

Company Registration No. SC220221

**BD NETWORK LIMITED**

**Report and Financial Statements**

**31 December 2012**

THURSDAY



\*S2H86810\*

SCT

19/09/2013

#338

COMPANIES HOUSE

# **BD NETWORK LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2012**

<b>CONTENTS</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Directors' responsibilities statement</b>	<b>4</b>
<b>Independent auditor's report</b>	<b>5</b>
<b>Consolidated profit and loss account</b>	<b>6</b>
<b>Consolidated statement of total recognised gains and losses</b>	<b>7</b>
<b>Consolidated balance sheet</b>	<b>8</b>
<b>Company balance sheet</b>	<b>9</b>
<b>Notes to the financial statements</b>	<b>10</b>

# **BD NETWORK LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2012**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

Ghill D K Donald  
Calvin L Sellers (resigned 1 May 2012)  
Lee W Barber  
Jonathan Clow  
Allan S McLaughlin  
Samantha J Smith  
Darren J Smith  
Deborah A Saunders  
Carolyn Laing

#### **SECRETARY**

Calvin L Sellers (resigned 1 May 2012)

#### **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 2012 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 advertising, content creation, digital (including mobile, social media, web build and design), promotional, experiential, design, direct marketing, CRM, retail and partnerships.

The Group's profit and loss account is shown on page 6. The directors are disappointed with the company's financial performance in the year and anticipate a return to previous profit levels in the near future. The Group's key measurement of effectiveness and efficiency is the level of EBITDA generated in the year. Following a reduction in income levels through lower client spends during the year, aligned with a restructuring of the business in order to reduce the operating cost base, the Group achieved an earnings before interest, tax, depreciation, amortisation and exceptional administrative expenses ("EBITDA") of £1,990,239 (2011 - £2,601,985). Exceptional administrative expenses totalling £755,496 (2011 - £nil) relate to the redundancy costs incurred during the business restructure. 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 15.2% (2011 - EBITDA margin of 15.4%).

The Group's net profit after tax but before minority interests was £635,256 (2011 - £1,029,006).

The balance sheet on page 8 shows that the Group's net assets position was £7,202,874 as at 31 December 2012, an improvement on the prior year (2011 - £6,557,608).

The Group's short-term cash position, excluding term loans, has decreased by £757,395 to a net cash balance of £683,553. Cash levels have decreased partly due to the decreased profitability during the year.

The directors do not recommend the payment of dividends in the year (2011 - £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 around trading expectations going forward, the directors have a reasonable expectation that the company and 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.

#### **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. During the year, the Group had interest rate swaps in place to manage any interest rate risk on the financing arrangements. The interest rate swap period ended 31 December 2012. During the year, the Group also 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 debts.

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 2012 were equivalent to 46 (2011: 33) 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 AUDITOR**

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 auditor is 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 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.

#### **INDEPENDENT AUDITOR**

Deloitte LLP have expressed their willingness to continue in office as auditor 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



Allan McLaughlin  
Director  
26 June 2013

**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 the group and of the profit or loss of the group 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;
- state whether applicable UK Accounting Standards have been followed; 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 the group 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 2012 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 20. 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 2012 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  
26 June 2013

# BD NETWORK LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT Year ended 31 December 2012

	Note	2012 £	2011 £
<b>TURNOVER: continuing operations</b>	2	22,532,947	33,647,641
<b>TURNOVER: discontinued operations</b>	2	1,050,837	-
		<u>23,583,784</u>	<u>33,647,641</u>
Cost of sales		(10,517,522)	(16,835,324)
<b>Gross profit</b>		13,066,262	16,812,317
Administrative expenses - other		(11,523,757)	(15,179,829)
Administrative expenses – exceptional	3	(755,496)	-
<b>OPERATING PROFIT: continuing operations</b>	3	982,954	1,632,488
<b>OPERATING LOSS: discontinued operations</b>		(195,945)	-
		<u>787,009</u>	<u>1,632,488</u>
<b>OPERATING PROFIT BEFORE EXCEPTIONAL ADMINISTRATIVE EXPENSES</b>			
		1,542,506	1,632,488
Depreciation		447,733	321,255
Amortisation		-	648,242
<b>EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION ANDEXCEPTIONAL ADMINISTRATIVE EXPENSES</b>		<u>1,990,239</u>	<u>2,601,985</u>
Net interest payable	5	(26,210)	(5,401)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		760,799	1,627,087
Tax on profit on ordinary activities	6	(125,543)	(598,081)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		635,256	1,029,006
Equity minority interests	17	45,391	(37,922)
<b>PROFIT FOR THE YEAR</b>	15, 16	<u>680,647</u>	<u>991,084</u>



**BD NETWORK LIMITED**

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**Year ended 31 December 2012**

	<b>Note</b>	<b>2012</b> <b>£</b>	<b>2011</b> <b>£</b>
<b>Profit for the financial year</b>		680,647	991,084
Exchange differences on translation of foreign operations	16	<u>10,010</u>	<u>16,634</u>
<b>Total recognised gains and losses related to the year</b>		<u><u>690,657</u></u>	<u><u>1,007,718</u></u>

# BD NETWORK LIMITED

## CONSOLIDATED BALANCE SHEET As at 31 December 2012

	Note	2012 £	2011 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	7	838,003	981,812
<b>CURRENT ASSETS</b>			
Stocks	9	168,493	144,183
Debtors	10	11,245,516	11,201,532
Cash at bank and in hand		683,553	1,440,948
		12,097,562	12,786,663
<b>CREDITORS: amounts falling due within one year</b>	11	(5,673,746)	(7,108,588)
<b>NET CURRENT ASSETS</b>		6,423,816	5,678,075
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		7,261,819	6,659,887
<b>CREDITORS: amounts falling due after more than one year</b>	12	(58,945)	(102,279)
<b>NET ASSETS</b>		7,202,874	6,557,608
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	98	98
Share premium account	15	4,109,897	4,109,897
Capital redemption reserve	15	5	5
Foreign exchange reserve	15	22,906	12,896
Profit and loss account	15	3,069,968	2,389,321
<b>TOTAL SHAREHOLDERS' FUNDS</b>	16	7,202,874	6,512,217
<b>MINORITY INTERESTS</b>	17	-	45,391
<b>TOTAL CAPITAL EMPLOYED</b>		7,202,874	6,557,608

The financial statements of BD Network Limited, registered company number SC220221, were approved by the Board of Directors on 26 June 2013.

Signed on behalf of the Board of Directors



Allan McLaughlin  
Director

# BD NETWORK LIMITED

## COMPANY BALANCE SHEET As at 31 December 2012

	Note	2012 £	2011 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	7	818,425	936,146
Investments	8	3,019,959	3,020,779
		<u>3,838,384</u>	<u>3,956,925</u>
<b>CURRENT ASSETS</b>			
Stocks	9	158,979	140,033
Debtors	10	10,861,486	11,045,667
Cash at bank and in hand		415,544	1,151,483
		<u>11,436,009</u>	<u>12,337,183</u>
<b>CREDITORS: amounts falling due within one year</b>	11	<u>(4,953,762)</u>	<u>(6,745,303)</u>
<b>NET CURRENT ASSETS</b>		<u>6,482,247</u>	<u>5,591,880</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		10,320,631	9,548,805
<b>CREDITORS: amounts falling due after more than one year</b>	12	<u>(3,078,903)</u>	<u>(3,119,498)</u>
<b>NET ASSETS</b>		<u>7,241,728</u>	<u>6,429,307</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	98	98
Share premium account	15	4,109,897	4,109,897
Capital redemption reserve	15	5	5
Profit and loss account	15	3,131,728	2,319,307
<b>TOTAL SHAREHOLDERS' FUNDS</b>	16	<u>7,241,728</u>	<u>6,429,307</u>

The financial statements of BD Network Limited, registered company number SC220221, were approved by the Board of Directors on 26 June 2013.

Signed on behalf of the Board of Directors



Allan McLaughlin  
Director

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2012**

**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. Assets in the course of construction are not depreciated until the asset is brought into use.

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 2012**

**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.

**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 foreign exchange 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. There was one open currency forward contract at 31 December 2012 which had a FV of £2,889 (2011: £nil). The Group 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.

Discontinued operations relate to the results of We Love Mobile Limited. We Love Mobile Limited ceased trading on 31 December 2012. Included in the consolidated profit and loss account for the year ended 31 December 2012 are cost of sales of £253,827 (2011: £175,063) and administrative expenses of £1,053,632 (2011: £809,145) in respect of We Love Mobile Limited.

# BD NETWORK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2012

### 3. OPERATING PROFIT

	2012 £	2011 £
<b>Operating profit is stated after charging:</b>		
<b>Audit Fees</b>		
Auditor's remuneration – audit fees		
Subsidiaries	17,000	20,000
Company	12,000	5,000
	<u>29,000</u>	<u>25,000</u>
Auditor's remuneration – non audit fees		
Tax compliance	19,000	10,000
Tax advisory	91,427	57,000
	<u>110,427</u>	<u>67,000</u>
Total Audit and Non Audit Fees	<u>139,427</u>	<u>92,000</u>
Loss on foreign exchange	24,162	14,655
Operating leases:		
Hire of plant & machinery	32,609	6,273
Other	485,511	380,455
Depreciation of tangible fixed assets (note 7)		
Owned assets	336,698	236,905
Assets held under finance leases and hire purchase contracts	111,035	84,349
Amortisation of intangible fixed assets	<u>-</u>	<u>648,242</u>

Auditors' remuneration – audit fees includes amounts of £5,000 (2011: £5,000) paid by BD Network Limited on behalf of BD Network (Holdings) Limited, the ultimate parent company.

Intangible fixed assets were fully amortised at 31 December 2011.

Included within profit on ordinary activities before taxation in 2012 are exceptional costs of £755,496 (2011: £nil) relating to staff redundancy costs.

### 4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2012 £	2011 £
<b>Staff costs including directors' emoluments</b>		
Wages and salaries	8,738,730	10,462,141
Social security costs	994,004	1,052,111
	<u>9,732,734</u>	<u>11,514,252</u>

**BD NETWORK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**Year ended 31 December 2012**

**4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (CONTINUED)**

	<b>2012</b>	<b>2011</b>
	<b>No.</b>	<b>No.</b>
<b>Average monthly number employed including executive directors:</b>		
Administration	18	16
Marketing/Design	189	215
	<u>207</u>	<u>231</u>
	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>Directors</b>		
Emoluments	873,542	1,102,239
	<u>873,542</u>	<u>1,102,239</u>
	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>Highest paid director</b>		
Directors' remuneration	151,780	164,322
	<u>151,780</u>	<u>164,322</u>

**5. NET INTEREST PAYABLE**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Bank interest receivable	2,660	7,578
Other interest payable	(17,893)	(5,886)
Finance leases and hire purchase contracts	(10,977)	(7,093)
	<u>(26,210)</u>	<u>(5,401)</u>

**6. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>Current taxation</b>		
UK corporation tax charge	132,081	520,954
Adjustments in respect of prior periods	27,292	70,035
<b>Total current tax</b>	<u>159,373</u>	<u>590,989</u>
<b>Deferred tax</b>		
Current year	53,926	13,283
Adjustments in respect of prior periods	(87,756)	(6,191)
<b>Total deferred tax (credited)/charged (note 13)</b>	<u>(33,830)</u>	<u>7,092</u>
<b>Tax charge on profit on ordinary activities</b>	<u>125,543</u>	<u>598,081</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**Year ended 31 December 2012**

**6. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)**

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax of 24.5% (2011 – 26.5%) to the profit before tax is as follows:

	2012 £	2011 £
Profit on ordinary activities before tax	<u>760,799</u>	<u>1,627,087</u>
Tax on profit on ordinary activities at standard rate of 24.5% (2011 – 26.5%)	186,396	431,178
Factors affecting charge for the period:		
Origination and reversal of timing differences	(53,926)	(13,283)
Expenses not deductible for tax purposes	6,827	176,960
Group relief	(75,037)	(71,564)
Effects of other tax rates /(credits)	5,815	(2,337)
Adjustment in respect of prior periods	27,292	70,035
Tax losses carried back	59,948	-
Deferred tax not provided	<u>2,058</u>	<u>-</u>
Total current tax	<u><u>159,373</u></u>	<u><u>590,989</u></u>



**BD NETWORK LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**Year ended 31 December 2012**
**7. TANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Leasehold improvements £</b>	<b>Fixtures and fittings £</b>	<b>Assets under construction £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 January 2012	35,014	2,183,442	160,436	2,378,892
Additions	12,156	319,814	-	331,970
Disposals	-	(39,500)	-	(39,500)
Transferred to fixtures and fittings	-	160,436	(160,436)	-
<b>At 31 December 2012</b>	<b>47,170</b>	<b>2,624,192</b>	<b>-</b>	<b>2,671,362</b>
<b>Accumulated depreciation</b>				
At 1 January 2012	9,577	1,387,503	-	1,397,080
Charge for the year	11,107	436,626	-	447,733
Depreciation on disposals	-	(11,454)	-	(11,454)
<b>At 31 December 2012</b>	<b>20,684</b>	<b>1,812,675</b>	<b>-</b>	<b>1,833,359</b>
<b>Net book value</b>				
At 31 December 2012	26,486	811,517	-	838,003
At 31 December 2011	25,437	795,939	160,436	981,812
<b>Company</b>				
<b>Cost</b>				
At 1 January 2012	35,014	2,117,015	160,436	2,312,465
Additions	12,156	312,751	-	324,907
Disposals	-	(19,703)	-	(19,703)
Transferred to fixtures and fittings	-	160,436	(160,436)	-
<b>At 31 December 2012</b>	<b>47,170</b>	<b>2,570,499</b>	<b>-</b>	<b>2,617,669</b>
<b>Accumulated depreciation</b>				
At 1 January 2012	9,577	1,366,742	-	1,376,319
Charge for the year	11,107	413,097	-	424,204
Depreciation on disposals	-	(1,279)	-	(1,279)
<b>At 31 December 2012</b>	<b>20,684</b>	<b>1,778,560</b>	<b>-</b>	<b>1,799,244</b>
<b>Net book value</b>				
At 31 December 2012	26,486	791,939	-	818,425
At 31 December 2011	25,437	750,273	160,436	936,146

# BD NETWORK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2012

### 7. TANGIBLE FIXED ASSETS (CONTINUED)

The net book value of fixtures and fittings within the Company and Group includes £124,093 (2011 - £169,773) in respect of assets held under finance leases and hire purchase contracts, the depreciation on which is shown in note 3.

### 8. INVESTMENTS

Company	Investments in subsidiaries £
<b>Cost and net book value</b>	
At 1 January 2012	3,020,779
Provision for impairment	(820)
At 31 December 2012	<u>3,019,959</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	67%	Mobile Marketing (ceased trading on 31 December 2012)	Scotland

We Love Mobile Limited ceased trading on 31 December 2012 and the investment has been written down to £nil through administrative expenses in the profit and loss account.

### 9. STOCKS

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Work in progress	<u>168,493</u>	<u>144,183</u>	<u>158,979</u>	<u>140,033</u>

# BD NETWORK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2012

### 10. DEBTORS

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Trade debtors	2,771,997	3,390,005	2,296,900	3,058,873
Prepayments and accrued income	371,768	459,720	360,322	429,743
Amounts due from group undertakings	8,050,332	7,334,218	8,155,153	7,539,683
Deferred tax asset (note 13)	51,419	17,589	49,111	17,368
	<u>11,245,516</u>	<u>11,201,532</u>	<u>10,861,486</u>	<u>11,045,667</u>

### 11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Trade creditors	1,513,408	1,665,026	1,415,561	1,639,394
Amounts owed to group undertakings	-	-	-	186,579
Obligations under finance leases and hire purchase contracts	104,575	83,491	101,835	80,502
Corporation tax payable	700,431	949,097	693,997	887,708
Other taxes and social security	539,722	631,300	502,441	571,747
Accruals and deferred income	2,815,610	3,779,674	2,239,928	3,379,373
	<u>5,673,746</u>	<u>7,108,588</u>	<u>4,953,762</u>	<u>6,745,303</u>

### 12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Obligations under finance leases and hire purchase contracts due between two and five years	58,945	102,279	58,945	99,540
Amounts owed to group undertakings	-	-	3,019,958	3,019,958
	<u>58,945</u>	<u>102,279</u>	<u>3,078,903</u>	<u>3,119,498</u>

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

# BD NETWORK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2012

### 13. DEFERRED TAX ASSET

	2012 £	2011 £
<b>Group</b>		
At 1 January	17,589	24,681
Credited/(charged) to the profit and loss account (note 6)	33,830	(7,092)
At 31 December	<u>51,419</u>	<u>17,589</u>

Deferred tax asset is provided as follows:

	2012 £	2011 £
Depreciation in excess of capital allowances	<u>51,419</u>	<u>17,589</u>

	2012 £	2011 £
<b>Company</b>		
At 1 January	17,368	24,681
Credited/(charged) to the profit and loss account	31,743	(7,313)
At 31 December	<u>49,111</u>	<u>17,368</u>

	2012 £	2011 £
Depreciation in excess of capital allowances	<u>49,111</u>	<u>17,368</u>

### 14. CALLED UP SHARE CAPITAL

	2012 £	2011 £
<b>Group and Company</b>		
<b>Called up, allotted and fully paid</b>		
9,750 (2011: 9,750) ordinary shares of 1p each	<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.

**BD NETWORK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**Year ended 31 December 2012**

**15. RESERVES**

	Profit and loss account £	Foreign exchange reserve £	Capital redemption reserve £	Share Premium account £
<b>Group</b>				
At 1 January 2012	2,389,321	12,896	5	4,109,897
Profit for the year	680,647	-	-	-
Exchange differences on translation of foreign operations	-	10,010	-	-
	<u>3,069,968</u>	<u>22,906</u>	<u>5</u>	<u>4,109,897</u>
At 31 December 2012				
		Profit and loss account £	Capital redemption reserve £	Share Premium account £
<b>Company</b>				
At 1 January 2012		2,319,307	5	4,109,897
Profit for the year		812,421	-	-
		<u>3,131,728</u>	<u>5</u>	<u>4,109,897</u>
At 31 December 2012				

**16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS'**

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Profit for the year	680,647	991,084	812,421	894,836
Exchange differences on translation of foreign operations	10,010	16,634	-	-
Net addition to shareholders' funds	690,657	1,007,718	812,421	894,836
Opening shareholders' funds	<u>6,512,217</u>	<u>5,504,499</u>	<u>6,429,307</u>	<u>5,534,471</u>
Closing shareholders' funds	<u>7,202,874</u>	<u>6,512,217</u>	<u>7,241,728</u>	<u>6,429,307</u>

# BD NETWORK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2012

### 17. MINORITY INTERESTS

	£
At 1 January 2012	45,391
Loss for the year	(45,391)
At 31 December 2012	-

The minority interest relates to the 33% in We Love Mobile Limited not held by the group. We Love Mobile Limited ceased trading on 31 December 2012.

### 18. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

#### a) Guarantees

BD Network Limited has granted cross-guarantees secured on the assets of the company in relation to bank borrowings held by BD Network (Holdings) Limited. The total secured group borrowings are disclosed in the financial statements of BD Network (Holdings) Limited.

#### b) Lease commitments

At 31 December 2012 there were annual commitments under non-cancellable operating leases as follows:

	<b>Plant &amp; machinery 2012 £</b>	<b>Other 2012 £</b>	<b>Plant &amp; machinery 2011 £</b>	<b>Other 2011 £</b>
<b>Group</b>				
Expiring:				
Within one year	7,183	53,164	9,279	-
In one to two years	18,147	42,102	-	58,000
Within two to five years	-	307,773	42,755	363,983
	<u>25,330</u>	<u>403,039</u>	<u>52,034</u>	<u>421,983</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<b>Company</b>				
Expiring:				
Within one year	7,183	53,164	9,279	-
In one to two years	18,147	-	-	58,000
Within two to five years	-	307,773	42,755	330,483
	<u>25,330</u>	<u>360,937</u>	<u>52,034</u>	<u>388,483</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>

### 19. 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.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**Year ended 31 December 2012**

**20. 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.