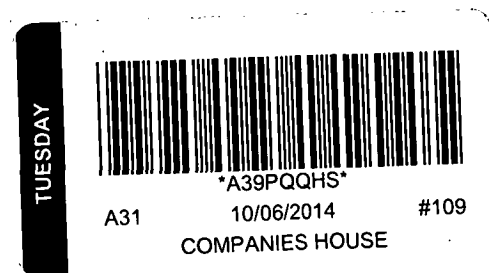


financial statements group

Blue Chip Customer Engineering Limited and its subsidiaries

For the year ended 31 March 2014

Company registration number: 02146732



MHA MacIntyre Hudson
GLOBAL EXPERTISE • NATIONAL EXPERIENCE • LOCAL EXCELLENCE®

BLUE CHIP CUSTOMER ENGINEERING LIMITED AND ITS SUBSIDIARIES

COMPANY INFORMATION

DIRECTORS	Brian Meredith Roy Burke Sadie Nesbitt Andrew Rounding Alan Ferguson
COMPANY SECRETARY	Andrew Rounding
REGISTERED NUMBER	02146732
REGISTERED OFFICE	Franklin Court Priory Business Park Bedford MK44 3JZ
INDEPENDENT AUDITORS	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditors Equipoise House Grove Place Bedford MK40 3LE
BANKERS	Santander Santander House 201 Grafton Gate East Milton Keynes MK9 1AN
SOLICITORS	Shakespeares LLP Chancery House 199 Silbury Boulevard Milton Keynes MK9 1JL

BLUE CHIP CUSTOMER ENGINEERING LIMITED AND ITS SUBSIDIARIES

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BLUE CHIP CUSTOMER ENGINEERING LIMITED AND ITS SUBSIDIARIES

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2014

BUSINESS REVIEW

The Group continues to see a growth across its core services with annual contract values increasing by a further 16% on last year.

The Directors are also delighted to show a continued growth from previous years in revenues and EBITDA.

The previous years have seen significant investment in both the IT and Data Centre infrastructures. This has given the Group the opportunity to considerably grow its service offerings and revenues for this year and the foreseeable future.

On 31 March 2014 the Group disposed of its interest in the Sri Lankan operations. These are now owned and controlled by the local management team.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors are satisfied that there are no significant risks or uncertainties beyond those of normal market conditions.

KEY PERFORMANCE INDICATORS

The Group's key performance indicators are those of customer service satisfaction, revenue growth and profitability. The directors are satisfied that all measures are being met and they will continue to do so.

FUTURE DEVELOPMENTS

The Group has invested heavily in the previous years to provide a firm basis for substantial growth. The directors are confident that no further significant development is required to achieve its growth targets.

This report was approved by the board and signed on its behalf.


.....
Andrew Rounding
Director

Date: 09/06/2014

BLUE CHIP CUSTOMER ENGINEERING LIMITED AND ITS SUBSIDIARIES

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2014

The directors present their report and the financial statements for the year ended 31 March 2014.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Group Strategic Report, the Directors' 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, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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.

PRINCIPAL ACTIVITIES

The principal activity of the company and group during the year was the provision of IT services, including Managed Services, Maintenance, Data availability, Disaster recovery and the supply of and consultancy for computer hardware.

ltheon Limited, one of the company's subsidiaries, develops and sells computer software licences and maintenance agreements.

On 31 March 2014 the Group disposed of two subsidiaries: Blue Chip Technical Services (Private) Limited and Blue Chip Group (Private) Limited, both companies incorporated in Sri Lanka. The previous operations of these companies are classed as discontinued operations in these financial statements.

RESULTS

The profit for the year, after taxation, amounted to £1,769 thousand (2013 - £2,511 thousand).

BLUE CHIP CUSTOMER ENGINEERING LIMITED AND ITS SUBSIDIARIES

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2014

DIRECTORS

The directors who served during the year were:

Brian Meredith
Roy Burke
Sadie Nesbitt
Andrew Rounding
Alan Ferguson

During the year, the company operated an Enterprise Management Incentive Share Option Scheme (EMI Scheme) for certain eligible directors and employees. The director stated below has the following interests in the scheme:

Andrew Rounding - 11,239 shares (2013: 11,239 shares)
Weighted average exercise price - £0.01
Date from which exercisable - 3 January 2012

FUTURE DEVELOPMENTS

See entry in the Strategic Report

FINANCIAL INSTRUMENTS

Treasury operations

The group operates a centralised treasury function which is responsible for managing the liquidity, interest and credit risks associated with the group's activities.

Liquidity risk

The group manages its cash and borrowing requirements centrally to maximise interest income and minimise interest expense, whilst ensuring that the group has sufficient resources to meet the operating needs of its businesses.

Interest rate risk

The group is not significantly exposed to interest rate risk as it arranges borrowings on fixed rate terms as appropriate.

Foreign currency risk

The group makes some sales to and purchases from foreign countries. The level of spend is not enough to expose the group to significant foreign currency risk.

Credit risk

The group operates a highly effective credit policy which minimises its credit risk. Levels of credit are monitored regularly to ensure that the exposure is low.

EMPLOYEE INVOLVEMENT

Monthly meetings are held between senior management and employee representatives to discuss matters of concern. Employees are kept well-informed about the progress and position of the group by means of regular departmental meetings, newsletters and journals.

BLUE CHIP CUSTOMER ENGINEERING LIMITED AND ITS SUBSIDIARIES

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2014**

DISABLED EMPLOYEES

The group's policy is to give full and fair consideration to application for employment made by disabled persons, having regard to their particular aptitudes and abilities.

Disabled employees receive appropriate training to promote their career development within the group. Employees who become disabled are retained in their existing posts where possible or retrained for suitable alternative posts.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditors are aware of that information.

AUDITORS

The auditors, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



Andrew Rounding
Director

Date: 09/06/2014

BLUE CHIP CUSTOMER ENGINEERING LIMITED AND ITS SUBSIDIARIES

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BLUE CHIP CUSTOMER ENGINEERING LIMITED AND ITS SUBSIDIARIES

We have audited the financial statements of Blue Chip Customer Engineering Limited and its subsidiaries for the year ended 31 March 2014, which comprise the group Profit and Loss Account, the group and company Balance Sheets, the group Cash Flow Statement and the related notes 1 to 29. 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 shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2014 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 prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

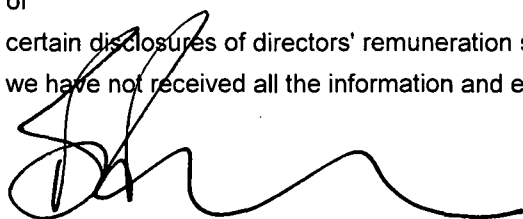
BLUE CHIP CUSTOMER ENGINEERING LIMITED AND ITS SUBSIDIARIES

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BLUE CHIP CUSTOMER ENGINEERING
LIMITED AND ITS SUBSIDIARIES**

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 parent company 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.



Brian Neil Richens FCA (Senior Statutory Auditor)

for and on behalf of
MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

Equipoise House
Grove Place
Bedford
MK40 3LE

Date: 09/06/2014

BLUE CHIP CUSTOMER ENGINEERING LIMITED AND ITS SUBSIDIARIES

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2014**

	Note	2014 £000	2013 £000
TURNOVER	1,2		
Continuing operations		29,553	27,650
Discontinued operations		1,945	1,640
		<u>31,498</u>	<u>29,290</u>
Cost of sales	4	<u>(8,775)</u>	<u>(7,563)</u>
GROSS PROFIT		22,723	21,727
Administrative expenses	4	(19,740)	(18,614)
Other operating income	3	-	9
Loss on disposal of operations	4	<u>(268)</u>	<u>-</u>
OPERATING PROFIT	5		
Continuing operations		3,051	3,139
Discontinued operations		(336)	(17)
		<u>2,715</u>	<u>3,122</u>
Interest receivable and similar income		-	4
Amounts written off investments		(6)	-
Interest payable and similar charges	9	<u>(243)</u>	<u>(233)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,466	2,893
Tax on profit on ordinary activities	10	<u>(697)</u>	<u>(382)</u>
PROFIT FOR THE FINANCIAL YEAR	20	<u><u>1,769</u></u>	<u><u>2,511</u></u>

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and Loss Account.

The notes on pages 13 to 34 form part of these financial statements.

BLUE CHIP CUSTOMER ENGINEERING LIMITED AND ITS SUBSIDIARIES

**NOTE OF CONSOLIDATED HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2014**

	2014 £000	2013 £000
REPORTED PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2,466	2,893
Realisation of valuation gains of previous periods	<u>57</u>	<u>52</u>
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>2,523</u>	<u>2,945</u>
HISTORICAL PROFIT FOR THE YEAR AFTER TAXATION	<u>1,826</u>	<u>2,563</u>

The notes on pages 13 to 34 form part of these financial statements.

BLUE CHIP CUSTOMER ENGINEERING LIMITED AND ITS SUBSIDIARIES
REGISTERED NUMBER: 02146732

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2014

	Note	£000	2014 £000	£000	2013 £000
FIXED ASSETS					
Intangible assets	11		2,253		2,405
Tangible assets	12		15,035		14,244
Investments	13		-		17
			<u>17,288</u>		<u>16,666</u>
CURRENT ASSETS					
Stocks	14	4,549		3,993	
Debtors	15	14,321		11,303	
Cash at bank		30		62	
		<u>18,900</u>		<u>15,358</u>	
CREDITORS: amounts falling due within one year	16	(19,105)		(16,597)	
NET CURRENT LIABILITIES			(205)		(1,239)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>17,083</u>		<u>15,427</u>
CREDITORS: amounts falling due after more than one year	17		(5,522)		(5,563)
PROVISIONS FOR LIABILITIES					
Deferred tax	18		(563)		(635)
NET ASSETS			<u>10,998</u>		<u>9,229</u>
CAPITAL AND RESERVES					
Called up share capital	19		5		5
Share premium account	20		94		94
Revaluation reserve	20		2,449		2,506
Capital redemption reserve	20		5		5
Profit and loss account	20		8,445		6,619
SHAREHOLDERS' FUNDS	21		<u>10,998</u>		<u>9,229</u>

BLUE CHIP CUSTOMER ENGINEERING LIMITED AND ITS SUBSIDIARIES

**CONSOLIDATED BALANCE SHEET (continued)
AS AT 31 MARCH 2014**

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

09/06/2014



.....
Andrew Rounding
Director


The notes on pages 13 to 34 form part of these financial statements.

BLUE CHIP CUSTOMER ENGINEERING LIMITED AND ITS SUBSIDIARIES
REGISTERED NUMBER: 02146732

COMPANY BALANCE SHEET
AS AT 31 MARCH 2014

	Note	£000	2014 £000	£000	2013 £000
FIXED ASSETS					
Tangible assets	12		15,035		14,165
Investments	13		3,095		3,103
			<u>18,130</u>		<u>17,268</u>
CURRENT ASSETS					
Stocks	14	4,549		3,992	
Debtors	15	14,090		10,261	
Cash at bank		28		25	
		<u>18,667</u>		<u>14,278</u>	
CREDITORS: amounts falling due within one year	16	(20,200)		(16,838)	
NET CURRENT LIABILITIES			<u>(1,533)</u>		<u>(2,560)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>16,597</u>		<u>14,708</u>
CREDITORS: amounts falling due after more than one year	17		(5,472)		(5,517)
PROVISIONS FOR LIABILITIES					
Deferred tax	18		(567)		(671)
NET ASSETS			<u>10,558</u>		<u>8,520</u>
CAPITAL AND RESERVES					
Called up share capital	19		5		5
Share premium account	20		94		94
Revaluation reserve	20		2,449		2,506
Capital redemption reserve	20		5		5
Profit and loss account	20		8,005		5,910
SHAREHOLDERS' FUNDS	21		<u>10,558</u>		<u>8,520</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on


.....
Andrew Rounding
Director

09/04/2014

The notes on pages 13 to 34 form part of these financial statements.

BLUE CHIP CUSTOMER ENGINEERING LIMITED AND ITS SUBSIDIARIES

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2014**

	Note	2014 £000	2013 £000
Net cash flow from operating activities	23	2,199	2,931
Returns on investments and servicing of finance	24	(243)	(229)
Taxation		(445)	(415)
Capital expenditure and financial investment	24	(2,301)	(2,497)
Acquisitions and disposals	24	240	-
CASH OUTFLOW BEFORE FINANCING		(550)	(210)
Financing	24	(351)	1,481
(DECREASE)/INCREASE IN CASH IN THE YEAR		(901)	1,271

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 MARCH 2014**

	2014 £000	2013 £000
(Decrease)/Increase in cash in the year	(901)	1,271
Cash outflow from decrease in debt and lease financing	352	(1,481)
	-	-
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	(549)	(210)
New finance lease	(371)	-
MOVEMENT IN NET DEBT IN THE YEAR	(920)	(210)
Net debt at 1 April 2013	(6,621)	(6,411)
NET DEBT AT 31 MARCH 2014	(7,541)	(6,621)

The notes on pages 13 to 34 form part of these financial statements.

BLUE CHIP CUSTOMER ENGINEERING LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with applicable accounting standards.

1.2 Basis of consolidation

The financial statements consolidate the accounts of the company and its subsidiary undertakings made up to 31 March 2014 and its share of the results and post-acquisition reserves of associated undertakings.

The profits and losses of subsidiary and associated undertakings are consolidated from the date of acquisition to the date of disposal. The difference between the cost of acquisition of shares in subsidiaries and the fair value of the separable net assets acquired is capitalised as goodwill and amortised through the profit and loss account in equal instalments over its estimated useful life.

The results of subsidiaries sold are included up to the effective date of disposal.

1.3 Turnover

The turnover shown in the profit and loss account represents amounts due during the year, exclusive of Value Added Tax.

Maintenance in advance relates to income that has been deferred over the life of its maintenance contract. The value of the maintenance in advance included within creditors is effectively the income due to the company if no more contracts were sold after the year end date. As each month of the contract continues sales are credited to the profit and loss account. Contracts can be cancelled in the last 90 days remaining on the contract, however they are non-refundable.

1.4 Intangible fixed assets and amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset.

Amortisation is provided at the following rates:

Goodwill	- over 20 years straight line
----------	-------------------------------

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	- over 50 years straight line
Leasehold property	- over 50 years straight line
Motor vehicles	- over 4 years straight line
Fixtures and fittings	- over 5 years straight line
Office equipment	- over 3 to 50 years straight line

BLUE CHIP CUSTOMER ENGINEERING LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

1. ACCOUNTING POLICIES (continued)

1.6 Revaluation of tangible fixed assets

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

1.7 Investments

- (i) **Subsidiary undertakings**
Investments in subsidiaries are valued at cost less provision for impairment.
- (ii) **Other investments**
Investments held as fixed assets are shown at cost less provision for impairment.

1.8 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and Loss Account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.9 Operating leases

Rentals under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

1.10 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.

1.11 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

BLUE CHIP CUSTOMER ENGINEERING LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

1. ACCOUNTING POLICIES (continued)

1.12 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and Loss Account.

1.13 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

1.14 Research and development expenditure

Research and development expenditure is written off in the profit and loss account in the period 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.

BLUE CHIP CUSTOMER ENGINEERING LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

1. ACCOUNTING POLICIES (continued)

1.15 Share based payments

The cost of equity-settled transactions with Directors and employees is measured by reference to the fair value at the date at which the options are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by an external valuer using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions number of equity instruments that will ultimately vest or in the case of an instrument subject to market condition, be treated as vesting as described above.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if the difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation of settlement date is deducted from equity, with any excess over fair value being treated as an expense in the profit and loss account.

The company has taken advantage of the transitional provisions of Financial Reporting Standard 20 in respect of equity-settled awards so as to apply Financial Reporting Standard 20 only to those equity-settled granted after 7 November 2002 that had not vested before 1 January 2006.

1.16 Employee Benefit Trust

The group operates an Employee Benefit Trust over which it has no de facto control. Accordingly, the Employee Benefit Trust is not recognised or consolidated in these financial statements.

BLUE CHIP CUSTOMER ENGINEERING LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

2. TURNOVER

The turnover and profit before tax are attributable to the principal activities of the Group.

An analysis of turnover by class of business is as follows:

	2014	2013
	£000	£000
United Kingdom	29,533	27,265
Overseas	1,965	2,025
	<u>31,498</u>	<u>29,290</u>

The turnover and profit before taxation derived from both continuing and discontinuing activities are derived from the principal activities of the Group. The discontinuing activities relate to overseas operations.

3. OTHER OPERATING INCOME

	2014	2013
	£000	£000
Other operating income	<u>-</u>	<u>9</u>

4. ANALYSIS OF OPERATING PROFIT

	2014		2013
	Continuing	Discontinued	Continuing
	£000	£000	£000
	Continuing	Discontinued	£000
Turnover	29,553	1,945	27,650
Cost of sales	(7,419)	(1,356)	(6,473)
	<u>22,134</u>	<u>589</u>	<u>21,177</u>
Gross profit	22,134	589	21,177
Administrative expenses	(19,083)	(657)	(18,047)
Other operating income	-	-	9
Loss on disposal of operations	-	(268)	-
	<u>3,051</u>	<u>(336)</u>	<u>3,139</u>
	<u>3,051</u>	<u>(336)</u>	<u>3,139</u>

BLUE CHIP CUSTOMER ENGINEERING LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

5. OPERATING PROFIT

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

	2014 £000	2013 £000
Amortisation - intangible fixed assets	154	213
Depreciation of tangible fixed assets:		
- owned by the group	1,149	751
- held under finance leases	348	431
Operating lease rentals:		
- plant and machinery	691	465
Difference on foreign exchange	(1)	6
Profit/loss on sale of tangible assets	(117)	(4)
	<u> </u>	<u> </u>

6. AUDITORS' REMUNERATION

	2014 £000	2013 £000
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	21	36
	<u> </u>	<u> </u>

7. STAFF COSTS

Staff costs were as follows:

	2014 £000	2013 £000
Wages and salaries	11,365	10,923
Social security costs	1,427	1,376
Other pension costs	516	317
	<u> </u>	<u> </u>
	<u>13,308</u>	<u>12,616</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2014 No.	2013 No.
Number of sales staff	39	39
Number of engineers	160	151
Number of administrative staff	49	49
Number of management staff	14	13
	<u> </u>	<u> </u>
	<u>262</u>	<u>252</u>

BLUE CHIP CUSTOMER ENGINEERING LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

8. DIRECTORS' REMUNERATION

	2014 £000	2013 £000
Remuneration	739	1,048
Company pension contributions to defined contribution pension schemes	9	37

During the year retirement benefits were accruing to 3 directors (2013 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £249 thousand (2013 - £388 thousand).

9. INTEREST PAYABLE

	2014 £000	2013 £000
On bank loans and overdrafts	188	194
On other loans	-	1
On finance leases and hire purchase contracts	55	38
	243	233

BLUE CHIP CUSTOMER ENGINEERING LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

10. TAXATION

	2014 £000	2013 £000
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	769	693
Adjustments in respect of prior periods	-	(171)
Total current tax	<u>769</u>	<u>522</u>
Deferred tax (see note 18)		
Origination and reversal of timing differences	(72)	(140)
Tax on profit on ordinary activities	<u>697</u>	<u>382</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2013 - *lower than*) the standard rate of corporation tax in the UK of 23% (2013 - 24%). The differences are explained below:

	2014 £000	2013 £000
Profit on ordinary activities before tax	<u>2,466</u>	<u>2,893</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (2013 - 24%)	567	694
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	273	33
Depreciation for year in excess of capital allowances	50	85
Utilisation of tax losses	(67)	-
Adjustments to tax charge in respect of prior periods	(3)	(170)
Short term timing difference leading to an increase in taxation	5	-
Other timing differences leading to an increase in taxation	42	3
Non-taxable income	(98)	-
Adjustment in research and development tax credit leading to an decrease in the tax charge	-	(123)
Current tax charge for the year (see note above)	<u>769</u>	<u>522</u>

BLUE CHIP CUSTOMER ENGINEERING LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

11. INTANGIBLE FIXED ASSETS

Group	Goodwill £000	Develop- ment costs £000	Total £000
Cost			
At 1 April 2013	3,402	128	3,530
On disposal of subsidiaries	-	(1)	(1)
At 31 March 2014	3,402	127	3,529
Amortisation			
At 1 April 2013	998	127	1,125
Charge for the year	154	-	154
On disposals	(3)	-	(3)
At 31 March 2014	1,149	127	1,276
Net book value			
At 31 March 2014	2,253	-	2,253
At 31 March 2013	2,404	1	2,405
Company			
Cost			
At 1 April 2013 and 31 March 2014	27	127	154
Amortisation			
At 1 April 2013 and 31 March 2014	27	127	154
Net book value			
At 31 March 2014	-	-	-

BLUE CHIP CUSTOMER ENGINEERING LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

12. TANGIBLE FIXED ASSETS

Group	Freehold property £000	L/Term Leasehold Property £000	Fixtures and fittings £000	Motor vehicles £000	Office equipment £000	Total £000
Cost or valuation						
At 1 April 2013	3,540	3,500	376	193	11,054	18,663
Additions	-	-	2	107	2,258	2,367
Disposals	-	-	(212)	(22)	(1,625)	(1,859)
On disposal of subsidiaries	-	-	(27)	(18)	(85)	(130)
Transfer between classes	(20)	20	-	-	-	-
At 31 March 2014	3,520	3,520	139	260	11,602	19,041
Depreciation						
At 1 April 2013	162	159	292	150	3,656	4,419
Charge for the year	70	80	34	16	1,297	1,497
On disposals	-	-	(218)	(25)	(1,667)	(1,910)
Transfer between classes	(20)	20	-	-	-	-
At 31 March 2014	212	259	108	141	3,286	4,006
Net book value						
At 31 March 2014	3,308	3,261	31	119	8,316	15,035
At 31 March 2013	3,378	3,341	84	43	7,398	14,244

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

Group	2014 £000	2013 £000
Furniture, fittings and equipment	1,509	1,185

No provision has been made for additional corporation tax which would arise if the land and buildings were disposed of at their revalued amount.

The company's freehold and leasehold properties were last valued in the year to 31 March 2011 on the basis of an open market value for existing use by Aitchison Raffety and DTZ, qualified valuers. The valuation amounted to £7,020,000, which gave rise to a surplus of £2,611,000, which was credited to the revaluation reserve. The latest subsequent revaluation took place in January 2013, again by Aitchison Raffety and DTZ, which confirmed that the valuation above was still appropriate.

Other group additions totalled £20,000.

The directors believe the net book values of the properties are not significantly different from the open market value at 31 March 2014.

BLUE CHIP CUSTOMER ENGINEERING LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

12. TANGIBLE FIXED ASSETS (continued)

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

Group	2014 £000	2013 £000
Cost	4,646	4,646
Accumulated depreciation	(521)	(428)
Net book value	4,125	4,218

Company	Freehold property £000	L/Term Leasehold Property £000	Fixtures and fittings £000	Motor vehicles £000	Office equipment £000	Total £000
Cost or valuation						
At 1 April 2013	3,520	3,500	349	175	10,829	18,373
Additions	-	-	2	107	2,258	2,367
Disposals	-	-	(212)	(22)	(1,625)	(1,859)
At 31 March 2014	3,520	3,500	139	260	11,462	18,881
Depreciation						
At 1 April 2013	142	159	286	147	3,474	4,208
Charge for the year	70	80	34	16	1,297	1,497
On disposals	-	-	(212)	(22)	(1,625)	(1,859)
At 31 March 2014	212	239	108	141	3,146	3,846
Net book value						
At 31 March 2014	3,308	3,261	31	119	8,316	15,035
<i>At 31 March 2013</i>	<i>3,378</i>	<i>3,341</i>	<i>63</i>	<i>28</i>	<i>7,355</i>	<i>14,165</i>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

Company	2014 £000	2013 £000
Furniture, fittings and equipment	1,509	1,185

BLUE CHIP CUSTOMER ENGINEERING LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

12. TANGIBLE FIXED ASSETS (continued)

No provision has been made for additional corporation tax which would arise if the land and buildings were disposed of at their revalued amount.

The company's freehold and leasehold properties were valued in the year to 31 March 2011 on the basis of an open market value for existing use by Aitchison Raffety and DTZ, qualified valuers. The valuation amounted to £7,020,000, which gave rise to a surplus of £2,611,000, which was credited to the revaluation reserve. The latest subsequent revaluation took place in January 2013, again by Aitchison Raffety and DTZ, which confirmed that the valuation above was still appropriate.

The directors believe the net book values of the properties are not significantly different from the open market value at 31 March 2014.

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2014	2013
Company	£000	£000
Cost	4,646	4,646
Accumulated depreciation	(521)	(428)
	<hr/>	<hr/>
Net book value	4,125	4,218
	<hr/>	<hr/>

13. FIXED ASSET INVESTMENTS

Group	Investments
	£000
Cost or valuation	
At 1 April 2013	112
On disposal of subsidiaries	(10)
	<hr/>
At 31 March 2014	102
	<hr/>
Impairment	
At 1 April 2013	95
Charge for the year	7
	<hr/>
At 31 March 2014	102
	<hr/>
Net book value	
At 31 March 2014	-
	<hr/>
At 31 March 2013	17
	<hr/>

BLUE CHIP CUSTOMER ENGINEERING LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

13. FIXED ASSET INVESTMENTS (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
Icon IPX Limited	Ordinary	100%
Blue Chip Parts Limited	Ordinary	100%
Blue Chip Customer Engineering Nordic AB	Ordinary	100%
Blue Chip Services AB	Ordinary	100%
Itheon Limited	Ordinary	100%
Blue Chip Group (Private) Limited	Ordinary	0%
Blue Chip Technical Services (Private) Limited	Ordinary	0%

Name	Business	Registered office
Icon IPX Limited	Dormant	England
Blue Chip Parts Limited	Dormant	England
Blue Chip Customer Engineering Nordic AB	Dormant	Sweden
Blue Chip Services AB	Dormant	Sweden
Itheon Limited	Software licences and maintenance	England
Blue Chip Group (Private) Limited		Sri Lanka
Blue Chip Technical Services (Private) Limited		Sri Lanka

The aggregate of the share capital and reserves as at 31 March 2014 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £000	Profit/(loss) £000
Icon IPX Limited	-	-
Blue Chip Parts Limited	-	-
Blue Chip Customer Engineering Nordic AB	(30)	162
Blue Chip Services AB	-	-
Itheon Limited	1,312	396
Blue Chip Group (Private) Limited	-	3
Blue Chip Technical Services (Private) Limited	-	2

All subsidiaries have a year end of 31 March 2014.

Icon IPX Limited and Blue Chip Parts Limited were both dormant during the year.

Blue Chip Customer Engineering Nordic AB owns the entire share capital of Blue Chip Services AB. Both companies were dormant during the year.

Blue Chip Group (Private) Limited owns the entire share capital of Blue Chip Technical Services (Private) Limited. Blue Chip Group (Private) Limited and Blue Chip Technical Services (Private) Limited were sold on 31 March 2014, having been 100% subsidiaries of the group prior to this date.

BLUE CHIP CUSTOMER ENGINEERING LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

13. FIXED ASSET INVESTMENTS (continued)

Company	Investments in subsidiary companies £000	Unlisted investments £000	Total £000
Cost or valuation			
At 1 April 2013	3,730	102	3,832
Disposals	(1)	-	(1)
At 31 March 2014	3,729	102	3,831
Impairment			
At 1 April 2013	634	95	729
Charge for the year	-	7	7
At 31 March 2014	634	102	736
Net book value			
At 31 March 2014	3,095	-	3,095
At 31 March 2013	3,096	7	3,103

Unlisted investments

The company also has two trade investments: a 29% holding in Blue Chip Customer Engineering (Portugal) Lda, incorporated in Portugal; and a 49% holding in Asia 400 (Private) Limited, incorporated in Sri Lanka. These two investments are not equity accounted for in the consolidated financial statements as the company does not exert significant influence over these entities.

14. STOCKS

	Group		Company
	2014 £000	2013 £000	2014 £000
Stock	4,549	3,993	4,549

BLUE CHIP CUSTOMER ENGINEERING LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

15. DEBTORS

	Group		Company	
	2014	2013	2014	2013
	£000	£000	£000	£000
Trade debtors	8,001	6,598	7,812	6,197
Amounts owed by group undertakings	-	-	-	190
Amounts owed by undertakings in which the company has a participating interest	237	916	237	254
Directors current accounts	2,701	1,733	2,701	1,733
Other debtors	871	558	868	516
Prepayments and accrued income	2,511	1,498	2,472	1,371
	14,321	11,303	14,090	10,261

**16. CREDITORS:
Amounts falling due within one year**

	Group		Company	
	2014	2013	2014	2013
	£000	£000	£000	£000
Bank loans and overdrafts	2,086	1,228	2,086	1,153
Net obligations under finance leases and hire purchase contracts	531	422	531	419
Trade creditors	1,764	1,960	1,746	1,916
Amounts owed to group undertakings	-	-	1,419	1,001
Amounts owed to other participating interest	21	170	-	-
Corporation tax	981	657	927	690
Other taxation and social security (see below)	1,078	1,012	1,046	991
Other creditors	104	191	104	164
Accruals and deferred income	12,540	10,957	12,341	10,504
	19,105	16,597	20,200	16,838

Other taxation and social security

	Group		Company	
	2014	2013	2014	2013
	£000	£000	£000	£000
PAYE/NI control	431	400	431	400
VAT control	647	612	615	591
	1,078	1,012	1,046	991

The group's main bank has a cross guarantee between the company and a subsidiary, Itheon Limited.

The bank loan and bank overdraft are secured on a fixed charge on the group's freehold property.

BLUE CHIP CUSTOMER ENGINEERING LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

16. CREDITORS:
Amounts falling due within one year (continued)

Liabilities under hire purchase agreements are secured upon the assets concerned.

17. CREDITORS:
Amounts falling due after more than one year

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	£000	£000	£000	£000
Bank loans	4,367	4,748	4,367	4,748
Net obligations under finance leases and hire purchase contracts	587	285	587	271
Other creditors	-	52	-	52
Accruals and deferred income	568	478	518	446
	5,522	5,563	5,472	5,517

Included within the above are amounts falling due as follows:

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	£000	£000	£000	£000
Between one and two years				
Bank loans	4,367	4,447	4,367	4,447
Between two and five years				
Bank loans	-	301	-	301

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	£000	£000	£000	£000
Between one and five years	587	285	587	271

The group's main bank has a cross guarantee between the company and a subsidiary, Itheon Limited.

The bank loan and bank overdraft are secured on a fixed charge on the group's freehold property.

Liabilities under hire purchase agreements are secured upon the assets concerned.

BLUE CHIP CUSTOMER ENGINEERING LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

18. DEFERRED TAXATION

	Group		Company	
	2014	2013	2014	2013
	£000	£000	£000	£000
At beginning of year	635	765	671	801
Released during the year (P&L)	(72)	(130)	(104)	(130)
At end of year	563	635	567	671

The provision for deferred taxation is made up as follows:

	Group		Company	
	2014	2013	2014	2013
	£000	£000	£000	£000
Accelerated capital allowances	599	703	603	710
Tax losses brought forward	(27)	(59)	(27)	(30)
Other timing differences	(9)	(9)	(9)	(9)
	563	635	567	671

19. SHARE CAPITAL

	2014	2013
	£000	£000
Allotted, called up and fully paid		
525,749 (2013 - 525,749) Ordinary Shares shares of £0.01 each	5	5

20. RESERVES

Group	Share premium account £000	Capital redempt'n reserve £000	Revaluation reserve £000	Profit and loss account £000
At 1 April 2013	94	5	2,506	6,619
Profit for the financial year				1,769
Transfer between Revaluation reserve and P/L account			(57)	57
At 31 March 2014	94	5	2,449	8,445

BLUE CHIP CUSTOMER ENGINEERING LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

20. RESERVES (continued)

Company	Share premium account £000	Capital redempt'n reserve £000	Revaluation reserve £000	Profit and loss account £000
At 1 April 2013	94	5	2,506	5,910
Profit for the financial year				2,038
Transfer between Revaluation reserve and P/L account			(57)	57
At 31 March 2014	<u>94</u>	<u>5</u>	<u>2,449</u>	<u>8,005</u>

21. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

Group	2014 £000	2013 £000
Opening shareholders' funds	9,229	8,029
Prior year adjustments		(1,311)
Opening shareholders' funds (as restated)		6,718
Profit for the financial year	1,769	2,511
Closing shareholders' funds	<u>10,998</u>	<u>9,229</u>
Company	2014 £000	2013 £000
Opening shareholders' funds	8,520	7,420
Prior year adjustments		(1,311)
Opening shareholders' funds (as restated)		6,109
Profit for the financial year	2,038	2,411
Closing shareholders' funds	<u>10,558</u>	<u>8,520</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and Loss Account.

The profit for the year dealt with in the accounts of the company was £2,038 thousand (2013 - £2,411 thousand).

BLUE CHIP CUSTOMER ENGINEERING LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

22. ACQUISITIONS AND DISPOSALS

At 31 March 2014 the Group disposed of two subsidiary companies: Blue Chip Technical Services (Private) Limited and its subsidiary Blue Chip Group (Private) Limited, both incorporated in Sri Lanka, for deferred consideration of 50,000,000 Sri Lankan Rupees (£240,000).

The results of these subsidiaries during the year have been disclosed as discontinuing activities in these financial statements.

The disposal has given rise to a loss on disposal in these consolidated financial statements of £268,000.

23. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014 £000	2013 £000
Operating profit	2,715	3,122
Loss on disposal of operations	268	-
Amortisation of intangible fixed assets	154	213
Depreciation of tangible fixed assets	1,497	1,389
Profit on disposal of tangible fixed assets	(117)	(4)
Increase in stocks	(556)	(629)
Increase in debtors	(3,017)	(1,215)
Increase in creditors	1,255	55
Net cash inflow from operating activities	2,199	2,931

24. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2014 £000	2013 £000
Returns on investments and servicing of finance		
Interest received	-	4
Interest paid	(188)	(231)
Hire purchase interest	(55)	(2)
Net cash outflow from returns on investments and servicing of finance	(243)	(229)
	2014 £000	2013 £000
Capital expenditure and financial investment		
Purchase of intangible fixed assets	-	(2)
Purchase of tangible fixed assets	(2,367)	(2,510)
Sale of tangible fixed assets	66	25
Purchase of unlisted and other investments	-	(10)
Net cash outflow from capital expenditure	(2,301)	(2,497)

BLUE CHIP CUSTOMER ENGINEERING LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

24. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	2014 £000	2013 £000
Acquisitions and disposals		
Sale of fixed asset investments	240	-
	<u>2014</u> £000	<u>2013</u> £000
Financing		
New secured loans	-	1,358
Repayment of loans	(392)	-
New finance leases	41	123
Net cash (outflow)/inflow from financing	<u>(351)</u>	<u>1,481</u>

25. ANALYSIS OF CHANGES IN NET DEBT

	1 April 2013 £000	Cash flow £000	Other non-cash changes £000	31 March 2014 £000
Cash at bank and in hand	62	(32)	-	30
Bank overdraft	(901)	(869)	-	(1,770)
	<u>(839)</u>	<u>(901)</u>	<u>-</u>	<u>(1,740)</u>
Debt:				
Finance leases	(707)	(41)	(371)	(1,119)
Debts due within one year	(327)	392	(380)	(315)
Debts falling due after more than one year	(4,748)	-	381	(4,367)
Net debt	<u>(6,621)</u>	<u>(550)</u>	<u>(370)</u>	<u>(7,541)</u>

BLUE CHIP CUSTOMER ENGINEERING LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

26. PENSION COMMITMENTS

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £516,000 (2013: £317,000).

In other creditors, there is an outstanding pension contribution of £52,000 (2013: £39,000) at the year end.

27. OPERATING LEASE COMMITMENTS

At 31 March 2014 the group had annual commitments under non-cancellable operating leases as follows:

Group	2014 £000	2013 £000
Expiry date:		
Between 2 and 5 years	236,860	54,712

At 31 March 2014 the company had annual commitments under non-cancellable operating leases as follows:

Company		
Expiry date:		
Between 2 and 5 years	236,860	54,712

28. RELATED PARTY TRANSACTIONS

The company was under the control of Brian Meredith throughout the current and previous year by virtue of his shareholding in the company.

The company has taken advantage of the exemption available in accordance with FRS 8 'Related party disclosures' not to disclose transactions entered into between members of the group.

Amounts due from participating interests at the balance sheet date amounted to £226,000 (2013: £226,000) due from Asia 400 (Private) Limited and £11,000 (2013: £28,000) from Blue Chip Customer Engineering (Portugal) Lda.

During the year the company rented a property on Caxton Road, Bedford from the director's pension scheme. Total rentals during the year amounted to £62,000 (2013: £62,000). There were also some works done to this property by the group during the previous year which were invoiced on to the directors pension scheme. These works amounted to £nil (2013: £600,000).

At the year end, Brian Meredith had an overdrawn directors current account with the group and the company amounting to £2,702,000 (2013: £1,733,000). During the year £969,000 (2013: £636,000) was advanced to Brian Meredith. No interest was charged on the loan.

BLUE CHIP CUSTOMER ENGINEERING LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

29. SHARE BASED PAYMENTS

The company operates an Enterprise Management Incentive Share Option Scheme (EMI scheme) for certain eligible Directors and employees. The options will vest if the Director or employee remains in service for a period agreed with the management from the date of grant. There are no other market or non-market conditions imposed on the options granted. The exercise price of the options is equal to the market price of the shares on the date of grant. The contractual life of the options is a maximum of ten years and there are no cash settlement alternatives.

The expense recognised for share-based payments in respect of employee services received during the year ended 31 March 2014 is £nil (2013: £nil).

	2014 No.	2014 WAEP £	2013 No.	2013 WAEP £
Outstanding as at 1 April	11,239	0.01	11,239	0.01
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at 31 March	11,239	0.01	11,239	0.01

The share options outstanding at the end of the year have a weighted average remaining contractual life of 2.7 years (2013 – 3.7 years) and all have an exercise price of £0.01. As the company is not publicly traded, it does not have a weighted average share price at the date the share options were exercised.