

**BLUE CHIP CUSTOMER ENGINEERING LIMITED**

**ABBREVIATED FINANCIAL STATEMENTS**

**31ST DECEMBER 1998**

**Registered number: 02146732**

**WILKINSON AND COMPANY**

**REGISTERED AUDITORS**



**BLUE CHIP CUSTOMER ENGINEERING LIMITED**

**ABBREVIATED FINANCIAL STATEMENTS**

**for the year ended 31st December 1998**

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**BLUE CHIP CUSTOMER ENGINEERING LIMITED****COMPANY INFORMATION****31st December 1998**

INCORPORATED	in England 13th July 1987
NUMBER	02146732
DIRECTORS	B Meredith M Meredith R Burke A Findlay (appointed 17/02/98) (resigned 20/03/99)
SECRETARY	B Meredith
REGISTERED OFFICE	Engineering House Bedford Business Centre Mile Road Bedford Beds MK42 9TW
BANKERS	National Westminster Bank Plc 42 Cheshire Street Market Drayton Shropshire TF9 1PG
SOLICITORS	Borneo Martell and Partners 79 - 83 Harpur Street Bedford Beds MK40 2SY
AUDITORS	Wilkinson and Company Registered Auditors 136 - 140 Bedford Road Kempston Bedford Beds MK42 8BH

# BLUE CHIP CUSTOMER ENGINEERING LIMITED

## DIRECTORS' REPORT

31st December 1998

The directors present their report and the audited financial statements for the year ended 31st December 1998.

### Principal activity

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

### Business review

The directors are satisfied with the company's performance during the year and the company's balance sheet as detailed on page 6 shows a satisfactory position, with shareholders' funds amounting to £349,014.

The overseas subsidiaries in Portugal and Sri Lanka continued their growth within home markets whilst remaining financially independent. Blue Chip Customer Engineering Lanka (Private) Limited became a 100% subsidiary in the year, when Blue Chip Customer Engineering Limited acquired the remaining 45% of the issued share capital in its parent undertaking, Asia 400 (Private) Limited.

Blue Chip Customer Engineering (Ireland) Limited has also continued to grow, increasing its customer base. Although the company was not financially independent at the balance sheet date, it has continued to expand, and their management financial statements for the eight months to 31st August 1999 show a satisfactory level of improvement. The directors are confident that the trend will continue. The amount of long term financing from Blue Chip Customer Engineering Limited is detailed in note 9.

In October 1998, Blue Chip Global Solutions Limited was incorporated. As at 31st December 1998, this 100% subsidiary had only the subscriber shares in issue. Blue Chip Global Solutions Limited commenced trading in January 1999.

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

### Results and dividends

The results for the year are shown in the profit and loss account on page 5. The directors do not propose payment of an ordinary dividend.

### Fixed assets

Changes in fixed assets during the year are set out in the notes to the accounts as follows:

Tangible fixed assets	- note 8
Leasehold land and buildings	- note 8
Fixed asset investments	- note 9

### Directors

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

	31st December 1998 Ordinary shares	1st January 1998 Ordinary shares
B Meredith	4,580	4,580
M Meredith	4,580	4,580
R Burke	750	750
A Findlay	-	-

**BLUE CHIP CUSTOMER ENGINEERING LIMITED****DIRECTORS' REPORT**  
(continued)

31st December 1998

**Charitable and political donations**

There were no charitable or political donations made during the year ended 31st December 1998.

**Year 2000**

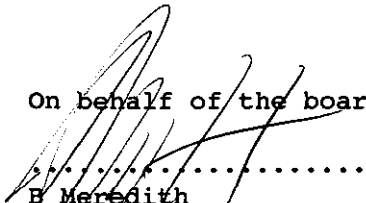
During the year, the company expended £18,207 on technical consultancy to investigate, determine and upgrade their internal bespoke software, which is used in the day to day performance of the principal activity. The software is now certified to be millennium compliant.

The landlords of the principal leasehold properties have also certified that the premises are also compliant with the issues of year 2000.

**Auditors**

The Auditors, Messrs Wilkinson and Company, have indicated their willingness to continue in office. A resolution for the appointment of Auditors will be presented at the annual general meeting.

On behalf of the board

  
.....  
B Meredith  
Secretary

**BLUE CHIP CUSTOMER ENGINEERING LIMITED****STATEMENT OF DIRECTORS' RESPONSIBILITIES**

We are required under Section 226 of the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements we are required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

We are also responsible for:

- keeping proper accounting records;
- safeguarding the company's assets;
- taking reasonable steps for the prevention and detection of fraud.

On behalf of the board

.....  
B Meredith  
Secretary

**BLUE CHIP CUSTOMER ENGINEERING LIMITED****Auditors' report to  
Blue Chip Customer Engineering Limited  
under section 247B to the Companies Act 1985**

We have examined the abbreviated financial statements set out on pages 5 to 8, together with the financial statements of the company for the year ended 31st December 1998 prepared under section 226 of the Companies Act 1985.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the abbreviated financial statements in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the financial statements to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

**Basis of opinion**

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

**Opinion**

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated financial statements on pages 5 to 8 are properly prepared in accordance with those provisions.

In our opinion, the company is entitled to the exemption conferred by section 248 of the Companies Act 1985 from the requirement to prepare group accounts for the financial year ended 31st December 1998.

*Wilkinson & Company*  
.....  
Wilkinson and Company 27/10/99  
Registered Auditors  
136 - 140 Bedford Road  
Kempston  
Bedford  
Beds MK42 8BH

## BLUE CHIP CUSTOMER ENGINEERING LIMITED

## ABBREVIATED PROFIT AND LOSS ACCOUNT

for the year ended 31st December 1998

	Note	1998 £	1997 £
Gross profit		3,608,539	3,129,150
Net operating expenses			
Administrative expenses		(3,549,229)	(3,130,273)
Other operating income		156,229	152,891
Operating profit	2	215,539	151,768
Interest payable	4	(14,799)	(15,940)
Profit on ordinary activities before taxation		200,740	135,828
Taxation	5	(77,212)	(55,630)
Profit on ordinary activities after taxation		123,528	80,198
retained for the year	14		

Movements in reserves are shown in note 14.

None of the company's activities were acquired or discontinued during the above two financial years.

There are no recognised gains and losses in 1998 or 1997 other than the profit for the year.



## BLUE CHIP CUSTOMER ENGINEERING LIMITED

## ABBREVIATED BALANCE SHEET

at 31st December 1998

	Note	1998		1997	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	6	18,523		-	
Tangible assets	7	248,597		234,844	
Investments	8	361,857		306,246	
		<u>628,977</u>		<u>541,090</u>	
<b>Current assets</b>					
Stocks	9	242,613		281,445	
Debtors	10	1,466,172		1,325,773	
Cash at bank and in hand		<u>446</u>		<u>230</u>	
		1,709,231		1,607,448	
<b>Creditors: amounts falling due within one year</b>	11	<u>(1,989,194)</u>		<u>(1,923,052)</u>	
<b>Net current liabilities</b>			(279,963)		(315,604)
<b>Total assets less current liabilities</b>			<u>349,014</u>		<u>225,486</u>
<b>Capital and reserves</b>					
Called up share capital	13	10,000		10,000	
Profit and loss account	14	339,014		215,486	
<b>Total shareholders' funds</b>	12	<u>349,014</u>		<u>225,486</u>	

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium companies.

The abbreviated financial statements on pages 5 to 8 were approved by the board of directors on 29/12/99 and signed on its behalf by:

.....  
Director

## BLUE CHIP CUSTOMER ENGINEERING LIMITED

## CASH FLOW STATEMENT

for the year ended 31st December 1998

	Note	1998		1997	
		£	£	£	£
<b>Net cash inflow from operating activities</b>	18	365,599		258,353	
<b>Returns on investments and servicing of finance</b>					
Interest paid		(14,799)		(14,245)	
Hire purchase interest		-		(1,695)	
			(14,799)		(15,940)
<b>Taxation</b>					
Corporation tax paid		(56,008)		(21,679)	
<b>Capital expenditure and financial investment</b>					
Purchase of intangible fixed assets		(37,045)		-	
Purchase of tangible fixed assets		(107,639)		(93,824)	
Purchase of fixed asset investments		(81,163)		(142,485)	
Sale of tangible fixed assets		26,305		2,904	
Repayment in long term investment loans		25,554		-	
Reduction in cost of shares in subsidiary		-		40,750	
			(173,988)		(192,655)
		120,804		28,079	
<b>Financing</b>					
Outflow from hire purchase		-		(7,724)	
			-		(7,724)
<b>Increase in cash</b>		120,804		20,355	

**BLUE CHIP CUSTOMER ENGINEERING LIMITED****NOTES ON ABBREVIATED FINANCIAL STATEMENTS****31st December 1998****1 Accounting policies****Basis of accounting**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. The company has taken advantage of the exemption from preparing consolidated financial statements on the grounds that it is entitled to the exemptions available in section 248 of the Companies Act 1985.

**Turnover**

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

**Depreciation**

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

Leasehold land and buildings	straight line over lease term
Computer equipment	20% reducing balance
Motor vehicles	25% reducing balance
Fixtures and fittings	20% reducing balance
Goodwill	50% straight line

**Stocks**

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

**Deferred taxation**

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

**Foreign currencies**

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

**Pensions - defined contribution scheme**

Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

## BLUE CHIP CUSTOMER ENGINEERING LIMITED

## NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31st December 1998

## 2 Operating profit

	1998 £	1997 £
Operating profit is stated after crediting		
Interest receivable	1,074	-
Profit on foreign exchange	-	1,056
	<u>          </u>	<u>          </u>
and after charging		
Staff costs (note 3)	2,289,170	2,128,128
Auditors' remuneration	14,000	14,000
Loss on sale of assets	1,840	1,003
Loss on foreign exchange	939	-
Equipment leasing	15,202	4,354
	<u>          </u>	<u>          </u>
Depreciation of tangible fixed assets (note 7)		
owned assets	65,740	63,612
Amortisation of intangible fixed assets (note 6)	18,522	-
	<u>          </u>	<u>          </u>
	<u>84,262</u>	<u>63,612</u>

**BLUE CHIP CUSTOMER ENGINEERING LIMITED**  
**NOTES ON ABBREVIATED FINANCIAL STATEMENTS**

31st December 1998

**3 Directors and employees**

	1998 £	1997 £
<b>Staff costs including directors' emoluments</b>		
Wages and salaries	2,195,795	1,886,429
Social security costs	212,758	166,495
Pension costs	80,617	75,204
	<u>2,489,170</u>	<u>2,128,128</u>
 <b>Average monthly number employed</b>	 <b>Number</b>	 <b>Number</b>
(including executive directors)	<u>71</u>	<u>70</u>
 <b>Directors</b>	 £	 £
Emoluments	206,093	119,629
Company contributions to money purchase pension schemes	14,184	14,184
	<u>220,277</u>	<u>133,813</u>
 <b>Highest paid director (included above)</b>	 £	 £
Emoluments	103,002	52,740
Company contributions to a money purchase pension scheme	6,408	4,248
	<u>109,410</u>	<u>56,988</u>

**4 Interest payable**

	1998 £	1997 £
Bank interest	8,154	10,244
Interest on late payment of taxation	6,645	4,001
Hire purchase interest	-	1,695
	<u>14,799</u>	<u>15,940</u>

**BLUE CHIP CUSTOMER ENGINEERING LIMITED**  
**NOTES ON ABBREVIATED FINANCIAL STATEMENTS**

**31st December 1998**

**5 Taxation**

	1998 £
Corporation tax on profit on ordinary activities at 30.5% (1997 32.5%)	77,228
Over provision in earlier years	(16)
	<u>77,212</u>

1997 £
55,630
—
<u>55,630</u>

**6 Intangible fixed assets**

	Goodwill £
<b>Cost</b>	
Additions	37,045
31st December 1998	<u>37,045</u>
<b>Amortisation</b>	
Charge for the year	18,522
31st December 1998	<u>18,522</u>
<b>Net book amount</b>	
31st December 1998	<u>18,523</u>

## BLUE CHIP CUSTOMER ENGINEERING LIMITED

## NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31st December 1998

## 7 Tangible fixed assets

Cost	Motor Vehicles £	Computer Equipment £	Fixtures and Fittings £	Short Leasehold £	Improv's to Leasehold £	Total £
1st January 1998	80,716	268,338	89,952	16,289	91,952	547,247
Additions	6,723	61,353	11,645	-	27,918	107,639
Disposals	(22,500)	(64,597)	-	(16,289)	-	(103,386)
31st December 1998	64,939	265,094	101,597	-	119,870	551,500
<b>Depreciation</b>						
1st January 1998	46,808	131,744	49,670	16,288	67,894	312,404
Charge for the year	7,334	35,029	10,386	-	12,991	65,740
Disposals	(17,161)	(41,792)	-	(16,288)	-	(75,241)
31st December 1998	36,981	124,981	60,056	-	80,885	302,903
<b>Net book amount</b>						
31st December 1998	27,958	140,113	41,541	-	38,985	248,597
1st January 1998	33,908	136,595	40,282	1	24,058	234,844

## BLUE CHIP CUSTOMER ENGINEERING LIMITED

## NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31st December 1998

## 8 Fixed asset investments

	Loans £	Shares in Subsidiary Undertakings £	Total £
<b>Cost</b>			
1st January 1998	250,503	55,745	306,248
Additions	-	81,163	81,163
Repayments	(25,554)	-	(25,554)
	<hr/>	<hr/>	<hr/>
31st December 1998	224,949	136,908	361,857
	<hr/>	<hr/>	<hr/>
<b>Net book amount</b>			
31st December 1998	224,949	136,908	361,857
	<hr/>	<hr/>	<hr/>
1st January 1998	250,502	55,744	306,246
	<hr/>	<hr/>	<hr/>

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

	£
Blue Chip Customer Engineering (Ireland) Ltd	175,134
Blue Chip Customer Engineering Lanka (Private) Ltd	49,815

**Subsidiary undertakings** 224,949

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

	Country of incorporation	Holding	Value £
Blue Chip Software Engineering Ltd	England	100%	6,000
Blue Chip Global Solutions Ltd	England	100%	2
Blue Chip Customer Engineering (Ireland) Ltd	Ireland	75%	69
Blue Chip Customer Engineering (Portugal) Ltd	Portugal	87%	19,120
Asia 400 (Private) Ltd	Sri Lanka	100%	111,717
Blue Chip Customer Engineering Lanka (Private) Ltd	Sri Lanka	100%	22,222

Blue Chip Customer Engineering Lanka (Private) Ltd became an effective 100% subsidiary in the year, when the company acquired the remaining 45% of the issued share capital in its parent undertaking, Asia 400 (Private) Limited. At 31st December 1998 the aggregate of the share capital and reserves and the profit/(loss) for the year to that date of the subsidiary undertakings amounted to:

	Share Capital and Reserves £	Profit/ (Loss) £
Blue Chip Software Engineering Ltd	14,836	(699)
Blue Chip Customer Engineering (Ireland) Ltd	(282,276)	10,590
Blue Chip Customer Engineering (Portugal) Ltd	147,372	14,715
Asia 400 (Private) Ltd	28,510	43,393
Blue Chip Customer Engineering Lanka (Private) Ltd	13,026	854
Blue Chip Global Solutions Ltd	2	-

Blue Chip Global Solutions was incorporated on 20th October 1998. The first accounting period will be to 31st December 1999. As at 31st December 1998 only the two subscriber shares were in issue.



**BLUE CHIP CUSTOMER ENGINEERING LIMITED**  
**NOTES ON ABBREVIATED FINANCIAL STATEMENTS**

31st December 1998

**9 Stocks**

	1998 £	1997 £
Stocks	242,613	281,445
	<u>242,613</u>	<u>281,445</u>

The stock figure of £242,613 is representative of components and parts used in the performance of the company's principal activity. Due to its nature, the stock is incapable of being valued separately in relation to its original cost. The value of £242,613 has been arrived at by reliance upon the directors' estimates of net realisable values.

**10 Debtors**

	1998 £	1997 £
<b>Amounts falling due within one year</b>		
Trade debtors	946,928	923,616
Maintenance in advance	29,392	-
Amounts owed by group undertakings	214,682	200,208
Directors current account	111,614	79,098
Other debtors	27,025	41,017
Prepayments and accrued income	124,877	78,260
ACT recoverable	11,654	3,574
	<u>1,466,172</u>	<u>1,325,773</u>

Prepayments and accrued income includes £100,657 of accrued management charges to Blue Chip Customer Engineering (Ireland) Limited, a group company.

## BLUE CHIP CUSTOMER ENGINEERING LIMITED

## NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31st December 1998

## 11 Creditors: amounts falling due within one year

	1998 £	1997 £
Bank overdrafts	15,180	135,767
Maintenance in advance	911,818	796,516
Trade creditors	385,203	408,326
Amounts owed to group undertakings	68,026	19,961
Corporation tax	135,656	114,452
Other taxation and social security	208,475	201,441
Directors current accounts	-	9,768
Other creditors	49,551	43,479
Accruals and deferred income	215,285	193,342
	<u>1,989,194</u>	<u>1,923,052</u>

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

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

## 12 Reconciliation of movements in shareholders' funds

	1998 £	1997 £
Profit for the financial year representing a Net addition to shareholders' funds	123,528	80,198
Opening shareholders' funds	225,486	145,288
Closing shareholders' funds	<u>349,014</u>	<u>225,486</u>

## BLUE CHIP CUSTOMER ENGINEERING LIMITED

## NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31st December 1998

## 13 Called up share capital

	1998		1997	
	Number of shares	£	Number of shares	£
<b>Authorised</b>				
£1 ordinary shares	10,000	10,000	10,000	10,000
<b>Allotted, called up and fully paid</b>				
£1 ordinary shares	1,000	1,000	1,000	1,000
Bonus issue	9,000	9,000	9,000	9,000

## 14 Profit and loss account

	1998 £
1st January 1998	215,486
Retained profit for the year	123,528
31st December 1998	339,014

## 15 Guarantees and other financial commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 31st December 1999

	1998 Land and Buildings £	1998 Plant & Other £	1997 Land and Buildings £	1997 Plant & Other £
Expiring				
Within one year	64,250	5,782	64,250	37,758
Within two to five years	165,980	-	230,230	5,782
	230,230	5,782	294,480	43,540

## BLUE CHIP CUSTOMER ENGINEERING LIMITED

## NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31st December 1998

## 16 Directors' interests and loans

## Loans to directors

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

	As at 01/01/98 £	Maximum liability during the year £	As at 31/12/98 £
Mr B Meredith	49,886	53,991	44,589
Mrs M Meredith	29,212	36,793	36,793
R Burke	(9,767)	30,232	30,232

## 17 Notes to the cash flow statement

Reconciliation of operating profit  
to operating cash flows

	1998 £	1997 £
Operating profit	215,539	151,768
Depreciation charges	65,740	63,612
Amortisation	18,522	-
Loss on sale of fixed assets	1,840	1,003
Decrease/(increase) in stocks	38,832	(35,578)
Increase in debtors	(140,399)	(157,369)
Increase in creditors	165,525	234,917
<b>Net cash inflow from operating activities</b>	<b>365,599</b>	<b>258,353</b>

## BLUE CHIP CUSTOMER ENGINEERING LIMITED

## NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31st December 1998

## 18 Notes to the cash flow statement (continued)

## Analysis of changes in net debt

	At start of year £	Cash flows £	At end of year £
Cash at bank and in hand	230	216	446
Bank overdrafts	(135,767)	120,587	(15,180)
		<u>120,803</u>	
Finance leases and hire purchase	-	-	-
Total	<u>(135,537)</u>	<u>120,803</u>	<u>(14,734)</u>

## Reconciliation of net cash flow to movement in net debt

	1998 £	1997 £
Increase in cash in the year	120,803	20,355
Cash outflow from decrease in debt and lease financing	-	7,724
Change in net debt resulting from cash flows	120,803	28,079
Net debt at 1st January 1998	(135,537)	(163,616)
Net debt at 31st December 1998	<u>(14,734)</u>	<u>(135,537)</u>

## 19 Disclosure of control

There was no ultimate controlling party during the financial year.

## 20 Related parties

Transactions with subsidiary companies during the year ended 31st December 1998 were as follows;

	Product Sales £	Management income £	Recharged emoluments £	Purchases £
Blue Chip Customer Engineering (Portugal) Lda	3,054	54,450	(19,437)	-
Blue Chip Customer Engineering (Ireland) Ltd	46,656	100,705	-	(15,052)
Blue Chip Customer Engineering Lanka (Private) Ltd	18,938	-	-	-
Asia 400 (Private) Ltd	-	-	-	(26,522)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>