

Company Registration No. 04103199

TACTICAL SOLUTIONS UK LIMITED

Annual Report and Financial Statements

For the fifty two weeks to 1 August 2014

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TACTICAL SOLUTIONS UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
For the fifty two weeks to 1 August 2014

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TACTICAL SOLUTIONS UK LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M Armitage

L Davidson

(Resigned on 6 September 2013)

P B Gray

(Appointed on 1 August 2014)

P Martell

COMPANY SECRETARY

P Harris

REGISTERED OFFICE

1 Tudor Street
London EC4Y 0AH
United Kingdom

PRINCIPAL BANKERS

HSBC Bank plc
76 Edgware Road
London W2 2EQ
United Kingdom

PRINCIPAL SOLICITORS

Herbert Smith LLP
Exchange House
Primrose Street
London EC2A 2HS
United Kingdom

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester
United Kingdom

TACTICAL SOLUTIONS UK LIMITED

STRATEGIC REPORT

The Directors present their Annual Report and the audited financial statements for the fifty two weeks ended 1 August 2014 ("the financial period" or "period"). Comparative figures are for the fifty three weeks ended 2 August 2013.

PRINCIPAL ACTIVITIES

Tactical Solutions UK Limited ("the Company") is a wholly-owned subsidiary of St Ives plc ("the Group") and operates as part of the Group's Marketing Services segment. The Company's principal activity is the provision of field marketing services. There have not been any significant changes in the Company's principal activities in the period under review. The Directors are not aware, at the date of this Report, of any likely major changes in the Company's activities in the next financial period.

The Company's mission is to deliver outstanding returns through field sales, data insight and brand engagement.

To fulfil this, the Company provides a tailored service that takes the individual need of each of our customers into account. From prioritising product presence and availability, to experiential demonstrations and retail audit, we ensure that our clients' products make an impact in stores, ultimately driving a return on investment for their brands.

BUSINESS REVIEW

Despite a difficult year, due to increased competitive pressure within the grocery retail market, the Company remains one of the UK's leaders in field marketing providing outsourced in-store marketing for leading brands. The Group has supported the Company's investment in new data and technology capabilities to enhance our offering and a new management team is expected to strengthen the business further.

The Company's profit for the period after tax, as shown in the profit and loss account on page 7 of the financial statements, amounted to £744,919 (2013 – £531,597).

The balance sheet on page 8 of the financial statements shows that the Company's financial position at the period end has, in net asset terms, improved since the prior period-end due to the profit arising during the period.

The Group's Marketing Services segment is reviewed in greater detail in the St Ives plc Annual Report and Accounts, which does not form part of this Report. For this reason, the Company's Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development and performance of the Company during the period or the position of its particular business at the end of the period.

PRINCIPAL RISKS AND UNCERTAINTIES

As with any business, the Company may be affected by a number of risks and uncertainties, some of which are beyond its controls. The principal risks facing the company are described below.

The Company is vulnerable to the effect of poor economic conditions, which could inhibit growth and create uncertainty. The Company continually reviews its cost base and seeks to secure long-term client relationships. The Directors regularly review performance of the Company against its budget and implement timely remedial action, where needed.

Competitive pressure in the UK is a continuing risk for the Company and its subsidiary, which could result in a loss of sales to competitors. The Company manages this risk by providing added value, cross-selling services to its customers, achieving or exceeding service level agreements and by maintaining strong relationships with customers.

TACTICAL SOLUTIONS UK LIMITED

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

A material unrecoverable debt may arise from the Company's practice of trading with some of its customers on credit. This risk is mitigated by only granting credit to clients who agree to follow the Group's credit verification procedures and by applying a rigorous system of credit control and payment monitoring. Credit insurance is provided by the Group that covers the Company's major trade debtors.

Further risks that affect the Company and the Group as a whole are discussed in St Ives plc's Annual Report and Accounts which does not form part of this report.

Approved by the Board of Directors and signed on its behalf by



P Harris
Company Secretary
30 October 2014

TACTICAL SOLUTIONS UK LIMITED

DIRECTORS' REPORT

DIRECTORS

The Directors who served throughout the period and up to the date of this report (except as noted) are shown on page 1.

DIVIDEND

The Directors do not recommend the payment of a final dividend (2013 – £Nil).

DIRECTORS' INDEMNITIES

The ultimate parent company has made qualifying third party indemnity provisions for the benefit of certain of its Directors which remain in force at the date of this Report.

EMPLOYMENT POLICIES

The Company is an Equal Opportunities Employer and no job applicant or employee receives less favourable treatment on the grounds of age, gender, marital status, race, colour, sexual orientation, religious or philosophical beliefs.

It is the policy of the company that people with disabilities, whether registered disabled or not, should receive full and fair consideration for all job vacancies for which they are suitable applicants. Employees who become disabled during their working life will be retained in employment wherever possible and will be given help with any necessary rehabilitation and retraining. The Company is prepared to modify procedures or equipment, wherever this is practicable, so that full use can be made of an individual's ability. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employees of the company are regularly consulted by the Directors and Managers and kept informed of matters affecting them and the overall development of the Company.

The Company has a positive approach to health and safety at work and regards compliance with statutory requirements as a minimum standard. Resources are available to ensure that continuing progress is made towards achieving a healthier and safer working environment for all employees.

ENVIRONMENT

The Group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Group's activities. The Company operates in accordance with Group policies, which are described in St Ives plc's Annual Report and Accounts which does not form part of this Report.

GOING CONCERN

After making enquiries, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future; accordingly, as explained in note 1, they continue to adopt the going concern basis in preparing the financial statements.

TACTICAL SOLUTIONS UK LIMITED

DIRECTORS' REPORT (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the audited 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; 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.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who is a Director at the date of approval of this 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 s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as Auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors and signed on its behalf by



P Harris
Company Secretary
30 October 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF TACTICAL SOLUTIONS UK LIMITED

We have audited the financial statements of Tactical Solutions UK Limited for the fifty two weeks ended 1 August 2014, which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 19. 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 Member 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 Member those matters we are required to state to it 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 Member 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 Statement of Directors' Responsibilities in the Directors' Report, 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

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. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 1 August 2014 and of its profit for the fifty two weeks 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.

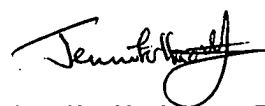
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period 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.



Jennifer Hazlehurst BSc, FCA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Manchester, United Kingdom

30 October 2014

TACTICAL SOLUTIONS UK LIMITED

PROFIT AND LOSS ACCOUNT

For the fifty two weeks to 1 August 2014

		52 weeks to 1 August 2014			53 weeks to 2 August 2013		
		Before non- underlying items £	Non- underlying items* (note 4) £	Total £	Before non- underlying items £	Non- underlying items* (note 4) £	Total £
TURNOVER	Note 2	9,715,260	–	9,715,260	10,992,922	–	10,992,922
Cost of sales		(5,726,386)	–	(5,726,386)	(6,153,504)	–	(6,153,504)
GROSS PROFIT		3,988,874	–	3,988,874	4,839,418	–	4,839,418
Selling expenses		(462,190)	–	(462,190)	(476,694)	–	(476,694)
Administrative expenses		(3,707,922)	(36,657)	(3,744,579)	(4,920,770)	1,019,859	(3,900,911)
OPERATING (LOSS)/PROFIT	4	(181,238)	(36,657)	(217,895)	(558,046)	1,019,859	461,813
Loss on disposal of fixed assets		–	–	–	(14,182)	–	(14,182)
Income from shares in group undertakings		650,000	–	650,000	–	–	–
Interest receivable		6,091	–	6,091	3,204	–	3,204
Interest payable	5	(43,361)	–	(43,361)	(4,238)	–	(4,238)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		431,492	(36,657)	394,835	(573,262)	1,019,859	446,597
Tax on profit/(loss) on ordinary activities	6	65,608	284,476	350,084	85,000	–	85,000
PROFIT/(LOSS) FOR THE FINANCIAL PERIOD	14, 16	<u>497,100</u>	<u>247,819</u>	<u>744,919</u>	<u>(488,262)</u>	<u>1,019,859</u>	<u>531,597</u>

* 'Non-underlying items' comprise relocation costs and contingent consideration required to be treated as remuneration.

All transactions in the current and prior period are derived from continuing operations.

There are no recognised gains or losses in either the current or previous financial period other than those disclosed in the profit and loss account. Accordingly no separate statement of total recognised gains and losses is required.

BALANCE SHEET
As at 1 August 2014

	Note	2014 £	2013 £
FIXED ASSETS			
Tangible fixed assets	7	408,334	543,317
Investments	8	100	100
		<hr/>	<hr/>
		408,434	543,417
		<hr/>	<hr/>
CURRENT ASSETS			
Debtors	9	2,971,662	2,876,498
Cash at bank and in hand		1,164,123	1,095,422
		<hr/>	<hr/>
		4,135,785	3,971,920
		<hr/>	<hr/>
CREDITORS: amounts falling due within one year	11	(4,163,951)	(4,965,588)
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(28,166)	(993,668)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		380,268	(450,251)
		<hr/>	<hr/>
PROVISIONS FOR LIABILITIES	12	(85,600)	–
		<hr/>	<hr/>
NET ASSETS/(LIABILITIES)		<u>294,668</u>	<u>(450,251)</u>
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	13	1,000	1,000
Profit and loss account	14	293,668	(451,251)
		<hr/>	<hr/>
SHAREHOLDER'S FUNDS/(DEFICIT)	16	<u>294,668</u>	<u>(450,251)</u>

The accompanying notes are an integral part of these financial statements.

These financial statements were approved by the Board of Directors and authorised for issue on 30 October 2014 and signed on its behalf by



P B Gray
Director

TACTICAL SOLUTIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the fifty two weeks to 1 August 2014

1 ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The accounting policies, which have been adopted and applied consistently throughout the accounting period and the preceding period, are described below.

(a) Accounting convention

The financial statements are prepared under the historical cost convention.

Going concern

The Group's treasury function is responsible for managing the liquidity of the Group and the Company. The ultimate parent company, St Ives plc, funds the operations of the Company and other subsidiaries through a combination of equity, inter-company loans and bank overdrafts which it guarantees jointly with certain subsidiaries. The Group has sufficient funding facilities to fund the Company's operations for the twelve months following the date of approval of the financial statements and is committed to make this funding available.

The Company is exposed to a number of risks and uncertainties as outlined in the Strategic Report but, after making enquiries into the Group's and the Company's financial position, considering the forecast performance at a divisional level and having received written confirmation from St Ives plc that it will continue to support the Company for a period of at least twelve months from the date of approval of the financial statements, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

(b) Accounting period

The financial statements are prepared for the fifty two weeks ended 1 August 2014 ("the financial period" or "period"). Comparative figures are for the fifty three weeks ended 2 August 2013.

(c) Turnover

Turnover represents amounts receivable for services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

Turnover is recognised as services are delivered or in proportion to the level of services performed. Turnover for the level of services performed is recognised using the stage of completion method when the outcome can be measured reliably. The stage of completion is determined using relevant criteria including service performed as a percentage of total services or as proportion of costs incurred.

(d) Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation and provision for impairment. Depreciation is provided on cost, less estimated residual value, in equal annual instalments over the estimated useful economic lives of the assets. The annual rates of depreciation are as follows:

Plant and machinery	10% – 33.33%
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TACTICAL SOLUTIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) **For the fifty two weeks to 1 August 2014**

1 ACCOUNTING POLICIES (continued)

(e) Investments

Investments in subsidiaries held as fixed assets are stated at cost less provision for impairment in value. Income from investments in subsidiary companies is recognised when it is declared or paid by the subsidiary.

The Company has taken advantage of the exemption from preparing and delivering consolidated financial statements under Section 400 of the Companies Act 2006 because it is itself a subsidiary undertaking of St Ives plc, a company also incorporated and registered in England and Wales, which has prepared consolidated financial statements.

(f) Tax

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(g) Contingent consideration

Contingent consideration payable for the acquisition of the Company by its ultimate parent, St Ives plc, to selling shareholders who are employed by the Company, but which is automatically forfeited upon termination of the employment, is recognised as remuneration expense for post-combination services in the Company's accounts. The remuneration expense is recognised as a non-underlying item in the profit and loss account.

(h) Foreign currencies

The transactions of the Company denominated in foreign currencies are translated into Sterling at the rate ruling at the date of the transaction. Amounts receivable and payable denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Exchange differences are included in profit on ordinary activities before tax.

(i) Share-based payments

St Ives plc makes equity-settled share-based payments to certain employees of the Company, which are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest. The fair value of share options issued is measured using a binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

TACTICAL SOLUTIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the fifty two weeks to 1 August 2014

1 ACCOUNTING POLICIES (continued)

(j) Pension costs

The Company operates defined contribution schemes for the benefit of its employees. Contributions payable are charged to the profit and loss account during the period in which they are payable.

(k) Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of leases.

(l) Cash flow statement

A cash flow statement has not been prepared as, in accordance with Financial Reporting Standard 1 (Revised 1996) "Cash Flow Statements", the Company is a wholly-owned subsidiary undertaking of St Ives plc, whose consolidated financial statements are publicly available.

2 TURNOVER

The geographical analysis of turnover by destination is stated below:

	2014 £	2013 £
United Kingdom	9,528,753	10,754,020
Rest of the World	186,507	238,902
	<u>9,715,260</u>	<u>10,992,922</u>

The Directors consider that the Company has only one class of business and consequently no further analysis of turnover or the operating (loss)/profit is given.

3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2014 £	2013 £
Directors' remuneration:		
Emoluments (excluding pension contributions, share option gains, share options granted and shares received)	<u>–</u>	<u>140,000</u>

	2014 Number	2013 Number
Number of Directors who:		
Are members of a defined benefits pension scheme	1	–
Exercised share options in the ultimate parent company	2	2
Accrued benefits under a defined contribution scheme	<u>3</u>	<u>–</u>

During the period, no Director (2013 – 1) was remunerated by the Company. All Directors were remunerated by other group companies for their services to the Group as a whole and it is not practicable to apportion their remuneration between the companies of which they are a Director.

TACTICAL SOLUTIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the fifty two weeks to 1 August 2014

3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

	2014 £	2013 £
Employee costs during the financial period:		
Wages and salaries	6,403,398	6,930,762
Social security costs	662,613	678,502
Pension costs – defined contribution	49,375	–
	<u>7,115,386</u>	<u>7,609,264</u>

The Company participates in a number of share-based payment schemes set up by St Ives plc. Details on the schemes are included in St Ives plc's Annual Report and Accounts which does not form part of these financial statements.

	2014 Number	2013 Number
Average number of persons employed (excluding Directors):		
Sales	234	249
Administration and management	39	39
	<u>273</u>	<u>288</u>

4 OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging/(crediting):

	2014 £	2013 £
Fees payable to the Company's Auditor for the audit of the Company's annual financial statements	12,000	12,000
Depreciation of owned fixed assets	339,682	315,457
Operating lease rentals – plant and machinery	19,891	21,552
Operating lease rentals – other	867,390	773,646
Charitable donations	1,550	1,901
Non-underlying items *	<u>36,657</u>	<u>(1,019,859)</u>

* 'Non-underlying items' included in the profit and loss account comprise relocation costs of £36,657 (2013 – £Nil). In the prior period, they comprised a release of accrued contingent consideration required to be treated as remuneration of £1,019,859.

Fees paid to the Company's Auditor, Deloitte LLP, for services other than the statutory audit of the Company are not disclosed in these financial statements since the consolidated accounts of the Company's ultimate parent company, St Ives plc, are required to disclose non-audit fees on a consolidated basis.

TACTICAL SOLUTIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the fifty two weeks to 1 August 2014

5 INTEREST PAYABLE

	2014 £	2013 £
Bank interest	3,393	428
Group interest	39,968	3,810
	<u>43,361</u>	<u>4,238</u>

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of tax credit

	2014 £	2013 £
Current tax:		
UK corporation tax charge/(credit) for the financial period	13,960	(80,770)
Adjustments in respect of prior periods	<u>(401,034)</u>	<u>26,667</u>
Total current tax	<u>(387,074)</u>	<u>(54,103)</u>
Deferred tax (note 10):		
Timing differences, origination and reversal	(46,802)	(28,115)
Adjustments in respect of prior periods	<u>83,792</u>	<u>(2,782)</u>
Total deferred tax charge/(credit) to profit and loss account	<u>36,990</u>	<u>(30,897)</u>
Total tax on profit on ordinary activities	<u><u>(350,084)</u></u>	<u><u>(85,000)</u></u>

(b) Reconciliation of tax credit

	2014 £	2013 £
Profit on ordinary activities before taxation	<u>394,835</u>	<u>446,597</u>
UK corporation tax charge at 22.33% (2013 – 23.67%) based on the profit for the financial period	88,167	105,710
Effects of:		
Disallowed expenses and non-taxable income	(126,462)	(224,030)
Capital allowances in deficit of depreciation	52,255	36,224
Movement in short-term timing differences	–	1,326
Adjustments in respect of prior periods	<u>(401,034)</u>	<u>26,667</u>
Current tax credit	<u><u>(387,074)</u></u>	<u><u>(54,103)</u></u>

In current period, a credit of £280,000 is recognised in respect of the determination of the tax treatment of prior period item. This has been classified as a non-underlying item in profit and loss account, consistent with its treatment in a prior period.

In March 2013, the UK Government announced a reduction in the standard rate of UK corporation tax to 21% effective 1 April 2014 and to 20% effective 1 April 2015. These rate reductions became substantively enacted in July 2013 and so deferred tax balances have been provided according to these rates.

TACTICAL SOLUTIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the fifty two weeks to 1 August 2014

7 TANGIBLE FIXED ASSETS

	Plant and machinery £
Cost:	
At 3 August 2013	1,322,466
Additions	204,699
Disposals	(1,199)
	<hr/>
At 1 August 2014	<hr/> 1,525,966
Accumulated depreciation:	
At 3 August 2013	779,149
Charge for the period	339,682
Disposals	(1,199)
	<hr/>
At 1 August 2014	<hr/> 1,117,632
Net book value:	
At 1 August 2014	<hr/> <hr/> 408,334
At 2 August 2013	<hr/> <hr/> 543,317

8 INVESTMENTS

	Cost & Net book value £
Investments in subsidiaries	
At 3 August 2013 and 1 August 2014	<hr/> <hr/> 100

Investments represent ownership of the ordinary share capital of Flare Limited, a wholly-owned subsidiary incorporated and registered in England and Wales. Its principal activity during the current and past financial period was the provision of field marketing services.

9 DEBTORS

	2014 £	2013 £
Amounts due within one year:		
Trade debtors	2,005,640	1,915,376
Amounts owed by Group undertakings	181,621	251,851
Prepayments and accrued income	127,566	647,993
Other debtors	638,004	5,457
Deferred tax asset (note 10)	18,831	55,821
	<hr/>	<hr/>
	<hr/> <hr/> 2,971,662	<hr/> <hr/> 2,876,498

TACTICAL SOLUTIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the fifty two weeks to 1 August 2014

10 DEFERRED TAX ASSET

	£
Balance at 3 August 2013	55,821
Charge to the profit and loss account	(36,990)
	<hr/>
Balance at 1 August 2014	<u>18,831</u>

The amounts of deferred tax recognised in the financial statements are as follows:

	2014 £	2013 £
Capital allowances in deficit of depreciation	16,589	54,700
Short term timing differences	2,242	1,121
	<hr/>	<hr/>
	<u>18,831</u>	<u>55,821</u>

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £	2013 £
Trade creditors	324,695	306,973
Amounts owed to group undertakings	2,599,971	3,426,957
Other creditors	200,467	171
Corporation tax payable	506,262	203,899
Other taxes and social security	207,657	512,743
Accruals and deferred income	324,899	514,845
	<hr/>	<hr/>
	<u>4,163,951</u>	<u>4,965,588</u>

12 PROVISIONS FOR LIABILITIES

	Repairs £
Balance at 3 August 2013	—
Charge to the profit and loss account	85,600
	<hr/>
Balance at 1 August 2014	<u>85,600</u>

The repairs provision relates to property dilapidations and is expected to be utilised within one year.

TACTICAL SOLUTIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the fifty two weeks to 1 August 2014

13 CALLED UP SHARE CAPITAL

	2014 Number of shares	2014 £	2013 Number of shares	2013 £
Called up, allotted and fully paid:				
Ordinary shares of £1.00 each	–	–	800	800
A Ordinary shares of £1.00 each	900	900	100	100
B Ordinary shares of £1.00 each	100	100	100	100
	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

During the period, 800 Ordinary £1.00 shares were re-denominated as A Ordinary £1.00 shares.

14 RESERVES

	Profit and loss account £
Balance at 3 August 2013	(451,251)
Profit for the financial period	744,919
	<u>293,668</u>
Balance at 1 August 2014	

15 OPERATING LEASE COMMITMENTS

The following commitments in respect of operating leases are due for payment during the next year:

	2014 Land and buildings £	2014 Other £	2013 Land and buildings £	2013 Other £
Leases which expire:				
Within one year	13,884	110,768	27,768	322,720
Within two to five years	40,605	416,203	–	380,663
	<u>54,489</u>	<u>526,971</u>	<u>27,768</u>	<u>703,383</u>

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS/(DEFICIT)

	2014 £	2013 £
Opening shareholder's deficit	(450,251)	(981,848)
Profit for the financial period	744,919	531,597
	<u>294,668</u>	<u>(450,251)</u>
Closing shareholder's funds/(deficit)		

17 CONTINGENT LIABILITIES

The Company guarantees the loans and overdrafts of St Ives plc and some of its subsidiary undertakings. At 1 August 2014 the aggregate liability under this guarantee amounted to £93,096,607 (2013 – £Nil).

TACTICAL SOLUTIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) **For the fifty two weeks to 1 August 2014**

18 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption granted by paragraph 3(c) of Financial Reporting Standard 8 "Related Party Transactions" not to disclose transactions with St Ives plc or its wholly-owned subsidiary undertakings.

At the balance sheet date, certain liabilities of the company are covered by indemnities given by L Davidson, a former director of the Company, and their close family. An amount of £564,740 (2013 – £Nil) in respect of these indemnities has been recorded in other debtors.

19 ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

Up to 30 January 2014, the Company's immediate parent company and controlling party was St Ives plc, a company incorporated and registered in England and Wales. Thereafter, the immediate parent company and controlling party has been St Ives Marketing Services Limited, a company also incorporated and registered in England and Wales. The Company's ultimate parent company and controlling party throughout the period was been St Ives plc. Copies of the financial statements of St Ives plc and St Ives Marketing Services Limited can be obtained from the Company Secretary at the registered office at 1 Tudor Street, London EC4Y 0AH.

The smallest and largest group in which the results of the Company are consolidated is that headed by St Ives plc.