Company registration number 3525459

INCLUSIVE TECHNOLOGY LIMITED

FINANCIAL STATEMENTS

30 JUNE 2009

INCLUSIVE TECHNOLOGY LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2009

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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 & Statutory Auditor 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 2009

Having weathered 2008/09 with a small net profit, we are now in a strong position to take on the coming years with an increasingly complete offering of hardware and software and a greater presence in overseas markets. Our acquisition of the trade and assets of Don Johnston Special Needs Ltd also gives us greater traction in the learning difficulties market in the UK.

We have taken advantage of a relatively quiet period of trading to invest time and treasure in products we own and in collaborative ventures with companies as strong in their fields as we are in ours. Inclusive Technology has also had the chance to "put something back" into the local community and into the wider assistive technology community too.

Although all of our software is accessible from a mouse or touchscreen, it is in switch accessible software that we have a really dominant position. In 2008/09 we have added numerous titles including Switch Skills for Two, SwitchIt! Sports and more ChooseIt Ready-mades. This is moving what we do beyond just widening the range of good switch accessible software available. We are now developing a comprehensive range of software which develops the skills of learners dependent on switch access from simple cause and effect, through timing, scanning and choice making, to two switch activity (now increasingly in vogue in the United States). Meanwhile software like Target and Touch develops the skill of learners whose access to the computer is by touching the screen.

Our acquisition of Kowari led indirectly to MyBoard which gives us an age-appropriate interface for a whiteboard and interactive plasma screen as well as a versatile curriculum tool which echoes the successful My World legacy from the Nineties. This theme has led us to MyZone which, in 2010, will allow our users to choose their own activities from a clear and simple desktop with a single touch with a finger, or click of a mouse or switch.

Our productive relationship with RM plc has produced a really exciting product, the Inclusive One Touch computer, a development of the RM One but with an integral touch screen. This one-piece computer is more convenient than a computer plus a separate touchscreen, and very much less expensive. Early indications are that we will get some large orders early on.

The RM One Touch is part of our "inclusive classroom" concept and will be launched at the same time as our new "SimplyWorks" range of wireless peripherals. This family of seven wireless products including wireless switch access, joysticks, rollerballs and toy controllers, all interchangeably working to a common standard, offers a completely comprehensive range of products which should allow every child to join in with the whole class. A compatible wireless large key keyboard is planned to complete the set.

Our SwitchIt! Bob the Builder not only brought the adventures of a top, licensed character to children with severe difficulties but has now raised over £50,000 for the new Manchester Children's Hospital. All proceeds from the sale of this product went to providing extra facilities for parents of children at the hospital and we passed our £50,000 target six months ahead of schedule. This was one of a number of activities, including our free activities service, "HelpKidzLearn", which won us the Rotary Club Shield for Community Service. We were also finalists for Manchester Business of the Year and I was voted Oldham Businessman of the Year. On the national scene MyBoard and ChooseIt! Ready-mades were short-listed for BETT Awards and Inclusive Technology was short-listed as ICT Company of the Year.

I trust that over the next few years the commercial success will match the kudos!

M Littler
Chairman
11 November 2009

INCLUSIVE TECHNOLOGY LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 JUNE 2009

The directors have pleasure in presenting their report and the accounts of the company for the year ended 30 June 2009.

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 page 2 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 Ordinary 1p shares		**Inclusive Technology Limited Ordinary £1 shares**	
	30 June 2009	*1 July 2008*	**30 June 2009**	*1 July 2008*
M Littler	**22,631**	*22,631*	**-**	**-**
P M C Hornsey	**5,437**	*5,437*	**-**	**-**
R L H Bates	**882**	*882*	**-**	**-**
S S Gill	**2,400**	*2,400*	**-**	**-**

The directors hold no shares in the other group companies which are 100% owned by Inclusive Group 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 Directors' 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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, 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 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.

Auditor

Wheawill & Sudworth are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

This report was approved by the board on 11 November 2009 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 2009 which comprise the Profit and Loss Account, Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's shareholders, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. 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

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 to 4, the directors are responsible for the preparation of the Annual Report, financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB'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 directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our 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 we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime.

D M Butterworth (Senior Statutory Auditor)
For and on behalf of
Wheawill & Sudworth
Chartered Accountants
& Statutory Auditor

35 Westgate
Huddersfield
HD1 1PA

11 November 2009

INCLUSIVE TECHNOLOGY LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 JUNE 2009

	Note	2009 £	2008 £
Turnover	2	**5,509,229**	*5,725,883*
Cost of sales		**(3,406,780)**	*(3,594,070)*
Gross profit		**2,102,449**	*2,131,813*
Administrative expenses		**(1,970,814)**	*(1,993,751)*
Other operating income	3	**–**	*14,852*
Operating profit	4	**131,635**	*152,914*
Interest receivable and similar income		**539**	*7,041*
Interest payable and similar charges		**(26,264)**	*(17,088)*
Profit on ordinary activities before taxation		**105,910**	*142,867*
Tax on profit on ordinary activities	6	**(41,482)**	*(36,998)*
Profit for the financial year	21	**64,428**	*105,869*

The notes on pages 9 to 16 form part of these financial statements.

INCLUSIVE TECHNOLOGY LIMITED

BALANCE SHEET

30 JUNE 2009

	Note	2009 £	2008 £
Fixed assets			
Intangible assets	**8**	**102,950**	–
Tangible assets	**9**	**197,013**	*216,117*
Investments	**10**	**–**	*3,715*
		299,963	*219,832*
Current assets			
Stocks		**241,489**	*230,468*
Debtors due within one year	**11**	**553,591**	*706,570*
Debtors due after one year	**11**	**710,000**	*710,000*
Cash at bank and in hand		**7,633**	*131,913*
		1,512,713	*1,778,951*
Creditors: Amounts falling due within one year	**12**	**(826,617)**	*(910,403)*
Net current assets		**686,096**	*868,548*
Total assets less current liabilities		**986,059**	*1,088,380*
Creditors: Amounts falling due after more than one year	**13**	**(200,000)**	*(366,749)*
Net assets		**786,059**	*721,631*
Capital and reserves			
Called-up equity share capital	**19**	**614**	*614*
Share premium account	**20**	**24,404**	*24,404*
Other reserves		**386**	*386*
Profit and loss account	**21**	**760,655**	*696,227*
Shareholders' funds		**786,059**	*721,631*

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

These financial statements were approved by the directors and authorised for issue on 11 November 2009, and are signed on their behalf by:

M Littler **Director**	**S S Gill** **Director**

Company Registration Number: 3525459

The notes on pages 9 to 16 form part of these financial statements.

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 April 2008).

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

Amortisation
Amortisation on the intellectual property will commence next year and will write off the cost of the asset over its useful economic life of 5 years on a straight line basis. Intellectual property has not been amortised this year as it was acquired on the last day of the financial year.

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.

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 recorded at cost. An annual impairment review is undertaken and any necessary provisions are made.

Consolidation
In the opinion of the directors, the company and its subsidiary undertakings comprised a small group as at 30 June 2008. The company had therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts. During the year the subsidiaries were transferred to the parent company.

2. Turnover

The percentage of turnover attributable to overseas markets was 16.1% (2008: 12.6%).

3. Other operating income

	2009	2008
	£	*£*
Other operating income	**–**	*14,852*

4. Operating profit

Operating profit is stated after charging:

	2009	2008
	£	*£*
Directors' emoluments (including pension contributions)	**286,594**	*325,170*
Depreciation of tangible fixed assets:		
- owned assets	**67,130**	*60,025*
- assets held under hire purchase agreements	**10,237**	*20,941*
Loss on disposal of fixed assets	**5,714**	*837*
Auditor's fees	**10,000**	*8,675*

5. Directors' remuneration

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

	2009	2008
	£	*£*
Aggregate remuneration	**251,725**	*262,783*
Value of company pension contributions to money purchase schemes	**34,869**	*62,387*
	286,594	*325,170*

5. **Directors' remuneration** ***(continued)***

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

	2009	2008
	No	*No*
Money purchase schemes	**4**	*4*

6. **Taxation**

Analysis of charge in the year

	2009	2008
	£	*£*
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year	**42,000**	*43,000*
Over provision in prior year	**(518)**	*(302)*
Total current tax	**41,482**	*42,698*
Deferred tax:		
Origination and reversal of timing differences	**-**	*(5,700)*
Tax on profit on ordinary activities	**41,482**	*36,998*

7. **Dividends**

Equity dividends

	2009	2008
	£	*£*
Paid		
Equity dividends on ordinary shares	**–**	*336,850*

8. **Intangible fixed assets**

	Intellectual Property
	£
Cost	
Additions	**102,950**
At 30 June 2009	**102,950**
Amortisation	
At 1 July 2008 and 30 June 2009	**–**
Net book value	
At 30 June 2009	**102,950**
At 30 June 2008	–

9. Tangible fixed assets

	Leased property alterations	Fixtures & fittings	Motor vehicles	Computer and office equipment	Total
	£	£	£	£	£
Cost					
At 1 July 2008	**14,264**	**107,791**	**173,423**	**167,370**	**462,848**
Additions	**–**	**1,484**	**104,315**	**8,341**	**114,140**
Disposals	**–**	**–**	**(86,629)**	**(23,874)**	**(110,503)**
At 30 June 2009	**14,264**	**109,275**	**191,109**	**151,837**	**466,485**
Depreciation					
At 1 July 2008	**2,594**	**73,046**	**45,673**	**125,418**	**246,731**
Charge for the year	**2,854**	**9,986**	**33,090**	**31,437**	**77,367**
On disposals	**–**	**–**	**(32,274)**	**(22,352)**	**(54,626)**
At 30 June 2009	**5,448**	**83,032**	**46,489**	**134,503**	**269,472**
Net book value					
At 30 June 2009	**8,816**	**26,243**	**144,620**	**17,334**	**197,013**
At 30 June 2008	*11,670*	*34,745*	*127,750*	*41,952*	*216,117*

Hire purchase agreements

Included within the net book value of £197,013 is £30,732 (2008 - £62,822) 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 £10,237 (2008 - £20,941).

Capital commitments

	2009	2008
	£	£
Contracted but not provided for in the financial statements	**-**	*12,350*

10. Investments

	Shares in group undertakings
	£
Cost	
At 1 July 2008	**3,715**
Disposals	**(3,715)**
At 30 June 2009	**-**
Net book value	
At 30 June 2009	**-**
At 30 June 2008	*3,715*

11. Debtors

	2009	2008
	£	£
Trade debtors	**390,108**	*560,321*
Amounts owed by group companies (note 18)	**710,000**	*710,000*
Other debtors	**114,477**	*106,743*
Prepayments and accrued income	**49,006**	*39,506*
	1,263,591	*1,416,570*

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

	2009	2008
	£	£
Amounts owed by group undertakings	**710,000**	*710,000*

12. Creditors: Amounts falling due within one year

	2009	2008
	£	£
Bank loans and overdrafts	**102,495**	*1,486*
Trade creditors	**330,442**	*357,134*
Amounts owed to subsidiary undertakings (note 18)	**–**	*3,714*
Corporation tax	**42,000**	*43,000*
PAYE and social security	**42,176**	*35,561*
VAT	**6,895**	*20,759*
Hire purchase agreements	**16,749**	*25,662*
Directors' loan accounts (note 17)	**108,655**	*118,629*
Other creditors (note 18)	**106,109**	*79,559*
Accruals and deferred income	**71,096**	*224,899*
	826,617	*910,403*

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

	2009	2008
	£	£
Hire purchase agreements	**–**	*16,749*
Directors loan accounts (note 17)	**100,000**	*175,000*
Other creditors (note 18)	**100,000**	*175,000*
	200,000	*366,749*

14. 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 £64,297 (2008: £86,469).

15. Secured liabilities

	2009	2008
	£	£
Aggregate amount of secured liabilities	**119,244**	*43,897*

16. Commitments under operating leases

At 30 June 2009 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2009	2008
	£	£
Operating leases which expire:		
Within 1 year	**4,096**	*5,175*
Within 2 to 5 years	**91,151**	*96,649*
	95,247	*101,824*

17. Directors' benefits: Advances, credits and guarantees

At the year end the company owed P M C Hornsey £618 (2008: £235). This loan was unsecured and repayable on demand. Interest of £24 (2008: £570) has been charged on the loan at 2.25% above bank base rate.

At the year end the company owed M Littler £206,062 (2008: £291,802), of which £100,000 is due after more than one year. This loan was unsecured and repayable on demand. Interest of £12,022 (2008: £7,308) has been charged on the loan at 2.25% above bank base rate.

At the year end the company owed R L H Bates £1,506 (2008: £1,592). This loan was unsecured and repayable on demand. Interest of £73 (2008: £119) has been charged on the loan at 2.25% above bank base rate.

At the year end the company owed S S Gill £469 (2008: £Nil). This loan was unsecured and repayable on demand.

During the year one of the directors, M Littler, purchased two motor vehicles from the company at their market values of £16,596 each.

18. Related party transactions

Amounts owed by Inclusive Group Limited (which owns 100% of Inclusive Technology Limited) at 30 June 2009 amounted to £710,000 (2008: £710,000) as disclosed in note 11.

Inclusive Technology Limited is a partner in Kowari LLP. As at 30 June 2009 included in Other Debtors was a balance of £1,200 (2008: £95,935) due from Kowari LLP and upon which interest of £Nil was received by Inclusive Technology Limited.

During the year the were recharges made from Kowari LLP to the company for subcontractor fees totalling £63,153 (2008: £75,000).

On 30 June 2009 Inclusive Technology Limited acquired the intellectual property of Kowari LLP at its net book value of £102,950.

The following are related parties which since 31 December 2008 are fellow subsidiaries of Inclusive Group Limited, but prior to that date were 100% subsidiaries of Inclusive Technology Limited:

Amounts owed to IT Tools Limited at 30 June 2009 amounted to £Nil (2008: £1,000) as disclosed in note 12.

Amounts owed to Inclusive Consultancy & Training Limited at 30 June 2009 amounted to £Nil (2008: £1,000) as disclosed in note 12.

Amounts owed to Inclusive Investments Limited at 30 June 2009 amounted to £Nil (2008: £1,000) as disclosed in note 12.

Amounts owed to Inclusive Distribution Limited at 30 June 2009 amounted to £Nil (2008: £100) as disclosed in note 12.

Amounts owed to Inclusive Limited at 30 June 2009 amounted to £Nil (2008: £614) as disclosed in note 12.

During the year D Littler, spouse of the director M Littler, made a loan to the company. The amount outstanding at the year end was £206,109 (2008: £254,559), of which £100,000 is due after more than one year. This loan was unsecured and repayable on demand. Interest of £11,528 has been charged on the loan at 2.25% above bank base rate.

19. Share capital

Allotted, called up and fully paid:

	2009		2008	
	No	**£**	*No*	*£*
Ordinary shares of £1 each	**614**	**614**	*614*	*614*

20. Share premium account

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

21. Profit and loss account

	2009	2008
	£	£
Balance brought forward	**696,227**	*927,208*
Profit for the financial year	**64,428**	*105,869*
Equity dividends	**–**	*(336,850)*
Balance carried forward	**760,655**	*696,227*

22. Ultimate parent company

The company is a 100% subsidiary of Inclusive Group Limited.

23. Control

The company's ultimate controlling party is M Littler.