

Company registration number 3525459

**INCLUSIVE TECHNOLOGY
LIMITED
FINANCIAL STATEMENTS
30 JUNE 2008**

INCLUSIVE TECHNOLOGY LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2008

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INCLUSIVE TECHNOLOGY LIMITED

COMPANY INFORMATION

The board of directors

M Littler
P M C Hornsey
R L H Bates
S S Gill

Company secretary

M Littler

Registered office

Riverside Court
Huddersfield Road
Delph
Oldham
OL3 5FZ

Auditor

Wheawill & Sudworth
Chartered Accountants
& Registered Auditors
35 Westgate
Huddersfield
HD1 1PA

Bankers

National Westminster Bank plc
55 High Street
Uppermill
Oldham
OL3 6AP

Solicitors

Baxter Caulfield
13 Station Street
Huddersfield
HD1 1LY

INCLUSIVE TECHNOLOGY LIMITED

CHAIRMAN'S STATEMENT

YEAR ENDED 30 JUNE 2008

This is the tenth set of accounts Wheawill and Sudworth have prepared for us since our management buy-out (MBO) in 1998 when Trish Hornsey, Roger Bates and I took the plunge of becoming owner managers for the first time in our lives. It has been a fascinating and rewarding decade. For reference all our sets of accounts have always been available on our website, www.inclusive.co.uk, to the initial horror of our accountants!

We grew quickly in the early years, plateaued for a couple of years, and are now growing strongly again. In the current year we are on track to exceed £6 million of goods and services delivered mostly to our friends and colleagues in special schools and LA support services.

Those learners who face near insurmountable extra challenges are always in danger of being forgotten and we have spent some time in raising their profile with events and debates on the terrace of the House of Lords and elsewhere in Westminster together with individual meetings with Ministers. Children without speech face obvious barriers to learning and were clearly not getting anything like the help they needed. I'm hoping that initiatives like the Bercow Review (which I believe we helped to trigger) are beginning to put things right.



In the fifth set of accounts in 2003 I recount a meeting with Gordon Brown, then the Chancellor, who had clearly been well briefed on our business:

Gordon Brown sailed up to us and shook hands. He is a big man and was being towed around the packed bar by a very small woman with a large clipboard.

"We are Inclusive Technology. We produce software for people with disabilities and..."

"Assistive technology," he broke in. "I know ... I know what you do". The clipboard lady tugged hard; she was at nearly forty-five degrees.

"Keep up the good work - I like what you do," he said and smiled. Another tug and the great man was gone.

Trish and I met him again last month about half-an-hour after he had delivered his speech as Prime Minister to the 2008 Labour Party Conference. I can't say he seemed so well briefed about us this time - I guess he had a few more serious things to be serious about!

INCLUSIVE TECHNOLOGY LIMITED

CHAIRMAN'S STATEMENT *(continued)*

YEAR ENDED 30 JUNE 2008

Most of our growth in the current year is in new markets - to us anyway - in health and in further and higher education and we have launched a new brand and catalogue, ITtools, to better meet the needs of these services. We are experiencing more impressive growth still in overseas markets. Up until quite recently our exports were stuck at around 8%. Currently more than 20% of our revenues are coming from abroad, and not just because of the rapid growth of Inclusive TLC, Inc. our franchised operation in the USA. We have had some large orders from Russia for instance. We are planning to increase this overseas business in Ireland and the rest of Europe with our first overseas catalogue denominated in Euros which comes out early in 2009 and will be support by a Euro website.

At home we are pressing forward with Roger Bates' campaign for "the inclusive classroom". This is a whole collection of resources which makes the learning going on in mainstream classrooms accessible to the widest range of learners with special needs. The flagship product is the Interactive Plasma Screen on a variable height stand which literally brings modern teaching methods within reach of many learners with special needs. We are currently working with our colleagues at Integrex and Panasonic to launch the latest 42", 50", 58" and 65" Series Ten interactive plasma screens on superb new stands.

RM plc has recently become our partner by buying 25% of the Inclusive Technology Group. This is a wholly positive move which has brought us great cooperative links with the growing family of RM companies. The first fruit of this is a new mains switching device we have produced with the RM subsidiary SpaceKraft. The new product, Click-On, will allow learners who access learning through simple switches to join in with the many classroom activities which involve mains-powered devices.

Our Managing Director, Sukhjit Gill, has been on the Inclusive Board for some years. It was great to welcome him as an owner and key investor earlier this year.

Inclusive has for sometime been the world's leading supplier of switch accessible software and the range is growing strongly. Now we have the world's most versatile switch interface, the Inclusive MultiSwitch, to connect the switches which some learners use to access their computers. It has never been easier to set up switches. Every time the user's computer goes online it polls our central database of all switch accessible software so that MultiSwitch automatically knows what settings to use. Six onboard test switches allow you to check easily that all is ok.

There is much more that technology can do to give new opportunities to learners with special needs. With a growing world market to spread development costs, a talented programming team, and some very able new partners at RM and elsewhere, Inclusive Technology is in a great position to meet these needs.

M Littler
Chairman
12 November 2008

INCLUSIVE TECHNOLOGY LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 JUNE 2008

The directors have pleasure in presenting their report and the accounts of the company for the year ended 30 June 2008.

Principal activity and business review

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

The Chairman's statement is included on pages 2 to 3 of the financial statements.

Directors

The directors who served the company during the year together with their interests in the issued share capital of the company and its parent company, Inclusive Group Limited, were as follows:

	Inclusive Group Limited		Inclusive Technology Limited	
	Ordinary 1p shares	Ordinary £1 shares	Ordinary 1p shares	Ordinary £1 shares
	30 June 2008	<i>1 July 2007</i>	30 June 2008	<i>1 July 2007</i>
M Littler	22,631	<i>30,800</i>	-	-
P M C Hornsey	5,437	<i>13,800</i>	-	-
R L H Bates	882	<i>1,200</i>	-	-
S S Gill	2,400	-	-	-

The directors hold no shares in the other group companies which are 100% owned by Inclusive Technology Limited.

S S Gill holds options over 849 Ordinary 1p shares in the parent company in accordance with the terms of an Enterprise Management Incentive Scheme.

Directors' responsibilities

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements 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 financial statements, 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 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements 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.

INCLUSIVE TECHNOLOGY LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 JUNE 2008

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.

Auditor

A resolution to re-appoint Wheawill & Sudworth as auditors will be put to the shareholders at the Annual General Meeting.

Small company provisions

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

This report was approved by the board on 12 November 2008 and signed on its behalf by:

M Littler
Director

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF INCLUSIVE TECHNOLOGY LIMITED

We have audited the financial statements of Inclusive Technology Limited for the year ended 30 June 2008 which comprise the Profit and Loss Account, Balance Sheet and the related notes. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007) and on the basis of the accounting policies set out therein.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's statement that is cross referred from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and the Chairman's statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements 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 information in the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF INCLUSIVE TECHNOLOGY LIMITED *(continued)*

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 30 June 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

**35 Westgate
Huddersfield
HD1 1PA**

**Wheawill & Sudworth
Chartered Accountants
& Registered Auditors**

12 November 2008

INCLUSIVE TECHNOLOGY LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 2008

	Note	2008 £	2007 £
Turnover	2	5,725,883	<i>5,442,395</i>
Cost of sales		<u>(3,726,599)</u>	<u>(3,491,993)</u>
Gross profit		1,999,284	<i>1,950,402</i>
Administrative expenses		(1,861,222)	<i>(1,665,855)</i>
Other operating income	3	<u>14,852</u>	<u>21,000</u>
Operating profit	4	152,914	<i>305,547</i>
Interest receivable and similar income		7,041	<i>945</i>
Interest payable and similar charges		(17,088)	<i>(4,895)</i>
Profit on ordinary activities before taxation		<u>142,867</u>	<u>301,597</u>
Tax on profit on ordinary activities	6	(36,998)	<i>(91,000)</i>
Profit for the financial year	22	<u><u>105,869</u></u>	<u><u>210,597</u></u>

The notes on pages 10 to 17 form part of these financial statements.

INCLUSIVE TECHNOLOGY LIMITED

BALANCE SHEET

30 JUNE 2008

	Note	2008 £	2007 £
Fixed assets			
Tangible assets	8	216,117	193,714
Investments	9	3,715	3,100
		<u>219,832</u>	<u>196,814</u>
Current assets			
Stocks		230,468	231,273
Debtors	10	1,416,570	1,194,552
Cash at bank and in hand		131,913	215,966
		<u>1,778,951</u>	<u>1,641,791</u>
Creditors: Amounts falling due within one year	11	<u>(910,403)</u>	<u>(837,882)</u>
Net current assets		<u>868,548</u>	<u>803,909</u>
Total assets less current liabilities		<u>1,088,380</u>	<u>1,000,723</u>
Creditors: Amounts falling due after more than one year	12	<u>(366,749)</u>	<u>(42,411)</u>
		<u>721,631</u>	<u>958,312</u>
Provisions for liabilities			
Deferred taxation	15	–	(5,700)
Net assets		<u>721,631</u>	<u>952,612</u>
Capital and reserves			
Called-up equity share capital	20	614	614
Share premium account	21	24,404	24,404
Other reserves		386	386
Profit and loss account	22	696,227	927,208
Shareholders' funds		<u>721,631</u>	<u>952,612</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2007).

These financial statements were approved by the directors and authorised for issue on 12 November 2008, and are signed on their behalf by:

M Littler
Director

S S Gill
Director

The notes on pages 10 to 17 form part of these financial statements.

INCLUSIVE TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2008

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Turnover

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

Tangible fixed assets and depreciation

Depreciation is calculated so as to write off the cost of an asset over the useful economic life of that asset as follows:

Leased property alterations	-	Over the period of the lease
Fixtures and fittings	-	5 years straight line
Motor vehicles	-	25% reducing balance
Computer and office equipment	-	3 - 5 years straight line

Stocks

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

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.

Contributions to pension funds

The company operates a defined contribution pension scheme. 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.

Deferred taxation

Provision is made for deferred taxation using the full provision 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 FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2008

1. Accounting policies (continued)

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Investments

Investments are valued at the lower of cost and net realisable value.

2. Turnover

The percentage of turnover attributable to overseas markets was 12.6% (2007: 9%).

3. Other operating income

	2008	2007
	£	£
Compensation on termination of lease	–	21,000
Other operating income	14,852	–
	<u>14,852</u>	<u>21,000</u>

4. Operating profit

Operating profit is stated after charging:

	2008	2007
	£	£
Depreciation of tangible fixed assets:		
- owned assets	60,025	45,657
- assets held under hire purchase agreements	20,941	13,342
Loss on disposal of fixed assets	837	5,662
Auditor's fees	8,675	5,000
	<u>8,675</u>	<u>5,000</u>

5. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2008	2007
	£	£
Aggregate emoluments	262,783	318,775
Value of company pension contributions to money purchase schemes	62,387	48,578
	<u>325,170</u>	<u>367,353</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2008	2007
	No	No
Money purchase schemes	<u>4</u>	<u>5</u>

INCLUSIVE TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2008

6. Taxation

Analysis of charge in the year

	2008 £	2007 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year	43,000	89,000
(Over)/under provision in prior year	(302)	800
Total current tax	<u>42,698</u>	<u>89,800</u>
Deferred tax:		
Origination and reversal of timing differences	(5,700)	1,200
Tax on profit on ordinary activities	<u>36,998</u>	<u>91,000</u>

7. Dividends

Equity dividends

	2008 £	2007 £
Paid		
Equity dividends on ordinary shares	<u>335,163</u>	<u>75,000</u>

8. Tangible fixed assets

	Leased property alterations £	Fixtures & fittings £	Motor vehicles £	Computer and office equipment £	Total £
Cost					
At 1 July 2007	7,974	92,630	112,789	258,279	471,672
Additions	6,290	23,892	73,134	12,389	115,705
Disposals	–	(8,731)	(12,500)	(103,298)	(124,529)
At 30 June 2008	<u>14,264</u>	<u>107,791</u>	<u>173,423</u>	<u>167,370</u>	<u>462,848</u>
Depreciation					
At 1 July 2007	–	72,523	16,786	188,649	277,958
Charge for the year	2,594	9,254	29,657	39,461	80,966
On disposals	–	(8,731)	(770)	(102,692)	(112,193)
At 30 June 2008	<u>2,594</u>	<u>73,046</u>	<u>45,673</u>	<u>125,418</u>	<u>246,731</u>
Net book value					
At 30 June 2008	<u>11,670</u>	<u>34,745</u>	<u>127,750</u>	<u>41,952</u>	<u>216,117</u>
At 30 June 2007	<u>7,974</u>	<u>20,107</u>	<u>96,003</u>	<u>69,630</u>	<u>193,714</u>

INCLUSIVE TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2008

8. Tangible fixed assets *(continued)*

Hire purchase agreements

Included within the net book value of £216,117 is £62,822 (2007 - £83,763) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £20,941 (2007 - £13,342).

Capital commitments

	2008	2007
	£	£
Contracted but not provided for in the financial statements	<u>12,350</u>	<u>-</u>

9. Investments

	Shares in group undertakings £
Cost	
At 1 July 2007	3,100
Additions	615
At 30 June 2008	<u>3,715</u>
Net book value	
At 30 June 2008	<u>3,715</u>
At 30 June 2007	<u>3,100</u>

The company owns 100% of the issued share capital of the companies listed below:

	2008	2007
	£	£
Aggregate capital and reserves		
Inclusive Consultancy & Training Limited (dormant)	1,000	1,000
Inclusive Investments Limited (dormant)	1,000	1,000
IT Tools Limited (formerly Avidcase Limited) (dormant)	1,000	1,000
Inclusive Distribution Limited (dormant)	100	100
Inclusive TLC Inc. (dormant)	1	-
Inclusive Limited (dormant)	614	-

10. Debtors

	2008	2007
	£	£
Trade debtors	560,321	427,850
Amounts owed by group undertakings	710,000	710,000
Corporation tax recoverable	-	3,200
Other debtors	106,743	29,190
Prepayments and accrued income	39,506	24,312
	<u>1,416,570</u>	<u>1,194,552</u>

INCLUSIVE TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2008

10. Debtors (continued)

The debtors above include the following amounts falling due after more than one year:

	2008	2007
	£	£
Amounts owed by group undertakings	710,000	710,000
Other debtors	–	24,954
	<u>710,000</u>	<u>734,954</u>

11. Creditors: Amounts falling due within one year

	2008	2007
	£	£
Bank loans and overdrafts	1,486	–
Trade creditors	357,134	344,259
Amounts owed to subsidiary undertakings (note 19)	3,714	3,100
Corporation tax	43,000	89,000
PAYE and social security	35,561	33,247
VAT	20,759	15,158
Hire purchase agreements	25,662	31,580
Directors' loan accounts (note 18)	118,629	98,651
Other creditors (note 18)	79,559	–
Accruals and deferred income	224,899	222,887
	<u>910,403</u>	<u>837,882</u>

12. Creditors: Amounts falling due after more than one year

	2008	2007
	£	£
Hire purchase agreements	16,749	42,411
Directors loan accounts (note 18)	175,000	–
Other creditors (note 18)	175,000	–
	<u>366,749</u>	<u>42,411</u>

13. Pensions

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

The total contributions paid in the year amounted to £86,469 (2007: £66,638).

14. Secured liabilities

	2008	2007
	£	£
Aggregate amount of secured liabilities	<u>42,411</u>	<u>73,991</u>

INCLUSIVE TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2008

15. Deferred taxation

The movement in the deferred taxation provision during the year was:

	2008
	£
Provision brought forward	5,700
Profit and loss account movement arising during the year	(5,700)
	<hr/>
Provision carried forward	-
	<hr/> <hr/>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2008	2007
	£	£
Excess of taxation allowances over depreciation on fixed assets	-	5,700
	<hr/>	<hr/>
	-	5,700
	<hr/> <hr/>	<hr/> <hr/>

16. Commitments under operating leases

At 30 June 2008 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2008	2007
	£	£
Operating leases which expire:		
Within 1 year	5,175	847
Within 2 to 5 years	96,649	18,357
After more than 5 years	-	79,926
	<hr/>	<hr/>
	101,824	99,130
	<hr/> <hr/>	<hr/> <hr/>

17. Contingencies

The company and a subsidiary company have given cross-guarantees in relation to their bank borrowings. The bank borrowings of the subsidiary company at 30 June 2008 amounted to £Nil (2007: £Nil).

INCLUSIVE TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2008

18. Transactions with the directors

During the year P M C Hornsey, a director, made a loan to the company. The amount outstanding at the year end was £235 (2007: £22,539) and this loan was unsecured and repayable on demand. Interest of £570 has been charged on the loan at 2.25% above bank base rate.

During the year M Littler, a director, made a loan to the company. The amount outstanding at the year end was £291,802 (2007: £74,574), of which £175,000 is due after more than one year. This loan was unsecured and repayable on demand. Interest of £7,308 has been charged on the loan at 2.25% above bank base rate.

During the year R L H Bates, a director, made a loan to the company. The amount outstanding at the year end was £1,592 (2007: £1,538) and this loan was unsecured and repayable on demand. Interest of £119 has been charged on the loan at 2.25% above the bank base rate.

During the year D Littler, spouse of M Littler, made a loan to the company. The amount outstanding at the year end was £254,559 (2007: £Nil), of which £175,000 is due after more than one year. This loan was unsecured and repayable on demand. Interest of £4,559 has been charged on the loan at 2.25% above bank base rate.

During the year one of the directors, P M C Hornsey, purchased a motor vehicle from the company at its market value of £11,500.

19. Related party transactions

Amounts owed by Inclusive Group Limited (which owns 100% of Inclusive Technology Limited) at 30 June 2008 amounted to £710,000 (2007: £710,000) as disclosed in note 10.

Amounts owed to IT Tools Limited (formerly Avidcase Limited) (which is a 100% subsidiary of Inclusive Technology Limited) at 30 June 2008 amounted to £1,000 (2007: £1,000) as disclosed in note 11.

Amounts owed to Inclusive Consultancy & Training Limited (which is a 100% subsidiary of Inclusive Technology Limited) at 30 June 2008 amounted to £1,000 (2007: £1,000) as disclosed in note 11.

Amounts owed to Inclusive Investments Limited (which is a 100% subsidiary of Inclusive Technology Limited) at 30 June 2008 amounted to £1,000 (2007: £1,000) as disclosed in note 11.

Amounts owed to Inclusive Distribution Limited (which is a 100% subsidiary of Inclusive Technology Limited) at 30 June 2008 amounted to £100 (2007: £100) as disclosed in note 11.

Amounts owed to Inclusive Limited (which is a 100% subsidiary of Inclusive Technology Limited) at 30 June 2008 amounted to £614 (2007: £Nil) as disclosed in note 11.

Inclusive Technology Limited is a partner in Kowari LLP. As at 30 June 2008 included in Other Debtors was a balance of £95,935 due from Kowari LLP and upon which interest of £5,399 was received by Inclusive Technology Limited. Included within Other Operating Income is £14,852 for expenses recharged to Kowari LLP.

20. Share capital

Authorised share capital:

	2008	2007
	£	£
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

INCLUSIVE TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2008

20. Share capital *(continued)*

Allotted, called up and fully paid:

	2008		2007	
	No	£	No	£
Ordinary shares of £1 each	<u>614</u>	<u>614</u>	<u>614</u>	<u>614</u>

21. Share premium account

There was no movement on the share premium account during the financial year.

22. Profit and loss account

	2008	2007
	£	£
Balance brought forward	927,208	791,611
Profit for the financial year	105,869	210,597
Equity dividends	<u>(336,850)</u>	<u>(75,000)</u>
Balance carried forward	<u>696,227</u>	<u>927,208</u>

23. Ultimate parent company

The company is a subsidiary of Inclusive Group Limited.

24. Control

The company's ultimate controlling party is M Littler.