

Registered number: 02146732

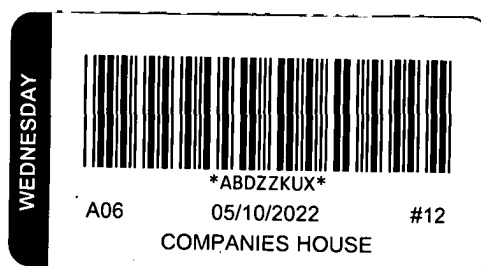
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**SERVICE EXPRESS EUROPE LIMITED**  
**(formerly known as Blue Chip Customer Engineering Limited)**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 DECEMBER 2021**



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**SERVICE EXPRESS EUROPE LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	M Hallam P Allen
<b>Company secretary</b>	P Allen
<b>Registered number</b>	02146732
<b>Registered office</b>	Franklin Court Priory Business Park Bedford Bedfordshire MK44 3JZ
<b>Independent auditors</b>	MHA MacIntyre Hudson 6 <sup>th</sup> Floor, 2 London Wall Place London EC2Y 5AU

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**SERVICE EXPRESS EUROPE LIMITED**

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**SERVICE EXPRESS EUROPE LIMITED**

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**STRATEGIC REPORT  
FOR THE PERIOD ENDED 31 DECEMBER 2021**

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**Introduction**

The directors present their strategic report of the Company for the period ended 31 December 2021.

**Principal activity**

Service Express Europe Limited's core deliverable is the provision of critical IT services through its market leading data centres and technical teams.

**Business Review**

Revenues increased by 29.5% in the period from £53.2m (for the year ended 30 September 2020) to £68.9m (for the 15 months ended 31 December 2021). During the same period, the profit before tax decreased by 8.3% from £7.2m to £6.6m. The decrease in the profits is primarily due to impairment of inventory during the period amounting to £6.6m.

The Company is committed to providing the highest level of customer service in the industry and is continually carrying out initiatives to improve the customer experience.

The Company takes a long-term view in its engagement with both customers and suppliers and strives to secure longer term relationships with both to maximise outcomes for all stakeholders.

On 29 January 2021 the company was acquired by Service Express EMEA Limited, a subsidiary of Service Express LLC, a company which is based in Grand Rapids, Michigan, USA, and is a world leading provider of data centre services. As a result of the acquisition the company changed its name from Blue Chip Customer Engineering Limited to Service Express Europe Limited. The Company's financial year end was also changed from 30 September to 31 December to align with its new parent. Accordingly, the financial statements are prepared for a period of 15 months from 1 October 2020 to 31 December 2021.

Prior to the acquisition, the company had a longstanding partnership with Service Express. It is expected that the formal combination of the businesses will further enhance this partnership and enable provision of greater service levels and a wider range of services to the customers of both businesses.

**Principal risks and uncertainties**

The directors are satisfied that there are no significant risks or uncertainties beyond those of normal market conditions. The Company's customer base is diverse from both a sector and geographical perspective and so it is not anticipated that either Covid-19 or the UK's exit from the European Union will have any significant adverse effects on the Company.

Following the Russian invasion of Ukraine in February 2022 and the subsequent sanctions levied against Russia, the Board conducted a detailed review into the implications for the Company and concluded that neither the war nor the sanctions would impact the company's operations.

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**SERVICE EXPRESS EUROPE LIMITED**

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**STRATEGIC REPORT  
FOR THE PERIOD ENDED 31 DECEMBER 2021**

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**Financial key performance indicators**

The Company's financial key performance indicators are revenue, gross profit and profit before tax.

	15 months ended 31 December 2021	12 months ended 30 September 2021	Variance	
	£m	£m	£m	%
Revenue	68.9	53.2	15.70	29.5%
Gross Profit	46.9	34.7	12.2	35.2%
Profit before tax	6.6	7.2	(0.6)	(8.3)%

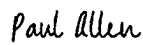
**Other key performance indicators**

The Company's key non-financial performance indicators are customer satisfaction and employee engagement. The Directors are satisfied that all performance measures are being met and will continue to be met.

**Director's statement of compliance with duty to promote the success of the Company**

The directors have a statutory duty to promote the success of the Company. This is achieved by working with the management team and staff to formulate long term plans and strategic imperatives, which are monitored and updated regularly.

This report was approved by the board on 30 September 2022 and signed on its behalf.

DocuSigned by:  
  
ECDFC223DEF2407...  
**P Allen**  
**Director**  
9/30/2022

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**SERVICE EXPRESS EUROPE LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2021**

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The directors present their report and the financial statements for the period ended 31 December 2021.

**Directors**

The directors who served during the period were:

B Meredith (resigned 22 October 2020)  
E Conway (resigned 8 March 2021)  
S Nesbitt (resigned 31 July 2021)  
A Rounding (resigned 31 July 2021)  
K Randers (appointed 4 October 2021, resigned 31 December 2021)  
T Stringer (resigned 31 December 2021)  
D Waterman (resigned 31 December 2021)  
L Bailey (resigned 31 December 2021)  
P Allen (appointed 1 March 2021)  
M Hallam (appointed 1 November 2021)

**Results and dividends**

The profit for the period, after taxation, amounted to £4,943k (2020 - £7,655k).

The Directors have not recommended a dividend in either the current or prior year.

**Going concern**

See note 2.3 for further information on going concern.

**Directors' responsibilities statement**

The directors are responsible for preparing the 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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**SERVICE EXPRESS EUROPE LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2021**

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**Energy and Carbon Reporting**

The company's data centres are amongst the most energy efficient in Europe and run on 100% renewable energy. During the period, the Company's data centres achieved a market leading Power Usage Efficiency (PUE) of 1.1 (2020: 1.1).

The company also has a number of other low carbon policies, including the phased introduction of a 100% electric company car fleet and the planting of trees to offset its carbon footprint.

The Company's data centres used 13.1m kWh of renewable power in the 15-month period, before carbon offsetting (2020: 11.0m kWh in 12 months).

**Future developments**

The Company is achieving strong growth metrics across all business areas. The Directors recognise that to continue this growth, continued investments will be made in the service delivery and IT infrastructure of the business. The business will continue to develop and grow its service offerings and are confident that it has the capacity to do so.

**Financial instruments**

***Treasury operations***

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

***Liquidity risk***

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

***Interest rate risk***

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

***Foreign currency risk***

The Company makes some sales and purchases in foreign currencies. The level of spend is not enough to expose the Company to significant foreign currency risk and natural hedging reduces the risk level further.

***Credit risk***

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

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**SERVICE EXPRESS EUROPE LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2021**

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**Section 172 Statement**

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders and other matters in their decision making. The Directors continue to have regard to the interests of the Company's employees and other stakeholders, the impact of its activities on the community, the environment and the Company's reputation for good business conduct, when making decisions.

In this context, acting in good faith and fairly, the Directors consider what is most likely to promote the success of the Company for its members in the long term. We explain here how the Board engages with Stakeholders. The Directors are fully aware of their responsibilities to promote the success of the Company in accordance with section 172 of the Companies Act 2006.

To ensure the Company was operating in line with good corporate practice, all Directors reflect on how the Company engages with its stakeholders and opportunities for enhancement. As required, the Company Secretary will provide support to the Board to help ensure that sufficient consideration is given to issues relating to the matters set out in s172(1)(a)-(f). The Board regularly reviews the Company's principal stakeholders and how it engages with them.

**Engagement with suppliers, customers and other**

The Company's strategy is to build additional value by seeking long-term partnerships with both its customers and suppliers.

**Employee involvement**

Employee involvement is one of the Company's main non-financial KPIs. 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 Company by means of regular updates, meetings, newsletters and journals.

**Disabled employees**

The Company'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 support and training to promote their career development within the Company.

Employees who become disabled are retained in their existing posts where possible or retrained for suitable alternative posts.

**Qualifying third party indemnity provisions**

There were no qualifying third-party indemnity provisions in force during the period for the benefit of any directors of the Company.



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**SERVICE EXPRESS EUROPE LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2021**

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**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 the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the 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'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 on 30 September 2022 and signed on its behalf.

DocuSigned by:

*Paul Allen*

ECDFC223DEF2407...

**P Allen**

**Director**

9/30/2022

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**SERVICE EXPRESS EUROPE LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SERVICE EXPRESS EUROPE LIMITED**

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**Opinion**

We have audited the financial statements of Service Express Europe Limited (the 'Company') for the period ended 31 December 2021, which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the period 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.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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**SERVICE EXPRESS EUROPE LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SERVICE EXPRESS EUROPE LIMITED  
(CONTINUED)**

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**Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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**SERVICE EXPRESS EUROPE LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SERVICE EXPRESS EUROPE LIMITED  
(CONTINUED)**

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**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Testing the financial statement disclosures to supporting documentation, performing substantive testing on account balances which were considered to be of greater susceptibility to fraud;
- Performing targeted journal entry testing based on identified characteristics that the audit team considered to be indicative of fraud;
- Critically assessing areas of the financial statements which include judgement and estimates, as set out in note 3 of the financial statements;
- We obtained an understanding of the legal and regulatory frameworks applicable to the company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework, the Companies Act 2006 and relevant tax compliance regulations; and
- We understood how the company is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes and other.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

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**SERVICE EXPRESS EUROPE LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SERVICE EXPRESS EUROPE LIMITED  
(CONTINUED)**

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**Use of our report**

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

*MHA MacIntyre Hudson*

**Andrew Gandell, FCA (Senior Statutory Auditor)**

for and on behalf of

**MHA MacIntyre Hudson**

Chartered Accountants and Statutory Auditor

London, United Kingdom

Date: *30/09/2022*

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**SERVICE EXPRESS EUROPE LIMITED**

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**INCOME STATEMENT  
FOR THE PERIOD ENDED 31 DECEMBER 2021**

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	Note	15 months ended 31 December 2021 £'000	12 months ended 30 September 2020 £'000
Turnover	4	68,913	53,197
Cost of sales		(22,027)	(18,519)
<b>Gross profit</b>		<b>46,886</b>	<b>34,678</b>
Administrative expenses		(33,561)	(27,306)
Exceptional administrative expense	6	(6,563)	-
<b>Operating profit</b>	5	<b>6,762</b>	<b>7,372</b>
Interest payable and similar expenses	10	(188)	(187)
<b>Profit before tax</b>		<b>6,574</b>	<b>7,185</b>
Taxation	11	(1,621)	470
<b>Profit for the financial period</b>		<b><u>4,953</u></b>	<b><u>7,655</u></b>

The notes on pages 16 to 40 form part of these financial statements.

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**SERVICE EXPRESS EUROPE LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 DECEMBER 2021**

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		<b>15 months ended 31 December 2021 £'000</b>	<i>12 months ended 30 September 2020 £'000</i>
	<b>Note</b>		
Profit for the financial period		<b>4,953</b>	<i>7,655</i>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Revaluation of freehold property	13	<b>(17,601)</b>	<i>-</i>
Net tax impact in relation to revaluation of freehold property	22	<b>3,070</b>	
		<b>(14,531)</b>	<i>-</i>
<b>Total comprehensive income for the period/year</b>		<b><u>(9,578)</u></b>	<i><u>7,655</u></i>

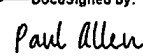
The notes on pages 16 to 40 form part of these financial statements.

## SERVICE EXPRESS EUROPE LIMITED

BALANCE SHEET  
AS AT 31 DECEMBER 2021

	Note	31 December 2021 £'000	30 September 2020 £'000
<b>Fixed assets</b>			
Right of use assets	12	986	1,197
Tangible assets	13	23,307	42,319
Investments	14	12,460	3,116
		<u>36,753</u>	<u>46,632</u>
<b>Current assets</b>			
Stocks	15	2,563	8,220
Debtors: amounts falling due within one year	16	46,410	37,323
Cash at bank and in hand	17	1,730	2,496
		<u>50,703</u>	<u>48,039</u>
Creditors: amounts falling due within one year	18	(34,423)	(35,475)
<b>Net current assets</b>		<u>16,280</u>	<u>12,564</u>
<b>Total assets less current liabilities</b>		<u>53,033</u>	<u>59,196</u>
Creditors: amounts falling due after more than one year	19	(810)	(2,315)
		<u>52,223</u>	<u>56,881</u>
<b>Provisions for liabilities</b>			
Deferred taxation	22	(1,139)	(3,254)
<b>Net assets</b>		<u>51,084</u>	<u>53,627</u>
<b>Capital and reserves</b>			
Called up share capital	23	5	5
Share premium account	24	94	94
Revaluation reserve	24	4,101	18,632
Capital redemption reserve	24	5	5
Capital contribution	24	7,035	-
Retained earnings	24	39,844	34,891
		<u>51,084</u>	<u>53,627</u>

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

DocuSigned by:  
  
 ECD9C223DEF2407...  
 P Allen

Director  
 9/30/2022

The notes on pages 16 to 40 form part of these financial statements.



## SERVICE EXPRESS EUROPE LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2021

	Called up share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Capital contribution	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 October 2020	5	94	5	18,632	-	34,891	53,627
<b>Comprehensive income for the period</b>							
Profit for the period	-	-	-	-	-	4,953	4,953
Revaluation adjustment - freehold property	-	-	-	(14,531)	-	-	(14,531)
<b>Other comprehensive income for the period</b>	-	-	-	(14,531)	-	-	(14,531)
<b>Total comprehensive income for the period</b>	-	-	-	(14,531)	-	4,953	(9,578)
Capital contribution	-	-	-	-	7,035	-	7,035
<b>Total transactions with owners</b>	-	-	-	-	7,035	4,953	7,035
<b>At 31 December 2021</b>	<b>5</b>	<b>94</b>	<b>5</b>	<b>4,101</b>	<b>7,035</b>	<b>39,844</b>	<b>51,084</b>

**Capital contribution** – During the period, the Company received a contribution to its capital of £7,035 k from New Blue Chip Limited.

**Revaluation adjustment – freehold property** – During the period, the directors obtained a professional valuation of their freehold land and property. This valuation showed a decrease to the carrying value of £17,601 k, net of a tax impact of £3,070 k, equating to an adjustment to the revaluation reserve of £14,531 k.

The notes on pages 16 to 40 form part of these financial statements.

## SERVICE EXPRESS EUROPE LIMITED

STATEMENT OF CHANGES IN EQUITY (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2021

	Called up share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 October 2019	5	94	5	18,632	27,236	45,972
Comprehensive income for the year						
Profit for the year	-	-	-	-	7,655	7,655
Total comprehensive income for the year	-	-	-	-	7,655	7,655
At 30 September 2020	<u>5</u>	<u>94</u>	<u>5</u>	<u>18,632</u>	<u>34,891</u>	<u>34,891</u>

The notes on pages 16 to 41 form part of these financial statements.

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**SERVICE EXPRESS EUROPE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2021**

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**1. General information**

Service Express Europe Limited is a private limited company incorporated in England and Wales. The address of the registered office is given in the company's information page of these financial statements.

The name of the Company was changed from Blue Chip Customer Engineering Limited to Service Express Europe Limited following the acquisition of the group by Service Express LLC during the period.

The company changed its accounting year-end from 30 September to 31 December. Previously the company had prepared financial statements for the financial year from 1 October 2019 to 30 September 2020. The period presented in these financial statements is from 1 October 2020 to 31 December 2021.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

**2.2 Financial Reporting Standard 101 - reduced disclosure exemptions**

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share-based payment
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations
- the requirement of paragraph 24(b) of IFRS 6 Exploration for and Evaluation of Mineral Resources to disclose the operating and investing cash flows arising from the exploration for and evaluation of mineral resources
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total

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**SERVICE EXPRESS EUROPE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
  - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
  - paragraph 50 of IAS 41 Agriculture
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

This information is included in the consolidated financial statements of Service Express EMEA Limited as at 31 December 2021 and these financial statements may be obtained from Franklin Court, Priory Business Park, Bedford, Bedfordshire, England, MK44 3JZ.

### **2.3 Going concern**

The financial statements have been prepared using the going concern basis of accounting. The directors continually monitor the ability of the Company to continue to operate as a going concern.

As at 31 December 2021, the Company had cash resources of £1.73m (2020: £2.5m), net current assets of £16.3m (2020: £12.6m). The Company has no external loans or borrowings. In the period to 31 December 2021, the Company made a profit before tax of £6.6m (2020: £7.2m).

The Company's forecasts and projections, taking in to account the reasonable possibility of changes in trading performance, show that the Company is able to operate within the level of its current resources, which is supported by trading in the period since the year-end when measured against both the prior period and associated budgets which have been set.

After making enquiries of the shareholders, the directors consider it is appropriate to prepare the financial statements on a going concern basis.

### **2.4 Exemption from preparing consolidated financial statements**

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

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**SERVICE EXPRESS EUROPE LIMITED**

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**2.5 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP and the financial statements are rounded to the nearest thousand.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'interest payable and similar expenses'. All other foreign exchange gains and losses are presented in profit or loss within 'administrative expenses'.

**2.6 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Sale of goods**

Revenue from the sale of goods is recognised on the satisfaction of performance obligations, such as the transfer of a promised good, identified in the contract between the Company and the customer.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

**Rendering of services**

Revenue from providing services is recognised in the accounting period in which the services are rendered.

For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

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**Leases**

- 2.7 The Company assesses, at contract inception, whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as lessee**

**Right of use assets:**

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Motor vehicles - 3 to 5 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

**Lease liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in creditors.

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**2.7 Leased assets (continued)**

**Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases of motor vehicles (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**2.8 Leased assets: the Company as lessee**

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 profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**2.9 Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.10 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

**2.11 Current and deferred taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

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**2.11 Current and deferred taxation (continued)**

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**2.12 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

**2.13 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Freehold land is not depreciated. Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 50 years
Long-term leasehold property	- 50 years
Motor vehicles	- 4 years
Fixtures and fittings	- 5 years
Computer equipment	- 3-5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.



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**2.14 Impairment of tangible and intangible assets**

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**2.15 Revaluation of tangible fixed assets**

Individual freehold properties are carried at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

Fair values are determined from market-based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

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**2.16 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the income statement for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

**2.17 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**2.18 Debtors**

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.19 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.20 Creditors**

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

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**2.21 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

**2.22 Financial instruments**

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

**Financial assets**

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

The Company has no financial assets that are subsequently measured at fair value through profit and loss.

Financial assets are subsequently measured at amortised cost where they are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Amortised cost is calculated using the effective interest method and represents the amount measured at initial recognition less repayments of principal plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

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**2.22 Financial instruments (continued)**

**Impairment of financial assets**

The Company always recognises lifetime expected credit losses (ECL) for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

**Financial liabilities**

**At amortised cost**

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

**3. Judgments in applying accounting policies and key sources of estimation uncertainty**

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The critical accounting estimates or judgements relevant to the financial statements are embedded within the relevant notes to the financial statements:

***Valuation of investments (note 14)***

Management determine whether an impairment provision is required against the investment in subsidiaries. Management's assessment is based on the financial position and performance of the entities, including the ability of the subsidiaries to generate profits. The directors are satisfied that there is no impairment required in relation to investment in the subsidiaries.

***Valuation of amounts owed by group undertakings (note 16)***

Management determine whether impairment provision is required against amounts due from group companies based on the ability of the group companies to generate profits and cash. The directors are satisfied that there is no impairment required in relation to amounts due from group companies.

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**3. Judgments in applying accounting policies and key sources of estimation uncertainty  
(continued)**

***Useful economic lives of tangible fixed assets (note 13)***

The useful economic lives used by the Company in respect of tangible fixed assets are set out in the accounting policies. These estimates are the best estimate based on past experience and expected performance and are regularly reviewed to ensure they remain appropriate.

***Carrying value of stock (note 15)***

The useful economic life used by the Company in respect of stock is assessed by management and the carrying value reduced accordingly. These estimates are the best estimate based on past experience and expected performance and are regularly reviewed to ensure they remain appropriate. During the period, the Company updated its estimate of stock requiring provisioning, following discussions with the wider group. The directors judge that both the previous stock provision and current provision align with the accounting standards requirements and have treated this prospectively as a change in estimate.

***Revaluation of freehold property (note 13)***

The directors have elected to carry their freehold property under a revaluation model. During the period, the directors obtained a professional valuation of their freehold property. The directors are satisfied that this professional valuation represents the fair value of the freehold property at 31 December 2021.

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**4. Turnover**

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

	<b>15 months ended 31 December 2021 £'000</b>	<i>12 months ended 30 September 2020 £'000</i>
Managed services	39,432	28,599
Maintenance services	21,539	16,558
Hardware sales	5,682	6,250
Disaster recovery services	2,260	1,790
	<u><b>68,913</b></u>	<u><i>53,197</i></u>

Analysis of turnover by country of destination:

	<b>15 months ended 31 December 2021 £'000</b>	<i>12 months ended 30 September 2020 £'000</i>
United Kingdom	66,010	51,444
Europe	669	751
Rest of the world	2,234	1,002
	<u><b>68,913</b></u>	<u><i>53,197</i></u>

**5. Operating profit**

The operating profit is stated after charging:

	<b>15 months ended 31 December 2021 £'000</b>	<i>12 months ended 30 September 2020 £'000</i>
Employee expenses	24,161	19,109
Auditors remuneration - audit services	52	37
Depreciation of tangible fixed assets	6,595	2,704
Amortisation of right of use assets	733	621

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**6. Exceptional administrative expense**

	<b>15 months ended 31 December 2021 £'000</b>	<b>12 months ended 30 September 2020 £'000</b>
Impairment of inventory	6,563	-
	<u>6,563</u>	<u>-</u>

The Company revised its stock provisioning estimate to align with the wider group. The change in estimate is treated as prospective adjustment in line with the accounting standard requirements.

**7. Auditors' remuneration**

	<b>15 months ended 31 December 2021 £'000</b>	<b>12 months ended 30 September 2020 £'000</b>
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>52</u>	<u>37</u>

**8. Employees**

Staff costs were as follows:

	<b>15 months ended 31 December 2021 £'000</b>	<b>12 months ended 30 September 2020 £'000</b>
Wages and salaries	20,589	16,500
Social security costs	2,804	2,009
Cost of defined contribution scheme	768	600
	<u>24,161</u>	<u>19,109</u>

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

	<b>15 months ended 31 December 2021 No.</b>	<b>12 months ended 30 September 2020 No.</b>
Employees	<u>229</u>	<u>229</u>

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**9. Director's remuneration**

	<b>15 months ended 31 December 2021 £'000</b>	<b>12 months ended 30 September 2020 £'000</b>
Directors' emoluments	1,715	1,957
Company contributions to defined contribution pension schemes	49	60
	<u><b>1,765</b></u>	<u><b>2,017</b></u>

During the year retirement benefits were accruing to 6 Directors (2020 - 6) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £295,381 (2020 - £508,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £9,384 (2020 - £nil).

**10. Interest payable and similar expenses**

	<b>15 months ended 31 December 2021 £'000</b>	<b>12 months ended 30 September 2020 £'000</b>
Bank interest payable	149	151
Other interest payable	39	36
	<u><b>188</b></u>	<u><b>187</b></u>

**11. Taxation**

	<b>2021 £'000</b>	<b>2020 £'000</b>
<b>Corporation tax</b>		
Current tax on profits for the year	675	767
<b>Total current tax</b>	<u><b>675</b></u>	<u><b>767</b></u>
<b>Deferred tax</b>	956	(1,237)
<b>Total deferred tax</b>	<u><b>956</b></u>	<u><b>(1,237)</b></u>
<b>Taxation on profit on ordinary activities</b>	<u><b>1,631</b></u>	<u><b>(470)</b></u>



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**11. Taxation (continued)****Factors affecting tax charge for the period/year**

The tax assessed for the period is higher (2020 – lower) than the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	<b>15 months ended 31 December 2021 £'000</b>	<b>12 months ended 30 September 2020 £'000</b>
Profit on ordinary activities before tax	<u><b>6,574</b></u>	<u><b>7,185</b></u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	<b>1,249</b>	<b>1,365</b>
<b>Adjustments for:</b>		
Tax effect of depreciation in excess of capital allowances	-	<b>86</b>
Tax effect of non-deductible expenses	<b>118</b>	<b>23</b>
Tax effect of group relieved losses	<b>(1,137)</b>	<b>(47)</b>
Movement in provisions	-	<b>(14)</b>
Tax effect of R&D expenditure	-	<b>(302)</b>
Tax effect of Patent box deduction	-	<b>(59)</b>
Adjustment in respect of prior years	<b>1,422</b>	<b>(285)</b>
Tax effect due to change in tax rates	<b>(31)</b>	-
Deferred tax movement	-	<b>(1,237)</b>
<b>Total tax charge/(credit) for the period/year</b>	<u><b>1,621</b></u>	<u><b>(470)</b></u>

The adjustment in respect of prior years relates to the change in the tax rate applied to revaluation reserve.

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**12. Right of use assets**

	<b>Right of use assets £'000</b>
<b>Cost</b>	
At 1 October 2020	4,271
Additions	706
Disposals	(2,465)
At 31 December 2021	<u>2,512</u>
<b>Amortisation</b>	
At 1 October 2020	3,074
Charge for the period	733
On disposals	(2,281)
At 31 December 2021	<u>1,526</u>
<b>Net book value</b>	
At 31 December 2021	<u><u>986</u></u>
At 30 September 2020	<u><u>1,197</u></u>

The additions and disposals relate to the motor vehicles on lease for use by employees of the Company.

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**13. Tangible fixed assets**

	Freehold land and property £'000	Long-term leasehold property £'000	Motor vehicles £'000	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
<b>Cost or valuation</b>						
At 1 October 2020	23,550	3,500	389	1,128	42,995	71,562
Additions	1,317	6	-	120	3,749	5,192
Disposals	-	-	(89)	-	-	(89)
Revaluation	(17,601)	-	-	-	-	(17,601)
At 31 December 2021	7,266	3,506	300	1,248	46,744	59,064
<b>Depreciation</b>						
At 1 October 2020	-	756	368	703	27,416	29,243
Charge for the period	-	99	11	219	6,265	6,594
Disposals	-	-	(80)	-	-	(80)
At 31 December 2021	-	855	299	922	33,681	35,757
<b>Net book value</b>						
At 31 December 2021	<u>7,266</u>	<u>2,650</u>	<u>1</u>	<u>326</u>	<u>13,063</u>	<u>23,307</u>
At 30 September 2020	<u>23,550</u>	<u>2,744</u>	<u>20</u>	<u>425</u>	<u>15,580</u>	<u>42,319</u>

The directors have not recorded depreciation on freehold property on the basis it is immaterial.

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The Company's freehold land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation any subsequent accumulated impairment losses. The fair value measurements of the Company's freehold land and buildings as at 31 December 2021 are, in the opinion of the directors, in line with the valuation work performed by Porto Leone Consulting LLC, independent valuers not related to the Company on 31 January 2022. Based on this revaluation, the directors have recognised an impairment of £17,601k (2020: £nil).

Porto Leone Consulting LLC are independent valuers and they have appropriate qualifications. The valuation conforms to International Valuation Standards and was based on the recent market transactions on arm's length terms for similar properties.

The fair value of the freehold land was determined based on the market value, which is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

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

	31 December 2021	31 September 2020
Cost	8,123	6,870
Depreciation	(1,562)	(1,463)
	<u>6,561</u>	<u>5,407</u>

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**14. Investments**

	Investments in subsidiary companies £'000
<b>Cost</b>	
At 1 October 2020	3,116
Additions (note 25)	9,344
At 31 December 2021	<u>12,460</u>

On 3 September 2021, the Company acquired ICC Managed Services Limited and ICC Northern UK Limited for a consideration of £9.34 million.

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company as at 31 December 2021:

Name	Registered office	Class of shares	Holding 2021	Holding 2020
Itheon Limited	Franklin Court, Priory Business Park, Bedford MK44 3JZ	Ordinary	100%	100%
ICC Managed Services Limited	2 Sandbeck Lane, Wetherby, West Yorkshire, England, LS22 7TW	Ordinary	100%	-
ICC Northern UK Limited	Connection Housd, Sandbeck Lane, Wetherby, West Yorkshire, LS22 7TW	Ordinary	100%	-
Fairleigh Software Services (PVT) Limited	No. 108Nawala Road, Nugegoda 10250Sri Lanka	Ordinary	100%	100%
Icon IPX Limited	Franklin Court, Priory Business Park, Bedford MK44 3JZ	Ordinary	100%	100%
Blue Chip Parts Limited	Franklin Court, Priory Business Park, Bedford MK44 3JZ	Ordinary	100%	100%
Blue Chip Limited	Franklin Court, Priory Business Park, Bedford MK44 3JZ	Ordinary	100%	100%

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**15. Stocks**

	31 December 2021 £'000	30 September 2020 £'000
Finished goods and goods for resale	12,209	11,303
Less: Obsolescence provision	(9,646)	(3,083)
	<u>2,563</u>	<u>8,220</u>

**16. Debtors**

	31 December 2021 £'000	30 September 2020 £'000
Trade debtors	12,175	17,799
Amounts owed by group undertakings	28,959	12,464
Other debtors	768	2,697
Prepayments and accrued income	4,508	4,363
	<u>46,410</u>	<u>37,323</u>

Amounts are invoiced in accordance with individual contract terms. Amounts receivable from trade customers are non-interest bearing and are generally on 30 - 60 day terms.

Trade debtors are stated net of a provision of £nil (2020: £nil).

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**17. Cash and cash equivalents**

	31 December 2021 £'000	30 September 2020 £'000
Cash at bank and in hand	1,730	2,496
	<u>1,730</u>	<u>2,496</u>

**18. Creditors: Amounts falling due within one year**

	31 December 2021 £'000	30 September 2020 £'000
Trade creditors	2,751	3,416
Amounts owed to group undertakings	3,041	2,746
Corporation tax	674	1,589
Other taxation and social security	2,298	3,103
Lease liabilities	1,538	1,892
Other creditors	1,036	546
Accruals and deferred income	23,085	22,183
	<u>34,423</u>	<u>35,475</u>

**Secured creditors**

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

**19. Creditors: Amounts falling due after more than one year**

	31 December 2021 £'000	30 September 2020 £'000
Lease liabilities	756	2,019
Other creditors	54	296
	<u>810</u>	<u>2,315</u>

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**20. Leases****Company as a lessee**

At the period end, the Company had outstanding commitments for lease payments, which fall due as follows:

	31 December 2021 £'000	30 September 2020 £'000
Within one year	1,617	2,019
In two to five years	757	1,891
	<u>2,374</u>	<u>3,910</u>

All lease obligations are denominated in sterling.

The fair value of the Company's lease obligations is approximately equal to their carrying amount.

The Company's obligations under lease obligations are secured by the lessors' rights over the leased assets.

The lease commitments are in relation to right of use assets and finance leases.

**21. Financial instruments**

	31 December 2021 £'000	30 September 2020 £'000
<b>Financial assets</b>		
Amortised cost	<u>43,954</u>	<u>35,456</u>

**Financial liabilities**

Amortised cost	<u>8,889</u>	<u>8,385</u>
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Financial assets measured at amortised cost comprise of cash and cash equivalents, trade debtors, amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise of trade creditors, amounts owed to group undertakings, other creditors and accruals.



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**22. Deferred taxation**

	2021 £'000
At beginning of year	(3,254)
Adjustment in respect of prior years	(1,422)
Charged to income statement	467
Charged to other comprehensive income	3,070
<b>At end of year</b>	<b><u>(1,139)</u></b>

The provision for deferred taxation is made up as follows:

	31 December 2021 £'000	30 September 2020 £'000
Accelerated capital allowances	102	(380)
Short term timing differences	31	32
Capital gains	(1,272)	(2,906)
	<b><u>(1,139)</u></b>	<b><u>(3,254)</u></b>

**23. Share capital**

	31 December 2021 £'000	30 September 2020 £'000
<b>Allotted, called up and fully paid</b>		
509,639 (2020 - 509,639) Ordinary shares of £0.01 each	<b><u>5</u></b>	<b><u>5</u></b>

**24. Reserves****Share premium account**

Share premium includes premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

**Revaluation reserve**

Revaluation reserve is used to record increase in the fair value of land and buildings and decreases to the extent that such decrease relates to an impairment on the same asset.

**Capital contribution**

During the period, the company has received £7,035k from New Blue Chip Limited as capital contribution.

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**Capital redemption reserve**

Capital redemption reserve records the nominal value of shares repurchased by the Company.

**Retained earnings**

Retained earnings represent the accumulated earnings of the business net of distributions to owners and any other distributions made.

**25. Business combinations****Acquisition of ICC Managed Services Limited and ICC Northern UK Limited**

The details of the net assets and liabilities acquired on the purchase of ICC Managed Services Limited and ICC Northern UK Limited are disclosed in the consolidated financial statements of Company's parent company, Service Express EMEA Limited. The consolidated financial statements can be obtained from: Service Express EMEA Limited, Franklin Court, Priory Business Park, Bedford, MK44 3JZ.

The details of consideration paid by the Company are as follows:

**Consideration**

	<b>Total</b>
	<b>£'000</b>
Cash	8,987
Liabilities assumed	(393)
Deferred consideration	750
<b>Total consideration</b>	<b><u>9,344</u></b>

The results of ICC Managed Services Limited and ICC Northern UK Limited since acquisition are as follows:

	<b>ICC Northern UK Limited</b>	<b>ICC Managed Services Limited</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Turnover	905	1,320	2,225
Result for the period since acquisition	47	27	74

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**26. Pension commitments**

The Company operates a defined contributions 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 £768,589 (2020: £600,718). Contributions totalling £118,575 (2020: £101,013) were payable to the fund at the balance sheet date.

**27. Related party disclosures**

The Company has taken advantage of the exemption in paragraph 8(k) of FRS 101 from the requirement to disclose transactions with owned members of the group.

There were no other related party transactions to disclose.

**28. Ultimate parent company and controlling party**

The immediate parent undertaking is New Blue Chip Limited which is a wholly owned subsidiary of Service Express EMEA Limited. Service Express EMEA Limited prepares the consolidated financial statements which are available to the public from: Service Express EMEA Limited, Franklin Court, Priory Business Park, Bedford, MK44 3JZ. The parent company of Service Express EMEA Limited is Service Express LLC and the ultimate parent company is Red Dawn Investment Holdings, LP.

There is no single ultimate controlling party.