

**BD PROMOTIONAL MARKETING
LIMITED (Formerly Biggart Donald
(London) Limited)**

Report and Financial Statements

31 December 2000

**Deloitte & Touche
Lomond House
9 George Square
Glasgow
G2 1QQ**



REPORT AND FINANCIAL STATEMENTS 2000

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REPORT AND FINANCIAL STATEMENTS 2000

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

William M Biggart
Ghill D K Donald

SECRETARY

Karine Donald

REGISTERED OFFICE

1st Floor
Link Bank
Spring House
Spring Place
Kentish Town
London
NW5 3BH

BANKERS

The Royal Bank of Scotland plc
Glasgow Charing Cross West Branch
9 Clifton Place
Glasgow
G3 7JU

SOLICITORS

Eversheds
Senator House
85 Queen Victoria Street
London
EC4V 4JL

AUDITORS

Deloitte & Touche
Lomond House
9 George Square
Glasgow
G2 1QQ

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year to 31 December 2000.

PRINCIPAL ACTIVITIES AND CHANGE OF NAME

The principal activities of the company are in the fields of sales promotion and direct marketing. On 28 June 2001 the company changed its name to BD Promotional Marketing Limited.

BUSINESS REVIEW

The company's balance sheet as detailed on page 6 shows a satisfactory position, shareholders' funds amounting to £18,807 (1999 - £6,488).

PROFITS, DIVIDENDS AND APPROPRIATIONS

The results for the year are shown in the profit and loss account on page 5.

Ordinary dividends amounting to £94,000 (1999 - £260,000) were paid and the balance of the profit for the year is to be transferred to reserves.

The directors are confident as to the future prospects of the company.

DIRECTORS

The directors of the company during the year and their interests in the shares of the company as recorded in the register of directors' interests were as follows:

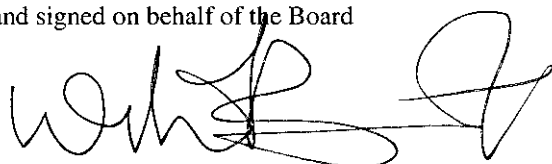
	Ordinary shares of £1 each	
	31 December 2000	31 December 1999
William M Biggart	-	-
Ghill D K Donald	-	-

The interests of the directors in the ultimate parent company at the balance sheet date, BD Network Limited, are disclosed in that company's financial statements.

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

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



Director

15 October 2001

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

AUDITORS' REPORT TO THE MEMBERS OF

BD PROMOTIONAL MARKETING LIMITED (Formerly Biggart Donald (London) Limited)

We have audited the financial statements on pages 5 to 13 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and Registered Auditors

22 October 2001

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2000

		Year ended 31/12/00 £	14 months ended 31/12/99 £
	Note		
TURNOVER – continuing operations	2	5,724,716	5,682,020
Cost of sales		<u>(3,121,277)</u>	<u>(3,001,970)</u>
Gross profit		2,603,439	2,680,050
Net operating expenses			
Administrative expenses		<u>(2,491,904)</u>	<u>(2,243,937)</u>
OPERATING PROFIT– continuing operations	3	111,535	436,113
Interest payable	5	<u>(9,800)</u>	<u>(28,627)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		101,735	407,486
Taxation	6	<u>4,584</u>	<u>(141,000)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		106,319	266,486
Dividends	7	<u>(94,000)</u>	<u>(260,000)</u>
Retained profit for the year/period	17	<u>12,319</u>	<u>6,486</u>

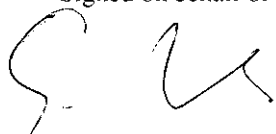
There are no recognised gains or losses in 2000 or 1999 other than the profit in either period and consequently no Statement of Total Recognised Gains and Losses is given.

BALANCE SHEET
31 December 2000

	Note	2000 £	1999 £
FIXED ASSETS			
Tangible assets	8	334,939	429,985
Investments	9	100	-
		<u>335,039</u>	<u>429,985</u>
CURRENT ASSETS			
Stocks	10	197,858	230,475
Debtors	11	854,663	656,079
Cash at bank and in hand		493,319	216
		<u>1,545,840</u>	<u>886,770</u>
CREDITORS: amounts falling due within one year	12	(1,830,018)	(1,215,037)
NET CURRENT LIABILITIES		<u>(284,178)</u>	<u>(328,267)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		50,861	101,718
CREDITORS: amounts falling due after more than one year	13	(9,054)	(72,230)
PROVISIONS FOR LIABILITIES AND CHARGES	14	(23,000)	(23,000)
		<u>18,807</u>	<u>6,488</u>
CAPITAL AND RESERVES			
Called up share capital	16	2	2
Profit and loss account	17	18,805	6,486
TOTAL EQUITY SHAREHOLDERS' FUNDS	18	<u>18,807</u>	<u>6,488</u>

These financial statements were approved by the Board of Directors on 15 October 2001.

Signed on behalf of the Board of Directors



Director

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Depreciation

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

Motor vehicles	25% straight line
Fixtures and fittings	20% straight line

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 as incurred.

Stocks and work in progress

Work in progress is valued at the lower of cost and net realisable value. Cost includes wages, all direct overheads and a share of indirect costs. Net realisable value is based on estimated selling price less any estimated cost of disposal.

Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

Pension costs

Pension contributions are paid to personal pension schemes by the company on behalf of certain employees. The charge to the profit and loss account represents the amounts paid during the year.

Cash flow statement

In accordance with the exemption contained in Financial Reporting Standard No 1 (Revised 1996), no cash flow statement has been prepared, as the company is part of a group. The cash flows of the company are incorporated in the consolidated accounts of BD Network Limited.

2. TURNOVER

The turnover for the year was derived from the company's principal activities. The whole of the turnover is attributable to the European Community market.

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

3. OPERATING PROFIT

	Year ended 31/12/00 £	14 months ended 31/12/99 £
Operating profit is stated after charging:		
Staff costs (note 4)	1,857,628	1,631,122
Auditors' remuneration	8,000	4,000
Operating lease rentals	15,461	8,118
Loss on disposal of fixed assets	3,473	-
Property rental	84,434	78,007
	<hr/>	<hr/>
Depreciation of tangible fixed assets (note 8)		
Owned assets	57,214	54,467
Assets under finance leases and hire purchase contracts	52,863	30,238
	<hr/>	<hr/>
	110,077	84,705
	<hr/>	<hr/>

4. DIRECTORS AND EMPLOYEES

	Year ended 31/12/00 £	14 months ended 31/12/99 £
Staff costs including directors' emoluments		
Wages and salaries	1,658,048	1,441,869
Social security costs	166,096	128,315
Pension costs	33,484	28,723
Payments to employee benefit trust	-	32,215
	<hr/>	<hr/>
	1,857,628	1,631,122
	<hr/>	<hr/>
 Average monthly number employed including executive directors:	 No.	 No.
Production staff	33	27
Office and management	9	6
	<hr/>	<hr/>
	42	33
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

4. DIRECTORS AND EMPLOYEES (CONTINUED)

	Year ended 31/12/00 £	14 months ended 31/12/99 £
Directors		
Emoluments	441,774	268,074
Company contributions to money purchase pension schemes	28,103	10,477
	<u>469,877</u>	<u>278,551</u>
Highest paid director	£	£
Director's remuneration	330,200	210,077
Pension costs	17,446	10,477
	<u>347,646</u>	<u>220,554</u>

Two directors (1999 – one) accrued benefits under personal pension schemes, contributions to which have been made by the company on the directors' behalf.

5. INTEREST PAYABLE

	Year ended 31/12/00 £	14 months ended 31/12/99 £
Bank overdraft interest	248	4,289
Bank loan interest	-	13,584
Hire purchase interest	9,552	10,754
	<u>9,800</u>	<u>28,627</u>

6. TAXATION

	Year ended 31/12/00 £	14 months ended 31/12/99 £
Corporation tax on profit on ordinary activities at 20% (1999 -30%)	19,753	118,000
Deferred taxation	-	23,000
Over-provision in respect of prior period	(24,337)	-
	<u>(4,584)</u>	<u>141,000</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

7. DIVIDENDS

	Year ended 31/12/00 £	14 months ended 31/12/99 £
Dividends paid - £47,000 per ordinary share	94,000	260,000

8. TANGIBLE FIXED ASSETS

	Motor vehicles £	Fixtures and fittings £	Total £
Cost			
At 1 January 2000	125,298	389,392	514,690
Additions	-	57,804	57,804
Disposals	(57,064)	-	(57,064)
At 31 December 2000	68,234	447,196	515,430
Depreciation			
At 1 January 2000	19,689	65,016	84,705
Charge for the year	27,020	83,057	110,077
On disposals	(14,291)	-	(14,291)
At 31 December 2000	32,418	148,073	180,491
Net book value			
At 31 December 2000	35,816	299,123	334,939
At 31 December 1999	105,609	324,376	429,985

The net book value of fixed assets includes £79,386 (1999 - £129,995) in respect of assets held under finance leases and hire purchase contracts, the depreciation of which is shown in note 3.

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

9. FIXED ASSET INVESTMENTS

	Investments in subsidiaries £
Cost and net book value	
Additions and at 31 December 2000	100

The investment relates to the entire share capital of BD Mix Limited, a company incorporated in England. The company operated as an undisclosed agency, where all of its trade is recorded in the financial statements of BD Promotional Marketing Limited. Consequently, dormant accounts are prepared for this company.

As noted above, the results of the subsidiary have been incorporated in the financial statements of BD Promotional Marketing Limited under the provisions of an undisclosed agency agreement between the companies.

No group accounts are prepared as the results of the company and its subsidiary are incorporated in the consolidated accounts of BD Network Limited, the company's ultimate parent company. The information given in these accounts is in respect of the company only and not the group.

10. STOCKS

	2000 £	1999 £
Work in progress	197,858	230,475

11. DEBTORS

	2000 £	1999 £
Trade debtors	801,186	558,321
Amounts owed by group undertakings	2	36,500
Prepayments and accrued income	53,475	46,258
ACT recoverable	-	15,000
	<u>854,663</u>	<u>656,079</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £	1999 £
Bank overdraft	-	329,677
Trade creditors	345,279	334,978
Corporation tax	19,753	118,000
Other taxation and social security	104,119	55,627
Amounts due to group undertakings	619,079	18,557
Accruals and deferred income	700,290	290,160
Obligations under finance leases and hire purchase contracts – note 13	41,498	68,038
	<u>1,830,018</u>	<u>1,215,037</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued

The overdraft facility is secured by a bond and floating charge over the assets of the company.

Obligations under finance leases and hire purchase contracts are secured by the related assets.

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

	2000 £	1999 £
Obligations under finance leases and hire purchase contracts	9,054	72,230
These are repayable over varying periods by monthly instalments as follows:		
In the next year – see note 12	41,498	68,038
In the second to fifth years	9,054	72,230
	<u>50,552</u>	<u>140,268</u>

14. PROVISIONS FOR LIABILITIES AND CHARGES

	1999 £	Profit and loss account £	2000 £
Deferred taxation (notes 6 and 15)	23,000	-	23,000

15. DEFERRED TAXATION

	2000 Potential liability £	Provision made £	1999 Potential liability £	Provision made £
Corporation tax deferred by:				
Capital allowances in excess of depreciation	23,000	23,000	23,000	23,000

The potential liability and provision are based on a corporation tax rate of 30%.

16. CALLED UP SHARE CAPITAL

	2000 £	1999 £
Authorised		
2 ordinary shares of £1 each	2	2
Allotted, called up, and fully paid		
2 ordinary shares of £1 each	2	2

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

17. PROFIT AND LOSS ACCOUNT

	£
At 1 January 2000	6,486
Profit for the year	12,319
	<hr/>
At 31 December 2000	18,805
	<hr/>

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Year ended 31/12/00 £	14 months ended 31/12/99 £
New share capital subscribed	-	2
Profit for the financial period	106,319	266,486
Dividends	(94,000)	(260,000)
	<hr/>	<hr/>
Net addition to shareholders' funds	12,319	6,488
Opening shareholders' funds	6,488	-
	<hr/>	<hr/>
Closing shareholders' funds	18,807	6,488
	<hr/>	<hr/>

19. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 31 December 2001:

	Land and buildings £
Expiring:	
Within two to five years	64,088
	<hr/>

The company has entered into cross guarantees with other group companies as part of its banking agreements. At 31 December 2000, the total net borrowings were £835,527 (1999 - £1,244,593).

20. RELATED PARTY TRANSACTIONS

During the period the company incurred costs totalling £13,950 (1999 - £40,440) for the provision of the services of Karine Donald, the wife of Ghill Donald. At 31 December 2000 (1999 - £Nil), there were no amounts outstanding.

The company has taken advantage of the exemptions conferred by Financial Reporting Standard No 8 - Related Party Disclosures available to subsidiary undertakings, 90% or more of whose voting rights are controlled within the group. No transactions with group companies are therefore disclosed.

21. ULTIMATE PARENT UNDERTAKING

The directors consider that the company's ultimate parent company is BD Network Limited, a company registered in Scotland. The results of the company are incorporated within the consolidated financial statements of BD Network Limited, the company's ultimate parent company.