

Company Registration No. SC220221

BD NETWORK LIMITED

Report and Financial Statements

31 December 2010

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BD NETWORK LIMITED

REPORT AND FINANCIAL STATEMENTS 2010

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BD NETWORK LIMITED

REPORT AND FINANCIAL STATEMENTS 2010

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Ghill D K Donald
Calvin L Sellers
Lee W Barber
Jonathan Clow
Allan S McLaughlin
Samantha J Smith
Darren J Smith
Deborah A Saunders
Carolyn Laing

SECRETARY

Calvin L Sellers

REGISTERED OFFICE

27 Stafford Street
Edinburgh
EH3 7BJ

BANKERS

Lloyds Bank Corporate Markets
110 St Vincent Street
Glasgow
G2 5ER

SOLICITORS

Vialex Ltd
27 Stafford Street
Edinburgh
EH3 7BJ

INDEPENDENT AUDITOR

Deloitte LLP
Edinburgh

BD NETWORK LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2010 of BD Network Limited and its subsidiaries ("the Group").

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The Group's principal activity is in the field of integrated marketing communications.

The Group continues to invest in integrated best of class competencies including digital (including mobile, social media, web build and design), promotional, experiential, design, direct marketing, CRM, retail and partnerships.

On 12 January 2010, investments were made in the group's geographic representation with the incorporation of BD Network (Australia) Pty Limited. In June 2010 the group acquired a best in class mobile business, We Love Mobile Limited. The directors regard such investments in competencies and geographic locations as being important to the continued success in the medium to long term future of the business.

The Group's profit and loss account is shown on page 6. The directors are satisfied with the level of profitability generated in the year and believe this to be a strong foundation for continuing annual growth going forward. The Group's key measurement of effectiveness is the level of earnings before interest, tax, depreciation and amortisation ("EBITDA") generated in the year. The Group achieved an EBITDA of £2,264,854 (2009 - £2,052,815), a 10% improvement. Prior to the payment of an employee bonus the improvement in the EBITDA measure was 18%. The Group's key measurement of efficiency is its EBITDA as a proportion of gross profit. The Group achieved an EBITDA margin as a percentage of gross profit of 17% (2009 - EBITDA margin of 18%). Again, on a like for like basis pre employee bonuses, the EBITDA margin was consistent at 18%. Operating Profits at £1,344,477 (2009 - £1,099,513) showed a 22% improvement, or 36% before the payment of an employee bonus.

The Group's net profit after tax was £924,595 (2009 - £750,316).

The balance sheet on page 7 shows that the Group's net assets position was £5,511,968 at the year end, an improvement on the prior year (2009 - £4,590,781).

The Group's short-term cash position, excluding term loans, has increased by £57,524 to a net cash balance of £445,006. Cash levels have increased due to the increased profitability during the year.

The directors do not recommend the payment of dividends in the year (2009 - £nil).

GOING CONCERN

The Group's business activities, together with factors likely to affect its future development, performance and position are set out in the business review section above. The financial position of the Group, its cashflows, liquidity position and borrowing facilities are set out in the financial statements. In addition, the directors' report includes the Group's policies and processes for managing its capital; its financial risk management objectives and policies and its exposures to credit risk and liquidity risk.

The Group has sufficient financial resources together with long-term relationships with a number clients and suppliers across different geographic areas and industries. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully.

After making enquiries, the directors have a reasonable expectation that the Group have 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.

DIRECTORS

The directors who served during the year and to the date of this report are set out on page 1. Jeremy Baron resigned as a director on 18 February 2010.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a number of financial risks including credit risk, cash flow risk, interest rate risk and liquidity risk. The Group uses derivative financial instruments, forward contracts, to reduce exposure to foreign exchange movements. During the year, the Group took out foreign currency forward contracts to hedge Euro foreign exchange movements. The Group does not use derivative financial instruments for speculative purposes.

BD NETWORK LIMITED

DIRECTORS' REPORT (CONTINUED)

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The Group's principal financial assets are trade debtors and cash. The Group's credit risk is primarily attributable to these amounts. The amounts presented in the balance sheet are net of allowances for doubtful receivables.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group uses a mixture of long term and short term finance.

The Group's principal financial liabilities are trade creditors, accruals and obligations under finance leases and hire purchase contracts. Financial liabilities are payable in accordance with standard payment terms.

SUPPLIER PAYMENT POLICY

The Group's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the Group at 31 December 2010 were equivalent to 42 (2009: 20) days' purchases, based on the average daily amount invoiced by suppliers during the year.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. 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.

EMPLOYEE CONSULTATION

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group and the Company. This is achieved through formal and informal meetings.

DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each persons who are directors of the Company at the date when this report was approved:

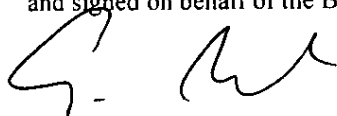
- so far as each of the directors is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each of the director's have taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

INDEPENDENT AUDITORS

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming annual general meeting.

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



Ghill Donald
Director
27 April 2011

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BD NETWORK LIMITED

We have audited the financial statements of BD Network Limited for the year ended 31 December 2010 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Parent Company Balance Sheets and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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 group's and the parent 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. 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 group's and of the company's affairs as at 31 December 2010 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with 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 by the parent company, 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.



James Boyle CA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Edinburgh, United Kingdom
27 APRIL 2011

BD NETWORK LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT Year ended 31 December 2010

	Note	2010 £	2009 £
TURNOVER	2	28,447,271	22,191,770
Cost of sales		(15,041,484)	(10,814,630)
Gross profit		13,405,787	11,377,140
Administrative expenses		(12,061,310)	(10,277,627)
OPERATING PROFIT	3	1,344,477	1,099,513
OPERATING PROFIT		1,344,477	1,099,513
Depreciation		272,129	305,054
Amortisation		648,248	648,248
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION		2,264,854	2,052,815
Net interest receivable/(payable)	5	9,193	(11,767)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,353,670	1,087,746
Tax on profit on ordinary activities	6	(429,075)	(337,430)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		924,595	750,316
Equity minority interests	18	(7,139)	-
PROFIT FOR THE YEAR	16, 17	917,456	750,316

All of the above activities relate to continuing operations.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES Year ended 31 December 2010

	Note	2010 £	2009 £
Profit for the financial year		917,456	750,316
Exchange differences on translation of foreign operations	16	(3,738)	-
Total recognised gains and losses related to the year		913,718	750,316

BD NETWORK LIMITED

CONSOLIDATED BALANCE SHEET As at 31 December 2010

	Note	2010 £	2009 £
FIXED ASSETS			
Intangible fixed assets	7	648,242	1,296,490
Tangible fixed assets	8	440,258	465,225
		<u>1,088,500</u>	<u>1,761,715</u>
CURRENT ASSETS			
Stocks	10	117,314	66,428
Debtors	11	10,186,164	6,355,698
Cash at bank and in hand		445,006	387,482
		<u>10,748,484</u>	<u>6,809,608</u>
CREDITORS: amounts falling due within one year	12	<u>(6,228,148)</u>	<u>(3,967,889)</u>
NET CURRENT ASSETS		<u>4,520,336</u>	<u>2,841,719</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,608,836	4,603,434
CREDITORS: amounts falling due after more than one year	13	<u>(96,868)</u>	<u>(12,653)</u>
NET ASSETS		<u>5,511,968</u>	<u>4,590,781</u>
CAPITAL AND RESERVES			
Called up share capital	15	98	98
Share premium account	16	4,109,897	4,109,897
Capital redemption reserve	16	5	5
Foreign exchange reserve	16	(3,738)	-
Profit and loss account	16	1,398,237	480,781
		<u>5,504,499</u>	<u>4,590,781</u>
TOTAL SHAREHOLDERS' FUNDS	17	<u>5,504,499</u>	<u>4,590,781</u>
MINORITY INTERESTS	18	<u>7,469</u>	<u>-</u>
TOTAL CAPITAL EMPLOYED		<u>5,511,968</u>	<u>4,590,781</u>

The financial statements of BD Network Limited, registered company number SC220221, were approved by the Board of Directors on 27 April 2011.

Signed on behalf of the Board of Directors



Ghill Donald
Director

BD NETWORK LIMITED

COMPANY BALANCE SHEET As at 31 December 2010

	Note	2010 £	2009 £
FIXED ASSETS			
Intangible fixed assets	7	648,242	1,296,490
Tangible fixed assets	8	413,852	465,225
Investments	9	3,020,779	3,019,958
		<u>4,082,873</u>	<u>4,781,673</u>
CURRENT ASSETS			
Stocks	10	113,623	66,428
Debtors	11	10,131,917	6,355,698
Cash at bank and in hand		318,695	387,482
		<u>10,564,235</u>	<u>6,809,608</u>
CREDITORS: amounts falling due within one year	12	<u>(6,001,538)</u>	<u>(3,967,889)</u>
NET CURRENT ASSETS		<u>4,562,697</u>	<u>2,841,719</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		8,645,570	7,623,392
CREDITORS: amounts falling due after more than one year	13	<u>(3,111,099)</u>	<u>(3,032,611)</u>
NET ASSETS		<u>5,534,471</u>	<u>4,590,781</u>
CAPITAL AND RESERVES			
Called up share capital	15	98	98
Share premium account	16	4,109,897	4,109,897
Capital redemption reserve	16	5	5
Profit and loss account	16	1,424,471	480,781
TOTAL SHAREHOLDERS' FUNDS	17	<u>5,534,471</u>	<u>4,590,781</u>

The financial statements of BD Network Limited, registered company number SC220221, were approved by the Board of Directors on 27 April 2011.

Signed on behalf of the Board of Directors



Ghill Donald
Director

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2010

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost accounting convention. They have all been applied consistently throughout the year and the preceding year.

Going concern

As disclosed in the directors' report, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and, as such, the going concern basis has been adopted in preparing the annual report and financial statements.

Cash flow statement

The company has not prepared a cash flow statement. It has taken advantage of the exemption contained in FRS1 (revised 1996) "Cash Flow Statements" as the ultimate parent company, BD Network (Holdings) Limited, has included the company within its group financial statements.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method. The Company has taken advantage of Section 408 of the Companies Act 2006 and consequently a separate profit and loss account for the parent company is not presented as part of these financial statements.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation of fixed assets is calculated to write off their cost less any residual value over their estimated useful lives as follows:

Leasehold improvements	Over the term of the leases
Fixtures and fittings	20% or 33% straight line

Goodwill

Goodwill arising on the transfer of the trade and assets of the subsidiary undertakings, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 10 years. Provision is made for any impairment.

Investments

Fixed asset investments are stated at cost less provision for any impairment in value.

Leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the agreement in proportion to the capital amount outstanding and are charged to the profit and loss account.

Rentals paid under operating leases are charged to the profit and loss account evenly over the term of the lease.

Stocks and work in progress

Work in progress is valued at the lower of cost and net realisable value. Cost includes all third party costs to be billed. Net realisable value is based on estimated selling price less any estimated selling costs.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2010

1. ACCOUNTING POLICIES (CONTINUED)

Taxation

Current 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 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 Group'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.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is not discounted.

Finance costs

Finance costs of debt are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or if appropriate, at the forward contract rate. All exchange differences are included within the profit and loss account.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in the statement of total recognised gains and losses. All other exchange differences are included in the profit and loss account.

Derivative financial instruments

The Group uses derivative financial instruments, forward contracts, to reduce exposure to foreign exchange movements. The company does not hold or issue derivative financial instruments for speculative purposes. There is no trading activity in the derivative financial instruments.

Derivative financial instruments are not recorded at their fair value in the financial statements, as the company has elected not to implement the requirements of Financial Reporting Standard 26, Financial Instruments: Recognition and Measurement.

2. TURNOVER

Other than revenues arising in Australia, which are not material to the Group, the turnover for the year was wholly derived from the company's principal activities in the UK and is stated net of VAT. Revenue is recognised on the delivery of the specific good or service.

BD NETWORK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2010

3. OPERATING PROFIT

	2010	2009
	£	£
Operating profit is stated after charging/(crediting):		
Staff costs (note 4)	8,970,513	7,645,106
Auditors' remuneration – audit fees	25,000	19,000
Gain on foreign exchange	(20,351)	(4,611)
Operating leases:		
Hire of plant & machinery	100,593	127,584
Other	348,693	231,758
Depreciation of tangible fixed assets (note 8)		
Owned assets	221,833	229,176
Assets held under finance leases and hire purchase contracts	50,296	75,878
Amortisation of intangible fixed assets (note 7)	648,248	648,248
	<u>8,970,513</u>	<u>7,645,106</u>

Auditors' remuneration includes amounts of £5,000 (2009: £4,000) paid by BD Network Limited on behalf of BD Network (Holdings) Limited, the ultimate parent company.

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2010	2009
	£	£
Staff costs including directors' emoluments		
Wages and salaries	8,199,920	6,913,924
Social security costs	770,593	731,182
	<u>8,970,513</u>	<u>7,645,106</u>
Average monthly number employed including executive directors:	2010	2009
	No.	No.
Administration	15	12
Marketing/Design	177	148
	<u>192</u>	<u>160</u>
	2010	2009
	£	£
Directors		
Emoluments	929,788	1,023,375
	<u>929,788</u>	<u>1,023,375</u>
	2010	2009
Highest paid director	£	£
Directors' remuneration	160,950	161,875
	<u>160,950</u>	<u>161,875</u>

BD NETWORK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2010

5. NET INTEREST RECEIVABLE/(PAYABLE)

	2010	2009
	£	£
Bank interest receivable	12,328	8,332
Other interest payable	(129)	(7,267)
Finance leases and hire purchase contracts	(3,006)	(12,832)
	<u>9,193</u>	<u>(11,767)</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2010	2009
	£	£
Current taxation		
UK corporation tax charge	433,889	358,470
Total current tax	433,889	358,470
Deferred tax		
- Current year (note 14)	(4,814)	(21,040)
Tax charge on profit on ordinary activities	<u>429,075</u>	<u>337,430</u>

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax of 28% (2009 – 28%) to the profit before tax is as follows:

	2010	2009
	£	£
Profit on ordinary activities before tax	<u>1,353,670</u>	<u>1,087,746</u>
Tax on profit on ordinary activities at standard rate of 28% (2009 – 28%)	379,028	304,569
Factors affecting charge for the period:		
Depreciation in excess of capital allowances	12,925	26,192
Expenses not deductible for tax purposes	186,599	186,599
Group relief	(144,663)	(160,614)
Adjustment in respect of prior periods	-	1,724
Total current tax	<u>433,889</u>	<u>358,470</u>

BD NETWORK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2010

7. INTANGIBLE FIXED ASSETS

Group and Company	Goodwill £
Cost	
At 1 January 2010 and 31 December 2010	6,502,480
Accumulated amortisation	
At 1 January 2010	5,205,990
Charge for the year	648,248
At 31 December 2010	5,854,238
Net book value	
At 31 December 2010	648,242
At 1 January 2010	1,296,490

Goodwill associated with the transfer of the trade and assets of the subsidiary undertakings is being written off over 10 years. This is the directors' estimate of its useful economic life.

8. TANGIBLE FIXED ASSETS

Group	Leasehold improvements £	Fixtures and fittings £	Total £
Cost			
At 1 January 2010	17,238	1,372,005	1,389,243
Additions	-	251,038	251,038
Disposals	-	(124,197)	(124,197)
At 31 December 2010	17,238	1,498,846	1,516,084
Accumulated depreciation			
At 1 January 2010	1,915	922,103	924,018
Charge for the year	3,831	268,298	272,129
Disposals	-	(120,321)	(120,321)
At 31 December 2010	5,746	1,070,080	1,075,826
Net book value			
At 31 December 2010	11,492	428,766	440,258
At 1 January 2010	15,323	449,902	465,225

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2010

8. TANGIBLE FIXED ASSETS (CONTINUED)

Company	Leasehold improvements £	Fixtures and fittings £	Total £
Cost			
At 1 January 2010	17,238	1,372,005	1,389,243
Additions	-	219,995	219,995
Disposals	-	(124,197)	(124,197)
	<u>17,238</u>	<u>1,467,803</u>	<u>1,485,041</u>
At 31 December 2010			
Accumulated depreciation			
At 1 January 2010	1,915	922,103	924,018
Charge for the year	3,831	263,661	267,492
Disposals	-	(120,321)	(120,321)
	<u>5,746</u>	<u>1,065,443</u>	<u>1,071,189</u>
At 31 December 2010			
Net book value			
At 31 December 2010	<u>11,492</u>	<u>402,360</u>	<u>413,852</u>
At 1 January 2010	<u>15,323</u>	<u>449,902</u>	<u>465,225</u>

The net book value of fixtures and fittings within the Company and Group includes £148,759 (2009 - £130,367) in respect of assets held under finance leases and hire purchase contracts, the depreciation on which is shown in note 3.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2010

9. INVESTMENTS HELD AS FIXED ASSETS

Company	Investments in subsidiaries £
Cost and net book value	
At 1 January 2010	3,019,958
Investments in the year	821
	<hr/>
At 31 December 2010	<u>3,020,779</u>

Interests in subsidiaries

The company has an investment in the following companies:

Company	Holding	Principal activity	Country of incorporation
BD Dormant Limited	100%	Dormant	Scotland
Biggart Donald Holdings Limited	100%	Dormant	Scotland
BD Promotional Marketing Limited	100%	Dormant	England
BD-Tank Limited	100%	Dormant	Scotland
Tank Design Limited	100%	Dormant	Scotland
BD Network (Australia) Pty Limited	100%	Marketing Communications	Australia
We Love Mobile Limited	82%	Mobile Marketing	Scotland

On 12 January 2010, BD Network (Australia) Pty Limited was incorporated as a 100% owned subsidiary of BD Network Limited.

On 29 June 2010, We Love Mobile Limited was incorporated as an 82% owned subsidiary of BD Network Limited.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2010

10. STOCKS

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Work in progress	117,314	66,428	113,623	66,428

11. DEBTORS

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Trade debtors	4,310,118	2,765,049	4,079,122	2,765,049
Prepayments and accrued income	543,049	419,380	504,433	419,380
Amounts due from group undertakings	5,308,316	3,151,402	5,523,681	3,151,402
Deferred tax asset (note 14)	24,681	19,867	24,681	19,867
	<u>10,186,164</u>	<u>6,355,698</u>	<u>10,131,917</u>	<u>6,355,698</u>

Included in prepayments and accrued income for Group and Company is a directors' loan of £23,797 (2009 - £34,667) due from Allan McLaughlin which was granted prior to his appointment as a director.

Included in 2009 trade debtors for Group and Company is an amount of £113,669 due to BD Network (Australia) Pty Limited but billed on its behalf by BD Network Limited (note 12).

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Trade creditors	1,923,813	662,844	1,815,405	662,844
Amounts owed to group undertakings	-	-	103,876	-
Obligations under finance leases and hire purchase contracts	60,874	74,537	57,886	74,537
Corporation tax payable	780,968	347,077	765,534	347,077
Other taxes and social security	490,359	276,414	464,087	276,414
Accruals and deferred income	2,972,134	2,607,017	2,794,750	2,607,017
	<u>6,228,148</u>	<u>3,967,889</u>	<u>6,001,538</u>	<u>3,967,889</u>

Included in 2009 accruals and deferred income is an amount of £113,669 billed by BD Network Limited on behalf of BD Network (Australia) Pty Limited in respect of an advanced payment received prior to incorporation of the company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2010

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Obligations under finance leases and hire purchase contracts due between one and two years	96,868	12,653	91,140	12,653
Amounts owed to group undertakings	-	-	3,019,959	3,019,958
	<u>96,868</u>	<u>12,653</u>	<u>3,111,099</u>	<u>3,032,611</u>

Obligations under finance leases and hire purchase contracts are secured by the related assets and are wholly repayable within two years.

The directors of the relevant subsidiary companies have confirmed that the amounts owed to group undertakings will not be recalled for payment within one year.

14. DEFERRED TAX ASSET

	2010 £	2009 £
Group and Company		
At 1 January	19,867	(1,173)
Credited to the profit and loss account (note 6)	4,814	21,040
At 31 December	<u>24,681</u>	<u>19,867</u>

Deferred tax asset is provided as follows:

	2010 £	2009 £
Depreciation in excess of capital allowances	<u>24,681</u>	<u>19,867</u>

BD NETWORK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2010

15. CALLED UP SHARE CAPITAL

	2010	2009
	£	£
Group and Company		
Called up, allotted and fully paid		
9,750 (2009: 9,750) ordinary shares of 1p each	98	98
	<u>98</u>	<u>98</u>

Details of share options held in BD Network (Holdings) Limited are disclosed in the group accounts of BD Network (Holdings) Limited.

16. RESERVES

	Profit and loss account	Foreign exchange reserve	Capital redemption reserve	Share Premium
	£	£	£	£
Group				
At 1 January 2010	480,781	-	5	4,109,897
Profit for the year	917,456	-	-	-
Exchange differences on translation of foreign operations	-	(3,738)	-	-
	<u>1,398,237</u>	<u>(3,738)</u>	<u>5</u>	<u>4,109,897</u>
At 31 December 2010	<u>1,398,237</u>	<u>(3,738)</u>	<u>5</u>	<u>4,109,897</u>

	Profit and loss account	Capital redemption reserve	Share Premium
	£	£	£
Company			
At 1 January 2010	480,781	5	4,109,897
Profit for the year	943,690	-	-
	<u>1,424,471</u>	<u>5</u>	<u>4,109,897</u>
At 31 December 2010	<u>1,424,471</u>	<u>5</u>	<u>4,109,897</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2010

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group 2010 £	Company 2010 £	Group and Company 2009 £
Profit for the financial year	917,456	943,690	750,316
Exchange differences on translation of foreign operations	(3,738)	-	-
Net addition to shareholders' funds	913,718	943,690	750,316
Opening shareholders' funds	4,590,781	4,590,781	3,840,465
Closing shareholders' funds	5,504,499	5,534,471	4,590,781

18. MINORITY INTERESTS

	£
At 1 January 2010	-
Acquisition of subsidiary undertaking	330
Profit for the year	7,139
At 31 December 2010	7,469

The minority interest has arisen as a result of the BD Network Limited acquiring 82% of We Love Mobile Ltd in June 2010.

19. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

At 31 December 2010 there were annual commitments under non-cancellable operating leases as follows:

	Plant & machinery 2010 £	Other 2010 £	Plant & machinery 2009 £	Other 2009 £
Group				
Expiring:				
Within one year	18,576	7,407	73,784	-
In one to two years	12,292	-	19,185	-
Within two to five years	-	354,810	12,292	309,723
	<u>30,868</u>	<u>362,217</u>	<u>105,261</u>	<u>309,723</u>
	Plant & machinery 2010 £	Other 2010 £	Plant & machinery 2009 £	Other 2009 £
Company				
Expiring:				
Within one year	18,576	-	73,784	-
In one to two years	12,292	-	19,185	-
Within two to five years	-	354,810	12,292	309,723
	<u>30,868</u>	<u>354,810</u>	<u>105,261</u>	<u>309,723</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2010

20. ULTIMATE PARENT COMPANY

BD Network (Holdings) Limited, a company registered in Scotland, heads the largest and smallest group into which the results of the Group are consolidated. Copies of the group financial statements are publicly available from Companies House, 139 Fountainbridge, Edinburgh, EH3 9FF.

21. RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary undertaking of BD Network (Holdings) Limited, the company has taken advantage of the exemption in FRS 8 "Related Party Disclosures" from disclosing transactions with its parent company. The directors do not believe transactions or balances with We Love Mobile Limited are material to the Group and therefore have not disclosed this information.