

Company Registration Number 1517630 (England and Wales)

BTS HOLDINGS PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014



BTS Holdings Plc

COMPANY INFORMATION

DIRECTORS

E A Davison
S Chopra
D K Fowler
A C Eddy
J G Kendall
C A R Lawrence
C P Martin
I M Wright

SECRETARY AND REGISTERED OFFICE

I M Wright
BTS House
69 - 73 Manor Road
Wallington
Surrey SM6 0DD

BANKERS

Barclays Bank Plc
1 North End
Croydon
Surrey CR9 1RN

SOLICITORS

Gowens
Davis House
Robert Street
Croydon
Surrey CR0 1QQ

INDEPENDENT AUDITOR

Richard H Snelling
9 West Hill
Sanderstead
South Croydon
Surrey CR2 0SB

BTS Holdings Plc

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The following pages do not form part of the statutory financial statements

Detailed trading and profit and loss account

BTS Holdings Plc

REPORT OF THE DIRECTORS for the year ended 31 March 2014

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

Operating & Financial Review:-

- Overview

The company retained its position as a leading UK supplier of enterprise communications solutions, offered direct and through business partners, both as turnkey systems and managed services. We are specialists in operator consoles, call logging, electronic directories and database integration. Our main areas of expertise are in software development, databases, telecommunications, data manipulation and information presentation. During the year, the markets in which the company operated remained relatively flat. The company is continuing to invest heavily in research and development to enhance its existing offerings and to develop new solutions to grow its business profitably in the forthcoming years. On the 24th February 2014 the company achieved ISO 9001 accreditation.

- Results

The company's profit and loss account is set out on page 7 and shows sales of £ 2,305K (2013: £ 2,519K), and profit before tax of £ 191K (2013: £ 336K). The company had no borrowings during the year or at the year-end and maintains a strong cash position.

- Taxation

The company's tax charge of £ 15K (2013: £ 56K) represents an effective rate of 20% (2013: 20%).

- Financing and Cashflow

The company's net funds reduced by £ 188K from £ 1,251K to £ 1,063K at the year-end (2013: increase £ 17K). This reduction includes an operating cash inflow of £ 208K (2013: £ 391K), a tax payment of £ 56K (2013: £ 46K), and capital expenditure of £ 47K (2013: £ 54K). The sale of fixed assets during the year generated receipts of £ nil (2013: £ 20K). Dividend payments were £ 300K (2013: £ 300K).

- Key Performance Indicators

In addition to the universal performance indicators of sales, gross margins, operating profit and cash flow, indicators of a more activity specific nature are used within the company to assess performance for example, debt collection, order taking and project completions.

BTS Holdings Plc

REPORT OF THE DIRECTORS for the year ended 31 March 2014

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the accounts 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 accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The accounts are required by law to 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 accounts, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 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.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Risk management

The directors have under continuous review the principal risks and uncertainties facing the company in order to deal with them effectively. The directors consider the key risks to be the general economic outlook for the UK, the degree of dependency by the company on major customers and the need to ensure the company's products and services are competitive in its market.

BTS Holdings Plc

REPORT OF THE DIRECTORS for the year ended 31 March 2014

Design and development

Expenditure on design and development amounted to £ 382,157 (2013: £ 485,620) in the year and at the year-end the company employed 6 (2013: 9) people fully engaged on design and development.

Principal activities

The principal activities of the company are stated in the operating & financial review.

Results and dividends

The results for the period are set out in detail on page 7. A dividend of £ 300,000 was paid during the year.

Directors and their beneficial interests

The directors who served during the year and to the date of signing these accounts and their beneficial interest in shares in the company were as follows:

	Ordinary Shares of £1 each	
	31-Mar-14	31-Mar-13
E A Davison	28,700	28,700
S Chopra	18,900	18,900
D K Fowler	-	-
A C Eddy (appointed 11 April 2013)	-	-
J G Kendall (appointed 11 April 2013)	-	-
C A R Lawrence (appointed 11 April 2013)	-	-
C P Martin (appointed 11 April 2013)	-	-
I M Wright (appointed 11 April 2013)	-	-

The shareholdings comprise “B” ordinary shares apart from the 100 “A” ordinary shares held each by Messrs Davison and Chopra.

Supplier payment policy

The company’s policy is to make payment in line with terms agreed with individual suppliers, payment being effected on average within 30 days of invoice.

Share Option Scheme

Details of the Company’s share option scheme is given in note 14 to the accounts.

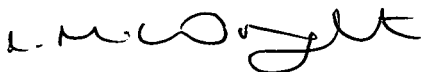
BTS Holdings Plc

REPORT OF THE DIRECTORS for the year ended 31 March 2014

Independent auditor

A resolution to re-appoint Richard H Snelling as auditor will be proposed at the Annual General Meeting.

By order of the board



I M Wright
Director

Date: 4-Jul-14

Registered Office
BTS House
69-73 Manor Road
Wallington
SM6 0DD

BTS Holdings Plc

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BTS HOLDINGS PLC

I have audited the financial statements of BTS Holdings Plc for the year ended 31 March 2014 set out on pages 7 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its surplus for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BTS Holdings Plc

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BTS HOLDINGS PLC

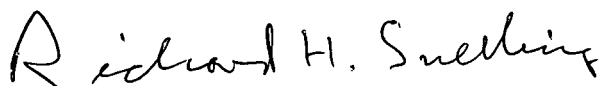
Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which I am required to report by exception

I have nothing to report in respect of the following matters where the Companies Act 2006 requires me to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- certain disclosures of directors' remuneration specified by law are not made; or
- I have not received all the information and explanations I require for my audit.



Richard H Snelling

Statutory Auditor

4 July 2014

Richard H Snelling, Chartered Accountant, 9 West Hill, Sanderstead, South Croydon, Surrey, CR2 0SB

BTS Holdings Plc

PROFIT AND LOSS ACCOUNT for the year ended 31 March 2014

	<i>Notes</i>	<i>2014</i> <i>£</i>	<i>2013</i> <i>£</i>
Turnover	2	2,305,455	2,519,384
Cost of sales		<u>(50,658)</u>	<u>(57,500)</u>
Gross profit		2,254,797	2,461,884
Administrative expenses		(2,083,233)	(2,144,715)
Other operating income		<u>12,752</u>	<u>12,752</u>
Operating profit		184,317	329,921
Net interest receivable	3	<u>7,080</u>	<u>6,487</u>
Profit on ordinary activities before taxation	4	191,397	336,407
Tax on profit on ordinary activities	7	<u>(15,302)</u>	<u>(55,757)</u>
Profit on ordinary activities after taxation		<u>176,095</u>	<u>280,650</u>

Continuing operations

Turnover and operating profit derive wholly from continuing operations.

Total recognised gains and losses

There were no recognised gains or losses either in the current or preceding year other than those recorded in the profit and loss account.

BTS Holdings Plc**Company Number 1517630****BALANCE SHEET**
as at 31 March 2014

	<i>Notes</i>	<i>2014</i> £	<i>2013</i> £
Fixed assets			
Tangible assets	9	<u>795,355</u>	<u>814,070</u>
Current assets			
Stocks	10	10,820	37,030
Debtors	11	805,463	792,565
Cash at bank and in hand		<u>1,062,604</u>	<u>1,251,022</u>
		1,878,886	2,080,617
Creditors: due within one year	12	<u>(1,198,813)</u>	<u>(1,293,389)</u>
Net current assets		<u>680,073</u>	<u>787,228</u>
Total assets less current liabilities		<u>1,475,428</u>	<u>1,601,298</u>
Creditors: due after one year	13	<u>(8,576)</u>	<u>(10,540)</u>
Net assets		<u>1,466,852</u>	<u>1,590,758</u>
Capital and reserves			
Called up share capital	14	74,200	74,200
Share premium account	15	124,862	124,862
Capital redemption reserve	15	38	38
Profit and loss account	15	<u>1,267,752</u>	<u>1,391,658</u>
Shareholders funds		<u>1,466,852</u>	<u>1,590,758</u>

The financial statements were approved by the board of directors on 4 July 2014 and signed on its behalf by :



S. Chopra
Director

BTS Holdings Plc

CASH FLOW STATEMENT for the year ended 31 March 2014

Reconciliation of operating profit to net cash inflow from operating activities

	<i>Notes</i>	2014 £	2013 £
Operating profit		184,317	329,921
Depreciation charges	9	65,979	107,993
Loss (Profit) on sale of tangible fixed assets		0	(1,248)
Increase in stocks		26,210	8,718
Decrease (Increase) in debtors		(12,898)	(185,611)
(Decrease) increase in creditors		(56,085)	131,455
Net cash inflow from operating activities		207,523	391,226

Cash flow statement

		£	£
Net cash inflow from operating activities		207,523	391,226
Cash inflow from servicing of finance	3	7,080	6,487
Taxation paid		(55,757)	(46,215)
Capital expenditure	16	(47,265)	(34,327)
		111,582	317,170
Equity dividends paid	8	(300,000)	(300,000)
Increase in cash at bank and in hand	16	(188,418)	17,170

Reconciliation of net cash movement to movement in net funds

		£	£
Increase in cash at bank and in hand	16	(188,418)	17,170
Opening net funds		1,251,022	1,233,852
Closing net funds		1,062,604	1,251,022

BTS Holdings Plc

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2014

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

(a) Basis of preparation

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

(b) Turnover

Turnover consists of the net amounts invoiced to customers in respect of goods and services supplied during the financial year, excluding value added tax. The unexpired portion of warranties and service contracts are excluded from turnover and recognised in the periods to which they relate.

(c) Fixed assets

Depreciation and amortisation is provided to write off the cost less estimated residual value of tangible fixed assets over their estimated useful economic lives as follows:

Freehold and leasehold property	50 years
Computer equipment	3 years
Motor vehicles	4 years
Rental inventory	2 - 5 years

Freehold land is not depreciated.

Expenditure on capital items costing under £1,000 is written off as incurred.

(d) Stock and work in progress

Stocks and work in progress are valued at the lower of cost or net realisable value after making due allowance for any obsolete or slow moving items of stock. Stocks comprise computer hardware and software purchased for resale.

(e) Design and development

Design and development constitutes a significant part of the company's activities and all expenditure thereon is written off as incurred.

(f) Leased assets

Expenditure under operating leases is charged to the profit and loss account as it is incurred.

Assets acquired under finance leases or hire purchase contracts are included in tangible fixed assets at the outright purchase price equivalent and depreciated in the same manner as other tangible fixed assets. The interest element of finance leases is charged to the profit and loss account.

BTS Holdings Plc

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2014

1. ACCOUNTING POLICIES (continued.)

(g) Pension costs

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account for the year in which they are payable to the scheme.

(h) Deferred taxation

Deferred tax, where material, is provided in respect of all liabilities arising from timing differences between the recognition of gains and losses capable of reversal in the financial statements and their recognition for corporation tax purposes.

(i) Foreign currency translation

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of transaction. All differences are taken to the profit and loss account.

2. ANALYSIS OF TURNOVER BY ACTIVITY

	2014 £	2013 £
Systems	434,840	481,961
Services	<u>1,870,615</u>	<u>2,037,423</u>
	<u>2,305,455</u>	<u>2,519,384</u>

3. NET INTEREST (PAYABLE) RECEIVABLE

	2014 £	2013 £
Bank commission and charges	(1,605)	(1,886)
Interest receivable	<u>8,685</u>	<u>8,373</u>
	<u>7,080</u>	<u>6,487</u>

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2014 £	2013 £
This is stated after charging / (crediting)		
Auditor's remuneration (including expenses)	8,300	8,422
Depreciation of fixed assets	65,979	107,993
(Profit) loss on disposal of fixed assets	0	(1,248)
Rental income	(10,752)	(10,352)
Loss (surplus) on foreign currency translation	363	617
Design & Development	<u>382,157</u>	<u>485,620</u>

BTS Holdings Plc

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2014

5 DIRECTORS' REMUNERATION

	2014 £	2013 £
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Directors' emoluments including benefits in kind	346,649	65,059
Pension contributions	53,671	13,563

Five directors have benefits accruing under a money purchase pension scheme (2013: one).

The emoluments of the highest paid director were	62,710	65,059
The pension contributions for the highest paid director were	13,563	13,563

6. STAFF NUMBERS AND COSTS

	2014 <i>Number of employees</i>	2013 <i>Number of employees</i>
--	------------------------------------	------------------------------------

The average number of persons (including directors) employed during the year analysed by category, were as follows:

Technical	29	30
Marketing	10	9
Administration	4	5
	<u>43</u>	<u>44</u>

	2014 £	2013 £
The aggregate payroll costs of these persons were as follows:		
Wages and salaries	1,344,266	1,313,425
Social security costs	140,565	144,358
Other pension costs	80,505	78,513
	<u>1,565,336</u>	<u>1,536,296</u>

BTS Holdings Plc

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2014

7. TAX ON PROFIT ON ORDINARY ACTIVITIES	2014	2013
	£	£
UK corporation tax @ 20%	15,302	55,757
Prior year adjustment	<u>-</u>	<u>-</u>
	<u>15,302</u>	<u>55,757</u>

No liability for deferred tax arises in respect of accelerated capital allowances as the tax written down value of applicable fixed assets exceeds their net book value.

Factors affecting tax charge for the year:

Profit on ordinary activities before tax	<u>191,397</u>	<u>336,407</u>
Tax @ 20%	38,279	67,281
Effects of :		
Expenses not deductible for tax purposes	145	327
Capital allowances in excess of depreciation	(1,566)	11,621
Design and development expenditure	<u>(21,557)</u>	<u>(23,472)</u>
Current tax charge for the year	<u>15,302</u>	<u>55,757</u>

8. DIVIDENDS	2014	2013
	£	£
Ordinary dividend on equity shares paid in year	<u>300,000</u>	<u>300,000</u>

BTS Holdings Plc

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2014

9. TANGIBLE FIXED ASSETS

	<i>At 01-Apr-13</i>	<i>Additions</i>	<i>Disposals</i>	<i>At 31-Mar-14</i>
	£	£	£	£
Cost				
Freehold land	152,867	-	-	152,867
Freehold premises (see below)	800,000	-	-	800,000
Computer equipment	197,870	40,278	99,282	138,865
Motor vehicles	79,278	-	-	79,278
Rental inventory	389,453	6,987	-	396,440
	<u>1,619,467</u>	<u>47,265</u>	<u>99,282</u>	<u>1,567,450</u>
Depreciation & amortisation				
Freehold premises	208,000	16,000	-	224,000
Computer equipment	182,399	19,147	99,282	102,263
Motor vehicles	34,906	19,820	-	54,725
Rental inventory	380,093	11,013	-	391,106
	<u>805,398</u>	<u>65,979</u>	<u>99,282</u>	<u>772,095</u>
Net book value			<i>2013</i>	<i>2014</i>
			£	£
Freehold land			152,867	152,867
Freehold premises			592,000	576,000
Computer equipment			15,471	36,602
Motor vehicles			44,373	24,553
Rental inventory			9,360	5,334
			<u>814,070</u>	<u>795,355</u>

The freehold premises are subject to a standard Barclays Bank Plc mortgage and debenture. However, there is currently no debt outstanding with the Bank.

BTS Holdings Plc

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2014

10. STOCK AND WORK IN PROGRESS	2014	2013
	£	£
Stocks	<u>10,820</u>	<u>37,030</u>
11. DEBTORS	2014	2013
	£	£
Trade debtors	759,844	751,569
Other debtors and prepayments	<u>45,619</u>	<u>40,996</u>
	<u>805,463</u>	<u>792,565</u>
12. CREDITORS - due within one year	2014	2013
	£	£
Trade creditors	13,800	13,396
Corporation tax	15,302	55,757
Other taxes and social security	157,468	161,356
Provision for warranties	32,039	31,055
Service income deferred	866,430	931,905
Accruals	49,142	79,428
Other creditors	<u>64,632</u>	<u>20,492</u>
	<u>1,198,813</u>	<u>1,293,389</u>
13. CREDITORS : due after one year	2014	2013
	£	£
Provision for warranties	2,436	4,003
Service income deferred	<u>6,140</u>	<u>6,537</u>
	<u>8,576</u>	<u>10,540</u>

BTS Holdings Plc

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2014

14. CALLED UP SHARE CAPITAL	2014	2013
	£	£
Authorised:		
"A" ordinary shares of £1 each	200	200
"B" ordinary shares of £1 each	<u>199,800</u>	<u>199,800</u>
	<u>200,000</u>	<u>200,000</u>
Issued and fully paid :		
"A" ordinary shares	200	200
"B" ordinary shares	<u>74,000</u>	<u>74,000</u>
	<u>74,200</u>	<u>74,200</u>

Share Options

Following a resolution of the directors dated 2 April 2002, the company adopted the rules of the Inland Revenue qualifying Enterprise Management Incentive share option scheme (the "scheme") to facilitate the recruitment and retention of high calibre employees. Under the scheme such employees are rewarded with the grant of options to acquire shares in the company. The options are performance related and exercisable in accordance with the rules of the scheme. The options may not be exercised later than the tenth anniversary of the Date of Grant and lapse on termination of the option holder's employment.

The Inland Revenue agreed to options to a maximum of 24,400 "B" ordinary £1 shares of which 1,500 (2013: 1,600) had been granted in aggregate to 17 employees (2013: 18) at 31 March 2014.

15. RESERVES	Share premium account £	Capital redemption reserve £	Profit & loss account £
At 1 April 2013	124,862	38	1,391,658
Profit for the year	-	-	176,095
Dividends paid	<u>-</u>	<u>-</u>	<u>(300,000)</u>
At 31 March 2014	<u>124,862</u>	<u>38</u>	<u>1,267,752</u>

BTS Holdings Plc

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2014

16. NOTES TO CASH FLOW STATEMENT

	<i>2014</i>	<i>2013</i>
	<i>£</i>	<i>£</i>
(a) Capital expenditure		
Payments to acquire tangible fixed assets	(47,265)	(54,577)
Receipts from sales of tangible fixed assets	<u>0</u>	<u>20,250</u>
Net cash outflow for capital expenditure	<u>(47,265)</u>	<u>(34,327)</u>

(b) Analysis of changes in net funds	<i>At 1 April 2013</i>	<i>Cash flow</i>	<i>At 31 March 2014</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Net cash:			
Cash at bank and in hand	<u>1,251,022</u>	<u>(188,418)</u>	<u>1,062,604</u>

17. RELATED PARTY TRANSACTIONS

Controlling parties

The company is jointly controlled by Mr EA Davison and Mr S Chopra by virtue of their directorships and close family shareholdings. Dividends paid to each of them during the year amounted to £ 41,240 (2013: £ 41,240) and £ 38,410 (2013: £ 38,410) respectively.

18. CAPITAL COMMITMENTS

There were no authorised and contracted capital commitments at the year end.
(2013: £ 2,831).

19. POST BALANCE SHEET EVENTS

There were no post balance sheet events requiring disclosure (2013: Nil).