

Company registration number 3525459

**INCLUSIVE TECHNOLOGY
LIMITED
FINANCIAL STATEMENTS
30 JUNE 2011**

INCLUSIVE TECHNOLOGY LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2011

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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 2011



This year Inclusive Technology was honoured with a visit to 11 Downing Street in connection with the money our Bob the Builder software had raised for the Manchester Children's Hospital. By the deadline in December 2010 we had passed our target of £50,000. The current total is £70,000 and rising. To celebrate the Olympics and Paralympics we have published Switch Skills Champions. This program not only allows children with severe disabilities to play Olympic sports but every penny goes to support Leonard Cheshire Disability. So far we have raised over £5,000 for LCD.

During the year Inclusive Group acquired Quality Enabling Devices Ltd (QED) and took on their extensive range of products and their customer base. Half of QED's sales are to Health whereas Inclusive Technology sells mainly to Education. This should give both sets of customers exposure to new products. At our year end we merged the two operations and finally closed QED's Gosport office. Next year's accounts will be of the merged company.

Education spending cuts are creating poor trading conditions and the Government's abandonment of Building Schools for the Future has hit the education supply industry hard. Sales in the year dropped from £6 million in 2009/10 to £5.5 million in the current year. Like the rest of our industry we have cut back on staffing and other overhead to bring costs back into line with gross profit. Since June 2011 we have had a net loss of eight full time staff bringing our full time equivalent establishment down to twenty-five.

Our catalogue and product offering has never been better with over eighty new products in our latest 140 page catalogue. This has been recognised by both our top software and top hardware products, Matrix Maker and Smooth Talker becoming Finalists in the annual BETT Awards.

INCLUSIVE TECHNOLOGY LIMITED

CHAIRMAN'S STATEMENT *(CONTINUED)*

YEAR ENDED 30 JUNE 2011

January 2011 saw the eleventh and final Special Needs Fringe. Instead we have focused on getting out and meeting customers. In 2011 we ran twenty-four Information Days in twelve cities attracting almost a thousand of you to a day's demonstration of our products. We are expanding this programme in 2012.

However the future is in the Cloud and Inclusive has two online services which will begin to contribute to revenues in 2011/12. News-2-You is a concise and topical symbol supported newspaper together with worksheets and activities and has just been launched as an online school subscription service. Help Kidz Learn is currently a free online games and activity site which is enormously popular with 500,000 unique visitors engaging with the site one-and-a-half million times every month. This site is now being developed further and will become subscription based in April next year.

This is our thirteenth set of accounts to be published on the web, but the first to be tweeted! You can keep up-to-date @InclusiveTechUK or with me @MartinLittler.

M Littler
Chairman
19 December 2011

INCLUSIVE TECHNOLOGY LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 JUNE 2011

The directors have pleasure in presenting their report and the accounts of the company for the year ended 30 June 2011.

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		Inclusive Technology Limited	
	Ordinary 1p shares		Ordinary £1 shares	
	30 June 2011	1 July 2010	30 June 2011	1 July 2010
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 accounting 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.

INCLUSIVE TECHNOLOGY LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 JUNE 2011

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 were re-appointed as the company's auditors during the year and have expressed their willingness to continue in that capacity.

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 19 December 2011 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 2011 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 Chapter 3 of Part 16 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 4 to 5, 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 and express an opinion on 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2011 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.

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

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 in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.

**35 Westgate
Huddersfield
HD1 1PA**

19 December 2011

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

INCLUSIVE TECHNOLOGY LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 2011

	Note	2011 £	2010 £
Turnover	2	5,522,177	<i>6,109,542</i>
Cost of sales		<u>(3,415,404)</u>	<u><i>(3,896,343)</i></u>
Gross profit		2,106,773	<i>2,213,199</i>
Administrative expenses		<u>(2,058,816)</u>	<u><i>(2,013,398)</i></u>
Operating profit	3	47,957	<i>199,801</i>
Interest receivable and similar income		336	<i>8,620</i>
Interest payable and similar charges		(10,609)	<i>(10,361)</i>
Profit on ordinary activities before taxation		<u>37,684</u>	<u><i>198,060</i></u>
Tax on profit on ordinary activities	5	6,789	<i>(2,470)</i>
Profit for the financial year	20	<u>44,473</u>	<u><i>195,590</i></u>

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

INCLUSIVE TECHNOLOGY LIMITED

BALANCE SHEET

30 JUNE 2011

	Note	2011 £	2010 £
Fixed assets			
Intangible assets	6	61,766	82,358
Tangible assets	7	280,436	218,755
		<u>342,202</u>	<u>301,113</u>
Current assets			
Stocks		292,925	321,655
Debtors due within one year	8	476,910	528,602
Debtors due after one year	8	746,873	596,574
Cash at bank and in hand		28,413	14,717
		<u>1,545,121</u>	<u>1,461,548</u>
Creditors: Amounts falling due within one year	9	<u>(715,302)</u>	<u>(773,612)</u>
Net current assets		<u>829,819</u>	<u>687,936</u>
Total assets less current liabilities		<u>1,172,021</u>	<u>989,049</u>
Creditors: Amounts falling due after more than one year	10	(129,399)	–
Provisions for liabilities			
Deferred taxation	13	(16,500)	(7,400)
Net assets		<u>1,026,122</u>	<u>981,649</u>
Capital and reserves			
Called-up equity share capital	17	614	614
Share premium account	19	24,404	24,404
Other reserves		386	386
Profit and loss account	20	1,000,718	956,245
Shareholders' funds		<u>1,026,122</u>	<u>981,649</u>

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 19 December 2011, and are signed on their behalf by:

M Littler
Director

S S Gill
Director

Company Registration Number: 3525459

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 2011

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.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Amortisation

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

Intellectual Property - 5 years straight line

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.

INCLUSIVE TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2011

1. Accounting policies (continued)

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.

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.

2. Turnover

The percentage of turnover attributable to overseas markets was 12.3% (2010: 10.4%).

3. Operating profit

Operating profit is stated after charging/(crediting):

	2011	2010
	£	£
Directors' emoluments	283,834	288,870
Amortisation	20,592	20,592
Depreciation of tangible fixed assets:		
- owned assets	82,745	68,322
- assets held under hire purchase agreements	2,191	-
Loss/(profit) on disposal of fixed assets	5,574	(7,713)
Auditor's fees	12,500	8,500
	<u>283,834</u>	<u>288,870</u>

4. Directors' remuneration

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

	2011	2010
	£	£
Aggregate remuneration	270,787	271,247
Value of company pension contributions to money purchase schemes	13,047	17,623
	<u>283,834</u>	<u>288,870</u>

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

	2011	2010
	No	No
Money purchase schemes	<u>4</u>	<u>4</u>

INCLUSIVE TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2011

5. Taxation

Analysis of charge in the year

	2011	2010
	£	£
Current tax:		
UK Corporation tax based on the results for the year	-	20,400
Over provision in prior year	<u>(15,889)</u>	<u>(25,330)</u>
Total current tax	(15,889)	(4,930)
Deferred tax:		
Origination and reversal of timing differences	<u>9,100</u>	<u>7,400</u>
Tax on profit on ordinary activities	<u>(6,789)</u>	<u>2,470</u>

6. Intangible fixed assets

	Intellectual Property
	£
Cost	
At 1 July 2010 and 30 June 2011	<u>102,950</u>
Amortisation	
At 1 July 2010	20,592
Charge for the year	<u>20,592</u>
At 30 June 2011	<u>41,184</u>
Net book value	
At 30 June 2011	<u>61,766</u>
At 30 June 2010	<u>82,358</u>

INCLUSIVE TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2011

7. Tangible fixed assets

	Leased property alterations £	Fixtures & fittings £	Motor vehicles £	Computer and office equipment £	Total £
Cost					
At 1 July 2010	14,264	117,022	223,169	170,925	525,380
Additions	–	35,254	61,790	62,747	159,791
Disposals	–	(25,514)	(33,692)	(21,836)	(81,042)
At 30 June 2011	<u>14,264</u>	<u>126,762</u>	<u>251,267</u>	<u>211,836</u>	<u>604,129</u>
Depreciation					
At 1 July 2010	8,387	83,294	83,826	131,118	306,625
Charge for the year	2,940	14,915	41,005	26,076	84,936
On disposals	–	(25,514)	(20,922)	(21,432)	(67,868)
At 30 June 2011	<u>11,327</u>	<u>72,695</u>	<u>103,909</u>	<u>135,762</u>	<u>323,693</u>
Net book value					
At 30 June 2011	<u>2,937</u>	<u>54,067</u>	<u>147,358</u>	<u>76,074</u>	<u>280,436</u>
At 30 June 2010	<u>5,877</u>	<u>33,728</u>	<u>139,343</u>	<u>39,807</u>	<u>218,755</u>

Hire purchase agreements

Included within the net book value of £280,436 is £12,804 (2010 - £Nil) 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 £2,191 (2010 - £Nil).

8. Debtors

	2011 £	2010 £
Trade debtors	399,029	451,284
Amounts owed by group companies (note 16)	746,873	596,574
Corporation tax repayable	15,800	6,225
Other debtors	2,169	13,372
Prepayments and accrued income	59,912	57,721
	<u>1,223,783</u>	<u>1,125,176</u>

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

	2011 £	2010 £
Amounts owed by group undertakings	<u>746,873</u>	<u>596,574</u>

INCLUSIVE TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2011

9. Creditors: Amounts falling due within one year

	2011	2010
	£	£
Bank loans and overdrafts	254,342	126,025
Trade creditors	298,372	267,088
Amounts owed to group undertakings (note 16)	10,545	40,787
PAYE and social security	51,193	43,651
VAT	694	30,661
Hire purchase agreements	2,498	–
Directors' loan accounts (note 15)	1,925	1,085
Other creditors (note 16)	19,103	138,480
Accruals and deferred income	76,630	125,835
	<u>715,302</u>	<u>773,612</u>

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

	2011	2010
	£	£
Bank loans	125,860	–
Hire purchase agreements	3,539	–
	<u>129,399</u>	<u>–</u>

11. 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 £49,748 (2010: £56,528).

12. Secured liabilities

	2011	2010
	£	£
Aggregate amount of secured liabilities	<u>386,239</u>	<u>126,025</u>

13. Deferred taxation

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

	2011
	£
Provision brought forward	7,400
Profit and loss account movement arising during the year	9,100
Provision carried forward	<u>16,500</u>

INCLUSIVE TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2011

13. Deferred taxation *(continued)*

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

	2011	2010
	£	£
Excess of taxation allowances over depreciation on fixed assets	18,900	10,700
Other timing differences	(2,400)	(3,300)
	<u>16,500</u>	<u>7,400</u>

14. Commitments under operating leases

At 30 June 2011 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2011	2010
	£	£
Operating leases which expire:		
Within 1 year	-	3,239
Within 2 to 5 years	89,920	92,560
	<u>89,920</u>	<u>95,799</u>

15. Directors' benefits: Advances, credits and guarantees

At the year end the company owed P M C Hornsey £1,124 (2010: £80). This loan was unsecured and repayable on demand. Interest of £12 (2010: £13) has been charged on the loan at 2.25% above bank base rate.

At the year end the company owed R L H Bates £228 (2010: £1,005). This loan was unsecured and repayable on demand. Interest of £15 (2010: £34) has been charged on the loan at 2.25% above bank base rate.

At the year end the company owed S S Gill £573 (2010: £Nil). The loan was unsecured and repayable on demand. No interest has been charged.

INCLUSIVE TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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16. Related party transactions

Amounts owed by Inclusive Group Limited (which owns 100% of Inclusive Technology Limited) at 30 June 2011 amounted to £746,873 (2010: £596,574) as disclosed in note 8.

Inclusive Consultancy & Training Limited is a fellow subsidiary of Inclusive Group Limited.

Included within cost of sales is £Nil (2010: £316,246) of goods purchased from Inclusive Consultancy & Training Limited and during the year there were recharges made to Inclusive Consultancy & Training Limited for management expenses totalling £Nil (2010: £172,520).

Amounts owed to Inclusive Consultancy & Training Limited at 30 June 2010 amounted to £Nil (2010: £40,787) as disclosed in note 9.

Quality Enabling Devices Limited, acquired on 22 November 2010 is a fellow subsidiary of Inclusive Group Limited. Post acquisition the company made sales totalling £114,727 to Quality Enabling Devices Limited. Also, included within cost of sales is £101,071 of goods purchased from it.

Amounts owed by Quality Enabling Devices Limited at 30 June 2011 amounted to £10,545 (2010: £Nil) as disclosed in note 9.

During the year ended 30 June 2010 D Littler, spouse of the director M Littler, made a loan to the company. The amount outstanding at the year end was £19,103 (2010: £138,480). This loan was unsecured and repayable on demand. Interest of £1,618 has been charged on the loan at 2.25% above bank base rate.

17. Share capital

Allotted, called up and fully paid:

	2011		2010	
	No	£	No	£
614 Ordinary shares of £1 each	<u>614</u>	<u>614</u>	<u>614</u>	<u>614</u>

18. Other reserves

There was no movement on the capital redemption reserve during the financial year.

19. Share premium account

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

20. Profit and loss account

	2011	2010
	£	£
Balance brought forward	956,245	760,655
Profit for the financial year	44,473	195,590
Balance carried forward	<u>1,000,718</u>	<u>956,245</u>

21. Ultimate parent company

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

INCLUSIVE TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2011

22. Control

The company's ultimate controlling party is M Littler.