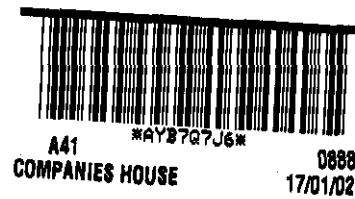


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BLUE CHIP CUSTOMER ENGINEERING LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000



BLUE CHIP CUSTOMER ENGINEERING LIMITED

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BLUE CHIP CUSTOMER ENGINEERING LIMITED

COMPANY INFORMATION

DIRECTORS:

B MEREDITH
M MEREDITH
R BURKE
V HENRY (Appointed 2 October 2000)
B CORNISH (Appointed 2 October 2000)
K TRUSCOTT (Appointed 2 October 2000)

SECRETARY:

B MEREDITH

COMPANY NUMBER:

02146732

REGISTERED OFFICE:

ENGINEERING HOUSE
BEDFORD BUSINESS CENTRE
MILE ROAD
BEDFORD
BEDFORDSHIRE
MK42 9TW

BANKERS:

NATIONAL WESTMINSTER BANK PLC
42 CHESHIRE STREET
MARKET DRAYTON
SHROPSHIRE
TF9 1PG

SOLICITORS:

BORNEO LINNELLS
79-83 HARPUR STREET
BEDFORD
BEDFORDSHIRE
MK40 2SY

AUDITORS:

MAZARS NEVILLE RUSSELL
NEVILLE RUSSELL HOUSE
1 TELFORD WAY
LUTON
BEDFORDSHIRE
LU1 1HT

BLUE CHIP CUSTOMER ENGINEERING LIMITED

DIRECTORS' REPORT

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with 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.

PRINCIPAL ACTIVITY

The principal activity of the company is that of maintenance of computer systems and sale of computer hardware.

BUSINESS REVIEW

The results for the year show a reduction in turnover, however directors are satisfied that this reduction was attributable to the year 2000 issues of the previous year. The directors are encouraged by the significant number of new contracts attained in the latter part of the year which will return the company to profitability in the ensuing years.

The directors undertook an extensive restructuring programme in the year to 31 December 2000. The cost of this unfortunately turned the operating profit into a retained loss for the year.

The development costs represent expenditure on a one off project. The directors expect this project to be profitable in the future, however there are no plans to investment in any other Research and Development Projects.

The overseas subsidiaries continued to remain financially independent. Blue Chip Customer Engineering (Sri Lanka) has however suffered due to adverse economic climate in the third and fourth quarter of the year. Blue Chip Customer Engineering (Portugal) sustained profitability in the year and the directors are confident that this will continue in the coming years.

During the year the directors decided to dispose of the 75% shareholding of Blue Chip Customer Engineering (Ireland). The two companies continue to operate closely together utilising shared resources.

The directors are confident that all group companies will be profitable in the ensuing years.

The company has taken advantage of the exemption from preparing consolidated financial statements on the grounds that it is entitled to the exemptions available in section 248 of the Companies Act 1985.

BLUE CHIP CUSTOMER ENGINEERING LIMITED

DIRECTORS' REPORT (continued)

RESULTS AND DIVIDENDS

The results for the year are shown in the profit and loss account on page 6. The directors do not propose payment of an ordinary dividend.

DIRECTORS

The directors set out in the table below have held office during the whole of the year from 1 January 2000 to the date of this report unless otherwise stated.

The interests of the directors holding office on 31 December 2000 in the shares of the company, according to the register of directors' interests, were as shown below:

	Ordinary shares	
	31 December 2000	31 December 1999
B Meredith	4,580	4,580
M Meredith	4,580	4,580
R Burke	750	750
K Truscott	-	-
V Henry	-	-
B Cornish	-	-

CHARITABLE AND POLITICAL DONATIONS

There were no charitable or political donations made during the year ended 31 December 2000.

AUDITORS

The company's auditors, Mazars Neville Russell, have signified their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the forthcoming annual general meeting.

Approved by the Board on 14 JANUARY 2001
and signed on its behalf


B Meredith
Secretary

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
BLUE CHIP CUSTOMER ENGINEERING LIMITED**

We have audited the financial statements on pages 6 to 19. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. Our responsibilities do not extend to any other information.

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 as 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.

M. - Neville Russell

MAZARS NEVILLE RUSSELL
CHARTERED ACCOUNTANTS
and Registered Auditors
Neville Russell House
1 Telford Way
Luton
Bedfordshire LU1 1HT

Date: *14 JANUARY 2001*

BLUE CHIP CUSTOMER ENGINEERING LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2000**

	Notes	2000 £	1999 £
TURNOVER	2	3,174,253	3,386,986
Cost of sales		<u>(635,660)</u>	<u>(723,108)</u>
GROSS PROFIT		2,538,593	2,663,878
Net operating expenses			
Administrative expenses		(3,007,237)	(2,782,425)
Other operating income		<u>522,635</u>	<u>205,689</u>
OPERATING PROFIT	3	53,991	87,142
Restructuring costs	4	(91,585)	-
Interest payable	6	<u>(34,839)</u>	<u>(18,771)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(72,433)	68,371
Taxation	7	<u>-</u>	<u>-</u>
RETAINED (LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	14	<u><u>(72,433)</u></u>	<u><u>68,371</u></u>

The company's turnover and expenses all relate to continuing group operations.

The company has no recognised gains or losses other than the (loss)/profit for the year.

The (loss)/profit for the year has been calculated on the historical cost basis.

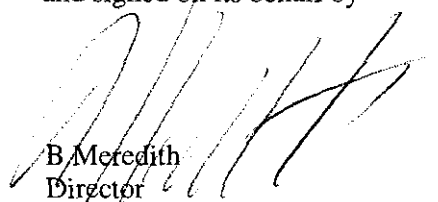
BLUE CHIP CUSTOMER ENGINEERING LIMITED

BALANCE SHEET

AT 31 DECEMBER 2000

	Notes	£	2000 £	£	1999 £
FIXED ASSETS					
Intangible assets	8		85,500		49,500
Tangible assets	9		241,626		313,424
Investments	10		203,656		186,654
			<u>530,782</u>		<u>549,578</u>
CURRENT ASSETS					
Stocks	11	157,856		204,785	
Debtors	12	1,942,249		1,750,492	
Cash at bank and in hand		646		637	
		<u>2,100,751</u>		<u>1,955,914</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	13	<u>(2,286,581)</u>		<u>(2,088,107)</u>	
NET CURRENT LIABILITIES			<u>(185,830)</u>		<u>(132,193)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>344,952</u>		<u>417,385</u>
CAPITAL AND RESERVES					
Called up share capital	15		10,000		10,000
Profit and loss account	14		334,952		407,385
TOTAL SHAREHOLDERS' FUNDS	14		<u>344,952</u>		<u>417,385</u>

Approved by the Board on 14 January 2001
and signed on its behalf by


B. Meredith
Director

BLUE CHIP CUSTOMER ENGINEERING LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2000

	Notes	£	2000 £	£	1999 £
Cash inflow from operating activities					
Net cash inflow before exceptional items	18		445,564		(39,378)
Outflow related to exceptional items	19		(91,585)		-
Net cash (outflow)/inflow from operating activities			<u>353,979</u>		<u>(39,378)</u>
Returns on investments and servicing of finance					
Interest paid		(34,838)		(18,771)	
			(34,838)		(18,771)
Taxation					
Corporation tax paid			(85,357)		(58,428)
Capital expenditure and financial investment					
Purchase of intangible fixed assets		(36,000)		(49,500)	
Purchase of tangible fixed assets		(60,780)		(140,513)	
Purchase of fixed asset investments		(17,002)		-	
Sale of tangible fixed assets		-		8,400	
Repayment in long term investment loans		-		-	
			<u>(113,782)</u>		<u>(181,613)</u>
Increase/(decrease) in cash			<u>120,002</u>		<u>(298,190)</u>

BLUE CHIP CUSTOMER ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000

1 ACCOUNTING POLICIES

a) Basis of accounting

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

The company has taken advantage of the exemption from preparing consolidated financial statements on the grounds that it is entitled to the exemptions available in section 248 of the Companies Act 1985.

b) Turnover

Turnover represents the amounts invoiced, excluding value added tax, in respect of the sale of goods and services to customers.

c) 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:

Leasehold land and buildings	straight line over lease term
Computer equipment	20% straight line
Motor vehicles	25% straight line
Fixtures and fittings	20% reducing balance

d) Stocks

Stocks are valued at the lower of cost and directors best estimate of net realisable value. Net realisable value is based on estimated selling price less the estimated cost of disposal.

e) Deferred taxation

Deferred tax is provided in respect of the tax effect of all timing differences, to the extent that it is probable that a liability or asset will crystallise in the foreseeable future, at the rates of tax expected to apply when the timing differences reverse.

f) Intangible fixed assets

Intangible assets comprise of assigned maintenance contracts shown at cost.

Intangible assets are amortised through the profit and loss account in equal instalments over the estimated useful life of the assets.

g) Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

h) Foreign currencies

Transactions expressed in foreign currencies are translated into sterling and recorded at rates of exchange approximating to those ruling at the date of the transaction. Monetary assets and liabilities are translated at rates ruling at the balance sheet date. All differences are taken to the profit and loss account.

BLUE CHIP CUSTOMER ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000

1 ACCOUNTING POLICIES (continued)

i) Research and development expenditure

Research and development expenditure is written off in the profit and loss account in the year in which it is incurred except development expenditure incurred on individual projects. Where the recoverability of this development expenditure can be foreseen with reasonable assurance it is capitalised and amortised in line with sales from the relevant projects

j) Leases

Finance leases

Assets held under finance leases and the related lease obligations are included at the fair value of the leased assets at the inception of the lease. Depreciation on leased assets is calculated to write off this amount on a straight line basis over the shorter of the lease term and the useful life of the asset.

Rentals payable are apportioned between the finance charge and a reduction of the outstanding obligation for future amounts payable so that the charge for each accounting period is a constant percentage of the remaining balance of the capital sum outstanding.

Operating leases

Rentals payable under operating leases are charged on a straight-line basis over the term of the lease.

k) Pensions

Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

2 TURNOVER

The turnover for the year was derived from the company's principal activity.

The analysis of turnover by geographical area is as follows:

	2000 £	1999 £
Geographically		
United Kingdom	3,147,670	3,309,745
Other EEC countries	26,583	74,041
Sri Lanka	-	3,200
	<u>3,174,253</u>	<u>3,386,986</u>

BLUE CHIP CUSTOMER ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000

3	OPERATING PROFIT	2000	1999
		£	£
	Operating profit is stated after crediting:		
	Profit on foreign exchange	9,763	72
		<u> </u>	<u> </u>
	and after charging:		
	Staff costs (note 5)	1,938,078	1,813,389
	Auditors' remuneration	8,000	16,500
	Loss on sale of assets	-	(2,213)
	Equipment leasing	28,866	17,203
		<u> </u>	<u> </u>
	Depreciation of tangible fixed assets (note 8)		
	Owned assets	131,657	69,499
	Amortisation of intangible fixed assets (note 7)	-	18,523
		<u> </u>	<u> </u>
		131,657	88,022
		<u> </u>	<u> </u>
4	EXCEPTIONAL ITEMS	2000	1999
		£	£
	Restructuring costs	91,585	-
		<u> </u>	<u> </u>
	Restructuring costs are in relation to staff redundancy costs as a result of streamlining operations.		
5	DIRECTORS AND EMPLOYEES	2000	1999
		£	£
	Staff costs including directors' emoluments		
	Wages and salaries	1,693,532	1,580,176
	Social security costs	167,365	156,286
	Pension costs	77,181	76,927
		<u> </u>	<u> </u>
		1,938,078	1,813,389
		<u> </u>	<u> </u>
	Average monthly number employed	Number	Number
	(including executive directors)	54	72
		<u> </u>	<u> </u>

BLUE CHIP CUSTOMER ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000

5	DIRECTORS AND EMPLOYEES (continued)	2000	1999
		£	£
	Directors		
	Emoluments	191,018	147,232
	Company contributions to money purchase pension schemes	24,762	14,184
		<u>215,780</u>	<u>161,416</u>
	Highest paid director (included above)		
	Emoluments	72,877	80,000
	Company contributions to a money purchase pension scheme	6,648	6,408
		<u>79,525</u>	<u>86,408</u>
	During the period the following number of directors accrued benefits under the defined contribution pension scheme:	Number	Number
		<u>6</u>	<u>3</u>
6	INTEREST PAYABLE	2000	1999
		£	£
	Bank interest	31,430	11,365
	Interest on late payment of taxation	3,409	7,406
		<u>34,839</u>	<u>18,771</u>

7 TAXATION

There is no tax charge in the current or prior period, due to the utilisation of tax losses.

BLUE CHIP CUSTOMER ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000

8 INTANGIBLE FIXED ASSETS

	Development costs £	Goodwill £	Total £
Cost			
At 1 January 2000	49,500	37,045	86,545
Additions	36,000	-	36,000
At 31 December 2000	85,500	37,045	122,545
Amortisation			
At 1 January 2000	-	37,045	37,045
Charge for the year	-	-	-
At 31 December 2000	-	37,045	37,045
Net book amount			
At 31 December 2000	85,500	-	85,500
At 31 December 1999	49,500	-	49,500

Development costs represent expenditure on individual projects which is carried forward when its future recoverability can be foreseen with reasonable assurance and is amortised in line with sales from the related projects.

9 TANGIBLE FIXED ASSETS

	Motor Vehicles £	Computer Equipment £	Fixtures and Fittings £	Improv's to Leasehold £	Total £
Cost					
At 1 January 2000	53,939	390,708	105,826	130,540	681,013
Additions	-	60,780	-	-	60,780
Disposals	(7,150)	-	-	-	(7,150)
At 31 December 2000	46,789	451,488	105,826	130,540	734,643
Depreciation					
At 1 January 2000	37,113	163,831	69,210	97,435	367,589
Disposals	(6,229)	-	-	-	(6,229)
Charge for the year	10,948	95,872	8,375	16,462	131,657
At 31 December 2000	41,832	259,703	77,585	113,897	493,017
Net book amount					
At 31 December 2000	4,957	191,785	28,241	16,643	241,626
At 31 December 1999	16,826	226,877	36,616	33,105	313,424

BLUE CHIP CUSTOMER ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000

10 FIXED ASSET INVESTMENTS

	Loans £	Shares in subsidiary undertakings £	Total £
Cost			
At 1 January 2000	49,815	136,839	186,654
Additions	-	17,002	17,002
	<hr/>	<hr/>	<hr/>
At 31 December 2000	49,815	153,841	203,656
	<hr/>	<hr/>	<hr/>
Net book amount			
At 31 December 2000	49,815	153,841	203,656
	<hr/>	<hr/>	<hr/>
At 31 December 1999	49,815	136,839	186,654
	<hr/>	<hr/>	<hr/>

The loans represent amounts lent to the company's subsidiaries, with no fixed repayment terms and they bear no interest. The balance of these investment loans as at the year end date are as follows:

	2000 £	1999 £
Blue Chip Customer Engineering (Ireland) Ltd	-	-
Blue Chip Customer Engineering Lanka (Private) Ltd	49,815	49,815
	<hr/>	<hr/>
	49,815	49,815
	<hr/>	<hr/>

BLUE CHIP CUSTOMER ENGINEERING LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2000****10 FIXED ASSET INVESTMENTS (continued)****Subsidiary undertakings**

The company's investments in subsidiary undertakings are as follows:

	Country of Incorporation	Holding	Value £
Blue Chip Software Engineering Ltd	England	100%	6,000
Blue Chip Global Solutions Ltd	England	100%	2
Blue Chip Parts Ltd	England	100%	17,002
Blue Chip Customer Engineering (Portugal) Lda	Portugal	87%	19,120
Asia 400 (Private) Ltd	Sri Lanka	100%	111,717
*Blue Chip Customer Engineering Lanka (Private) Ltd	Sri Lanka	100%	22,222

*Blue Chip Customer Engineering Lanka (Private) Ltd became an effective 100% subsidiary in the prior year, when the company acquired the remaining 45% of the issued share capital in its parent undertaking, Asia 400 (Private) Limited. At 31 December 2000 the aggregate share capital and reserves and the profit/(loss) for the year to that date of the subsidiary undertakings amounted to:

	Share Capital and Reserves £	Profit/ (Loss) £
Blue Chip Software Engineering Ltd	-	-
Blue Chip Customer Engineering (Portugal) Lda	132,267	4,095
Asia 400 (Private) Ltd	-	-
Blue Chip Customer Engineering Lanka (Private) Ltd	-	-
Blue Chip Global Solutions Ltd	2	(484,478)
Blue Chip Parts Ltd	2	(44,705)

BLUE CHIP CUSTOMER ENGINEERING LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2000**

11 STOCKS	2000	1999
	£	£
Stocks	157,856	204,785
	<u>157,856</u>	<u>204,785</u>

The stock figure of £157,856 (1999: £204,785) is representative of components and parts used in the performance of the company's principal activity. Due to its nature, the stock is incapable of being valued separately in relation to its original cost. The value of £157,856 (1999: £204,785) has been arrived at by reliance upon the directors' estimates of net realisable values.

12 DEBTORS	2000	1999
	£	£
Amounts falling due within one year		
Trade debtors	533,579	718,306
Amounts owed by group undertakings	1,108,983	857,649
Directors' current accounts	146,230	100,945
Other debtors	76,966	37,011
Prepayments and accrued income	56,708	24,927
ACT recoverable	19,783	11,654
	<u>1,942,249</u>	<u>1,750,492</u>

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2000	1999
	£	£
Bank overdrafts	193,570	313,561
Maintenance in advance	1,223,094	859,424
Trade creditors	459,164	551,052
Amounts owed to group undertakings	83,768	-
Corporation tax	-	77,228
Other taxation and social security	233,537	210,524
Other creditors	24,972	12,392
Accruals and deferred income	68,476	63,926
	<u>2,286,581</u>	<u>2,088,107</u>

The bank overdraft is secured by way of a cross guarantee with Blue Chip Software Engineering Limited dated 21 June 1993. The bank also holds a mortgage debenture given by the company dated 27 February 1990. The directors, Mr B Meredith and Mrs M Meredith have jointly given a limited guarantee of £30,000, dated 19 October 1987.

On 15 June 1999, additional bank guarantees were granted by Blue Chip Parts Limited and Blue Chip Global Solutions Limited, both of which are group companies.

BLUE CHIP CUSTOMER ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share capital £	Profit & loss account £	Total shareholders' funds £
Balance at 1 January 1999	10,000	339,014	349,014
Profit for the year	-	68,371	68,371
	<hr/>	<hr/>	<hr/>
Balance at 31 December 1999	10,000	407,385	417,385
Profit for the year	-	(72,433)	(72,433)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2000	10,000	334,952	344,952
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

15 SHARE CAPITAL

	2000 £	1999 £
Authorised		
10,000 ordinary shares of £1	10,000	10,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
1,000 ordinary shares of £1	1,000	1,000
9,000 ordinary shares of £1 bonus issue	9,000	9,000
	<hr/>	<hr/>
	10,000	10,000
	<hr/> <hr/>	<hr/> <hr/>

16 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 2000:

	2000 Land and Buildings £	1999 Land and buildings £
Operating leases which expire:		
Within one year	64,250	64,250
Within two to five years	37,480	101,730
	<hr/>	<hr/>
	101,730	165,980
	<hr/> <hr/>	<hr/> <hr/>

BLUE CHIP CUSTOMER ENGINEERING LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2000****17 DIRECTORS' INTERESTS AND LOANS****Loans to directors**

During the year, Mr B Meredith, Mrs M Meredith and Mr R Burke had overdrawn directors' current accounts with the company. Indebtedness on the loans were as follows:

	As at 31 December 2000 £	Maximum liability during the year £	As at 31 December 1999 £
Mr B Meredith	94,435	97,059	52,552
Mrs M Meredith	29,057	29,057	18,161
R Burke	22,738	30,232	30,232

18 NOTES TO THE CASH FLOW STATEMENT**Reconciliation of operating profit to net cash flows from operating activities**

	2000 £	1999 £
Operating profit	53,991	87,142
Depreciation charges	131,567	69,499
Amortisation	-	18,523
(Profit)/loss on sale of fixed assets	-	(2,213)
Decrease in stocks	46,929	37,828
Increase in debtors	(182,616)	(109,117)
(Decrease)/increase in creditors	395,693	(141,040)
Net cash inflow from operating activities	445,564	(39,378)

Analysis of changes in net debt

	At 1 January 2000 £	Cash flows £	At 31 December 2000 £
Cash at bank and in hand	637	11	648
Bank overdrafts	(313,561)	119,991	(193,570)
Total	(312,924)	120,002	(192,922)

Reconciliation of net cash flow to movement in net debt

	2000 £	1999 £
Increase in cash in the year	120,002	(298,190)
Cash outflow from decrease in debt and lease financing	-	-
Change in net debt resulting from cash flows	120,002	(298,190)
Net debt at 1 January 2000	(312,924)	(14,734)
Net debt at 31 December 2000	(192,922)	(312,924)

BLUE CHIP CUSTOMER ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000

19 OUTFLOW RELATED TO EXCEPTIONAL ITEMS

This includes expenditure on restructuring costs in relation to staff redundancy as a result of streamlining operations.

20 DISCLOSURE OF CONTROL

There was no ultimate controlling party during the financial year.

21 PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £75,509 (1999: £76,927).

22 RELATED PARTIES

Transactions with subsidiary companies during the year ended 31 December 2000 were as follows:

	Product sales £	Management income £	Purchases £
Blue Chip Customer Engineering (Portugal) Lda	-	57,844	3,378
Blue Chip Customer Engineering (Ireland) Ltd	26,583	13,694	-
Blue Chip Customer Engineering Lanka (Private) Ltd	-	71,440	-
Asia 400 (Private) Ltd	-	-	-
Blue Chip Global Solutions Ltd	-	304,520	-
Blue Chip Parts Ltd	-	218,115	-
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