL STATEMENTS
For year ended 31 December 2010

14	MOVEMENT IN RESERVES	2010 £	2009 £
	Profit and loss account 1 January 2010	108,488	657,631
	Profit/(loss) for the financial period	25,388	(549,143)
	Share Capital reorganisation	19,702	-
	Dividend to Hill Murray Group Limited	(23,830)	
	Dividend to Tangible UK Limited	(129,748)	-
	31 December 2010	-	108,488

15	RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS	2010 £	2009 £
	Profit/(loss) for the financial period	25,388	(549,143)
	Share Capital reorganisation	19,702	-
	Transfer to distributable reserves	(19,702)	-
	Dividend to Hill Murray Group Limited	(23,830)	-
	Dividend to Tangible UK Limited	(129,748)	-
	Depletion in shareholders' funds	(128,190)	(549,143)
	Opening equity shareholders funds	128,190	677,333
	Closing equity shareholders' funds	-	128,190

16 FINANCIAL COMMITMENTS

At 31 December 2010 the company had annual commitments under non-cancellable operating leases as follows

	Land and Buildings		Others	
	2010 £	2009 £	2010 £	2009 £
Expiry date				
Less than one year	-	-	-	8,959
Between two and five years	-	-	-	11,000
	-	-	-	19,959

Tangible Financial Limited

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2010

17 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption contained in FRS 8 that transactions with other wholly owned subsidiaries of the parent company do not need to be disclosed

During the year to 31 December 2010 the company traded with Lucian Camp Consulting Limited, in which Cello Group plc owned a 20% stake. The total sales to Lucian Camp Consulting Limited during the year were £11,675 (2009 £12,409) and the balance owed to Lucian Camp Consulting Limited at the year end was £10,579 (2009 (£10,487))

18 ULTIMATE PARENT COMPANY

The ultimate parent group is Cello Group PLC, a company registered in England. Consolidated accounts have been drawn up for Cello Group PLC and are available from the following address

Cello Group Plc
11-13 Charterhouse Buildings
London
EC1M 7AP