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BlueChip Technologies Limited
Abbreviated financial statements
for the year ended 31 March 2006

NI 35286



BlueChip Technologies Limited

Abbreviated financial statements for the year ended 31 March 2006

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Directors, advisers and other information

Directors

GE Hayter

P Donnelly

MD Black

Secretary

MD Black

Registered office

Unit 4

9 Heron Avenue

Belfast

BT3 9LF

Accountants

Neeson Chambers

123-125 Main Street

Bangor

BT20 4AE

Solicitors

Carson McDowell

Murray House

Murray Street

Belfast

BT1 6DN

Bankers

Bank of Ireland

46-48 High Street

Bangor

BT20 5AZ

**Independent Accountants' report on the unaudited financial statements to the directors of
BlueChip Technologies Limited**

As described on the balance sheet you are responsible for preparing the abbreviated financial statements for the year ended 31 March 2006 set out on pages 3 to 8, and you consider that the company is exempt from audit under the Companies (Northern Ireland) Order 1986. In accordance with your instructions we have compiled these unaudited abbreviated financial statements in order to assist you fulfil your statutory responsibilities from the accounting records, information and explanations supplied to us.

Neeson Chambers

**Neeson Chambers
Chartered accountants and registered auditors
123/125 Main Street
Bangor
Co Down
BT20 4AE**

Date: 26 October 2006

**Abbreviated balance sheet
at 31 March 2006**

	Notes	2006 £	2005 £
Fixed assets			
Intangible assets	2	12,231	13,038
Tangible assets	3	<u>58,101</u>	<u>74,077</u>
		70,332	87,115
Current assets			
Stock		23,096	9,128
Debtors		363,167	151,494
Cash at bank and in hand		<u>14,393</u>	<u>23,389</u>
		400,656	184,010
Creditors: amounts falling due within one year		<u>-565,169</u>	<u>-390,562</u>
Net current liabilities		-164,513	-206,552
Total assets less current liabilities		<u>-94,181</u>	<u>-119,437</u>
 Creditors: amounts falling due after more than one year			
Bank of Ireland, Small Business Loans	4	75,294	109,573
Loan from holding company	5	1,549,855	1,553,941
Finance lease		0	0
Provisions for liabilities and charges		0	0
Accruals and deferred income			
Capital grants		3,984	6,664
Shareholder and director loans		<u>200,650</u>	<u>120,000</u>
		1,829,783	1,790,178
Capital and reserves			
Called up share capital	6	23,700	23,700
Profit and loss account		-1,973,964	-1,959,615
Share premium		<u>26,300</u>	<u>26,300</u>
Equity shareholders' funds		-1,923,964	-1,909,615
Equity shareholders' funds and long term liabilities		<u>-94,181</u>	<u>-119,437</u>

In preparing these financial statements:

- (i) The directors are of the opinion the company is entitled to exemption from audit under Article 257A of the Companies (Northern Ireland) Order 1986.
- (ii) No notice has been deposited under Article 257B(2) of the Companies (Northern Ireland) Order 1986 by a member requiring an audit, in relation to the financial statements for the period.
- (iii) The directors acknowledge their responsibility for:
 - (a) ensuring the company keeps proper accounting records in accordance with Article 229 of the Companies (Northern Ireland) Order 1986, and
 - (b) preparing financial statements which give a true and fair view of the state of the affairs of the company as at the end of the financial year and of its surplus or deficit for the financial year and which otherwise comply with the requirements of the Companies (Northern Ireland) Order 1986 relating to the financial statements, so far as they are applicable to the company.

The abbreviated financial statements have been prepared in accordance with the special provisions relating to small companies within Part VIII of the Companies (Northern Ireland) Order 1986.

Approved by the directors on: 26 October 2006


G E Hayter (director)

**Notes to the abbreviated financial statements
for the year ended 31 March 2006****1 Principal accounting policies**

These financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The significant accounting policies adopted are set out below. The directors consider that these accounting policies are suitable, have been consistently applied and are supported by reasonable and prudent judgements and estimates.

Basis of preparation – going concern

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. Central to this assumption has been the continued support of BlueChip Technologies Holdings Limited, the company's holding company and sole shareholder. This support will remain in place for the foreseeable future and until such time as the company achieves profitability.

Central also to this assumption is the continued improvement in trading performance of the company. The results of the company to date indicate overall performance to be in line with this objective and in line with the overall financial projections. The directors are confident that future results will continue to be in accordance with the financial strategy.

Intangible fixed assets

Intangible fixed assets comprise patents and licences and are recorded at cost less appropriate provisions. Amortisation is provided on these assets according to their expected useful economic lives. Their value is reviewed annually by the directors and the cost written down as an exceptional item where permanent diminution in value has occurred.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, over the expected useful economic lives of the assets concerned. The principal annual rates and methods used for this purpose are:

	%
Office alterations	33 1/3 reducing balance
Computer equipment and software	33 1/3 reducing balance and straight line
Office fixtures and furniture	20 reducing balance
Motor vehicles	25 reducing balance

Stock and work in progress

Stock and work in progress are stated at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stock. In the case of work in progress, cost is defined as the aggregate cost of raw material, direct labour and the attributable proportion of direct overheads based on a normal level of activity.

**Notes to the abbreviated financial statements
for the year ended 31 March 2006 (continued)****1 (continued)****Long term contracts**

Turnover on contracts is recognised according to the stage reached in the contract by reference to the amount of work done. A prudent estimate of the profit attributable to work completed is recognised during the progress of the contract. The costs on contracts not yet taken to the profit and loss account less any foreseeable losses are shown in the balance sheet as work in progress. Contracts invoiced in advance and not yet taken to the profit and loss account are included in the balance sheet as deferred income.

Turnover

Turnover, which excludes value added tax, represents the invoiced value of goods and services supplied.

Deferred taxation

Provision is made for deferred tax using the liability method on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Research and development expenditure

Expenditure on research and development is charged to the profit and loss account in the year in which it is incurred.

Government grants

Grants that relate to specific capital expenditure are treated as deferred income and amortised over the useful life of the relevant asset. Revenue grants are credited to other operating income in the profit and loss account. Where financial support has arisen and the directors consider it likely that conditions attaching will ultimately result in a repayment to the financial provider, the amount is recorded as a provision in the balance sheet.

Web site expenditure

Expenditure on web site installation and upgrade is treated as a cost of ongoing advertising and is consequently charged to the profit and loss account in the year in which it is incurred.

Pension costs

Pension benefits for employees are met by payments to a defined contribution pension fund. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

**Notes to the abbreviated financial statements
for the year ended 31 March 2006 (continued)**

1 (continued)

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their useful lives with the corresponding lease or hire purchase obligation being capitalised as a liability. The interest element of the finance lease rentals is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Operating lease rentals are charged to the profit and loss account on a straight line basis over the term of the lease.

2 Intangible fixed assets

	Total £
Cost	
At 1 April 2005	37,276
Additions	<u>0</u>
At 31 March 2006	<u>37,276</u>
Depreciation	
At 1 April 2005	24,238
Charge for the year	<u>807</u>
At 31 March 2006	<u>25,045</u>
Net book value	
At 31 March 2006	<u>12,231</u>
At 31 March 2005	<u>13,038</u>

Notes to the abbreviated financial statements
for the year ended 31 March 2006 (continued)

3 Tangible fixed assets

	Total
	£
Cost	
At 1 April 2005	221,905
Additions	3,485
Disposals	<u>0</u>
At 31 March 2006	<u>225,390</u>
Depreciation	
At 1 April 2005	147,828
Charge for the year	19,461
Eliminated on disposals	<u>0</u>
At 31 March 2006	<u>167,289</u>
Net book value	
At 31 March 2006	<u>58,101</u>
At 31 March 2005	<u>74,077</u>

4 Bank of Ireland, Small Business loans

The loans totalling £101,778, all repayable by instalments in less than five years, are made to the company by its bankers, Bank of Ireland, and are secured under the Small Firms Loan Guarantee Scheme.

5 Loan from holding company

The loan from the holding company, BlueChip Technologies Holdings Limited, is unsecured, non interest bearing and with no fixed schedule of repayment.

Notes to the abbreviated financial statements
for the year ended 31 March 2006 (continued)

6 Share capital

	2006 £	2005 £
Authorised:		
250,000 ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>
Allotted, called up and fully paid:		
23,700 ordinary shares of £1 each	<u>23,700</u>	<u>23,700</u>

7 Holding company

The company is a wholly owned subsidiary of BlueChip Technologies Holdings Limited which is incorporated in Northern Ireland and shares the same registered office as BlueChip Technologies Limited.