

INCLUSIVE TECHNOLOGY LIMITED

REPORT AND ACCOUNTS

31 JULY 2000

Company No. 3525459

INCLUSIVE TECHNOLOGY LIMITED

COMPANY INFORMATION

Directors	M Littler P M C Hornsey R L H Bates H L Carr
Secretary	H L Carr
Company number	3525459
Registered office	Saddleworth Business Centre Delph Oldham OL3 5DF
Auditors	Wheawill & Sudworth Chartered Accountants 35 Westgate Huddersfield HD1 1PA
Solicitors	Baxter Caulfield 13 Station Street Huddersfield HD1 1LY
Bankers	Barclays Bank plc 10 Market Street Bradford BD1 1XW

INCLUSIVE TECHNOLOGY LIMITED

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INCLUSIVE TECHNOLOGY LIMITED

DIRECTORS' REPORT

The directors present their report and the audited accounts for the year ended 31 July 2000.

Principal activities

The company's principal activity was that of providers of educational software and hardware for people with special needs.

The subsidiary undertaking's principal activity was that of software consultancy and training providers.

Directors and their interests

The directors who held office during the year and their beneficial interests in the company's issued share capital are given below:

		Ordinary shares	
		At 31 July 2000	At 1 August 1999
M Littler		296	296
P M C Hornsey		296	296
R L H Bates		196	296
H L Carr	appointed 4 January 2000	-	-

Political and charitable contributions

During the year the company made the following charitable contributions:

Sundry charitable contributions	£
	1,320

Statement of directors' responsibilities

Company law requires the directors to prepare accounts 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 for that year. In preparing those accounts the directors are required to:

Select suitable accounting policies and then apply them consistently;

Make judgements and estimates that are reasonable and prudent;

Prepare the accounts 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 enable them to ensure that the accounts comply with the Companies Act 1985. 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.

Auditors

A resolution confirming the appointment of Wheawill & Sudworth as auditors will be put to the members at the Annual General Meeting.

INCLUSIVE TECHNOLOGY LIMITED

DIRECTORS' REPORT

Small company exemptions

This report has been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985.

This report was approved by the board on 12 October 2000 and signed on its behalf by:

M Littler
Director

AUDITORS' REPORT TO THE SHAREHOLDERS OF INCLUSIVE TECHNOLOGY LIMITED

We have audited the accounts on pages 4 to 12 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31st July 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Wheawill & Sudworth
Chartered Accountants and Registered Auditors

35 Westgate
Huddersfield
HD1 1PA
12 October 2000

INCLUSIVE TECHNOLOGY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JULY 2000

	Notes	2000 £	<i>16 month period 1999</i> £
Turnover	2	1,813,079	1,528,131
Cost of sales		(1,215,759)	(947,757)
Gross profit		597,320	580,374
Administrative expenses		(518,258)	(554,960)
Operating profit	3	79,062	25,414
Exceptional item	4	-	83,758
Profit on ordinary activities before interest		79,062	109,172
Interest receivable		77	401
Interest payable	5	(6,449)	(4,208)
Profit on ordinary activities before taxation		72,690	105,365
Tax on profit on ordinary activities	7	(15,981)	(21,500)
Profit on ordinary activities after taxation		56,709	83,865
Retained profit brought forward		83,865	-
Retained profit carried forward		140,574	83,865

There were no recognised gains or losses for 2000 other than those included in the profit and loss account.

INCLUSIVE TECHNOLOGY LIMITED

BALANCE SHEET

31 JULY 2000

	Notes	2000 £	1999 £
Fixed assets			
Tangible assets	8	87,566	67,822
Investments	9	1,000	1,000
		<u>88,566</u>	<u>68,822</u>
Current assets			
Stocks	11	154,746	97,281
Debtors	12	283,521	194,445
Cash at bank and in hand		1,875	15,690
		<u>440,142</u>	<u>307,416</u>
Creditors: amounts falling due within one year	13	<u>(348,434)</u>	<u>(252,850)</u>
Net current assets		<u>91,708</u>	<u>54,566</u>
Total assets less current liabilities		<u>180,274</u>	<u>123,388</u>
Creditors: amounts falling due after more than one year	14	<u>(14,296)</u>	<u>(14,119)</u>
Net assets		<u>165,978</u>	<u>109,269</u>
Capital and reserves			
Share capital	16	1,000	1,000
Share premium account	17	24,404	24,404
Profit and loss account	17	140,574	83,865
		<u>165,978</u>	<u>109,269</u>
Shareholders' funds		<u>165,978</u>	<u>109,269</u>

The accounts have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985 and the Financial Reporting Standard for Smaller Entities (effective March 2000).

These accounts were approved by the board on 12 October 2000 and signed on its behalf by:

M Littler
Director

P M C Hornsey
Director

The notes on pages 6 to 12 form part of these accounts.

INCLUSIVE TECHNOLOGY LIMITED

NOTES TO THE ACCOUNTS

31 JULY 2000

1 Accounting policies

Basis of accounting

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

The company has taken advantage of the exemptions in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

Consolidation

The accounts contain information about Inclusive Technology Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 248 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as the group it heads qualifies as a small group.

Turnover

Turnover comprises the value of sales and royalties receivable excluding value added tax and trade discounts.

Tangible fixed assets and depreciation

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets over their expected useful lives. The rates and periods generally applicable are:

Computer and office equipment	Three to five years
Motor vehicles	25% reducing balance
Furniture and fixtures	Five years

In the year of acquisition tangible fixed assets have been depreciated from the date of acquisition. This is a change in calculation from previous periods when capital expenditure was depreciated from the start of the year of expenditure. The effect of this change has been to increase the profit on ordinary activities before taxation for the year by £9,570.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Where exchange differences result from the translation of foreign currency borrowings raised to acquire foreign assets they are taken to reserves and offset against the differences arising from the translation of those assets. All other exchange differences are dealt with through the profit and loss account.

INCLUSIVE TECHNOLOGY LIMITED

NOTES TO THE ACCOUNTS

31 JULY 2000

1 Accounting policies (continued)

Contribution to pension funds

The company operates defined contribution pension schemes. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Hire purchase and leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet at their fair value and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

Negative goodwill

Negative goodwill is recognised in the profit and loss account in the periods in which the non-monetary assets are recovered, whether through depreciation or sale. Negative goodwill in relation to monetary assets acquired is recognised in the period expected to benefit.

2 Turnover

The percentage of turnover attributable to overseas markets was 6% (1999: 6%).

3 Operating profit

The operating profit is stated after charging:

	<i>16 month period</i>	
	2000	<i>1999</i>
	£	<i>£</i>
Depreciation of tangible fixed assets:		
-owned assets	20,998	<i>20,041</i>
-assets held under finance leases and hire purchase	7,209	<i>9,228</i>
Loss on disposal of fixed assets	1,102	<i>2,525</i>
Operating leases	1,628	<i>2,558</i>
Directors' remuneration	161,786	<i>169,384</i>
Auditors' remuneration	8,350	<i>8,550</i>

INCLUSIVE TECHNOLOGY LIMITED

NOTES TO THE ACCOUNTS

31 JULY 2000

4	Exceptional item	2000	<i>16 month period</i> 1999
		£	£
	Negative goodwill	-	83,758

Negative goodwill amounting to £83,758 arose on the initial purchase of the company's trading assets. This has been fully recognised in the accounts since all the monetary and non-monetary assets acquired have either been disposed or utilised against realised profits of the company.

5	Interest payable and similar charges	2000	<i>16 month period</i> 1999
		£	£
	Interest payable on bank loans and overdrafts	2,713	1,727
	Finance leases and hire purchase contracts	2,197	1,413
	Interest payable on other loans	1,539	1,068
		6,449	4,208

6	Directors' remuneration	2000	<i>16 month period</i> 1999
		£	£
	Aggregate emoluments	161,786	169,384

Retirement benefits were accruing to directors under schemes as follows:-

	Number	<i>Number</i>
Defined contribution pension schemes	3	3

7	Taxation	2000	<i>16 month period</i> 1999
		£	£
	Based on the profit for the year:		
	Corporation tax	9,200	21,500
	Group relief	6,511	-
		15,711	21,500
	Prior periods		
	Corporation tax under provided	270	-
		15,981	21,500

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NOTES TO THE ACCOUNTS

31 JULY 2000

8 Tangible fixed assets

	Computer and office equipment	Motor vehicles	Furniture and fixtures	Total
Cost	£	£	£	£
At 1 August 1999	38,477	43,510	13,854	95,841
Additions	22,108	31,355	1,090	54,553
Disposals	-	(9,960)	-	(9,960)
At 31 July 2000	60,585	64,905	14,944	140,434
Depreciation				
At 1 August 1999	14,037	10,878	3,104	28,019
Charge for the year	15,240	9,978	2,989	28,207
Disposals	-	(3,358)	-	(3,358)
At 31 July 2000	29,277	17,498	6,093	52,868
Net book value				
At 31 July 2000	31,308	47,407	8,851	87,566
<i>At 31 July 1999</i>	<i>24,440</i>	<i>32,632</i>	<i>10,750</i>	<i>67,822</i>

Assets held under finance leases originally cost £51,910 (1999 £36,910) and have a net book value of £35,474 (1999 £27,683).

9 Fixed asset investments

Cost	Shares in group undertaking £
At 1 August 1999 and at 31 July 2000	1,000
Net book value	
At 1 August 1999 and at 31 July 2000	1,000

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NOTES TO THE ACCOUNTS

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10 Shares in group undertaking

Name of company and registered office	Details of investment	Proportion held by company	Nature of business
Inclusive Consultancy and Training Limited Saddleworth Business Centre Delph Oldham OL3 5DF	1,000 Ordinary £1 shares	100%	Providers of training and consultancy.

The capital and reserves and profit or loss for the subsidiary as at its financial period ending with the financial year of the holding company were as follows :

	(Loss) for the period £	(Deficiency) in Capital and reserves £
Inclusive Consultancy and Training Limited	(66,520)	(59,009)

11 Stocks

	2000 £	1999 £
Component materials	45,073	24,180
Finished goods	109,673	73,101
	154,746	97,281

12 Debtors

	2000 £	1999 £
Trade debtors	208,804	175,666
Amounts owed by subsidiary undertakings (Note 21)	54,559	-
Other debtors	-	4,562
Prepayments and accrued income	20,158	14,217
	283,521	194,445

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NOTES TO THE ACCOUNTS

31 JULY 2000

13	Creditors: amounts falling due within one year	2000	<i>1999</i>
		£	<i>£</i>
	Bank loans and overdrafts	25,792	<i>3,919</i>
	Obligations under hire purchase contracts and finance leases	13,458	<i>8,397</i>
	Trade creditors	257,226	<i>184,287</i>
	Corporation tax	9,200	<i>21,500</i>
	Other taxes and social security	12,607	<i>11,811</i>
	Accruals and deferred income	30,151	<i>22,936</i>
		<u>348,434</u>	<u><i>252,850</i></u>
14	Creditors: amounts falling due after more than one year	2000	<i>1999</i>
		£	<i>£</i>
	Obligations under hire purchase contracts and finance leases	14,296	<i>14,119</i>
		<u>14,296</u>	<u><i>14,119</i></u>
15	Secured indebtedness	2000	<i>1999</i>
		£	<i>£</i>
	Aggregate secured creditors	53,546	<i>26,435</i>
		<u>53,546</u>	<u><i>26,435</i></u>
16	Share capital	2000	<i>1999</i>
		£	<i>£</i>
	Authorised		
	1,000 Ordinary shares of £1.00 each	1,000	<i>1,000</i>
		<u>1,000</u>	<u><i>1,000</i></u>
	Allotted		
	1,000 Allotted, called up and fully paid ordinary shares of £1.00 each	1,000	<i>1,000</i>
		<u>1,000</u>	<u><i>1,000</i></u>
17	Reserves	Share premium account £	Profit and loss account £
	Profit for the year	-	<i>83,865</i>
	Premium on allotment	24,404	<i>-</i>
		<u>24,404</u>	<u><i>83,865</i></u>
	At 1 August 1999	24,404	<i>83,865</i>
	Profit for the year	-	<i>56,709</i>
		<u>24,404</u>	<u><i>140,574</i></u>
	At 31 July 2000	<u>24,404</u>	<u><i>140,574</i></u>

INCLUSIVE TECHNOLOGY LIMITED

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31 JULY 2000

18 Pension scheme

The company operates defined contribution pension schemes for the benefit of the directors. The assets of the schemes are administered by trustees in funds independent from those of the company.

The total contributions paid in the year amounted to £ nil (1999 £12,000).

19 Contingent liabilities

The company and its subsidiary company have given cross-guarantees regarding the bank borrowings. Such bank borrowings at 31 July 2000 amounted to £25,792.

The company is a member of the Inclusive Technology Limited VAT scheme under Section 43 of the Value Added Tax Act 1994 and in consequence may be held responsible for the liabilities of other members which at 31 July 2000 totalled £2,541.

20 Capital commitments

	2000	1999
	£	£
Capital expenditure not provided for in the accounts	Nil	<i>Nil</i>

21 Related party disclosures

The directors have provided loans to the company during the period. These were unsecured and interest was paid at a commercial rate. No loans were outstanding at the period end.

During the year the company recharged costs to Inclusive Consultancy & Training Limited, a subsidiary company, at an amount of £87,012. Amounts owed from Inclusive Consultancy & Training Limited amounted to £54,559 at 31 July 2000 as disclosed in note 12.

Three of the directors own 78.8% of the share capital and the company is therefore ultimately controlled by them.