Company registration number 03525459

INCLUSIVE TECHNOLOGY LIMITED

FINANCIAL STATEMENTS

30 JUNE 2012

INCLUSIVE TECHNOLOGY LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2012

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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 Limited Chartered Accountants & Statutory Auditor 35 Westgate Huddersfield West Yorkshire 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 2012

This year's loss of £88,000 rather speaks for itself. Revenues have fallen from £6 million in 2010, £5.5 million in 2011 to £4.8 million in the year just ended.

Inclusive has increased its share of the revenues that are available both directly through our acquisition of QED and indirectly as competitors fall away under the severe financial pressures facing schools. We have been able to help eke out customers budgets by cutting prices in partnership with key suppliers like AbleNet, and this will continue. As a result we have become more dominant, but in a smaller market.

We also cut our overhead by 15% in the year and have agreed smaller premises with our landlord which will bring further savings in rent, rates, heat and light in the current year.

On the positive side, social media and online marketing are offering the chance of reaching far more people (including the World SEN market) more effectively and for less.

Overlaid on the poor UK education spending are technology changes which will enhance the learning of children with severe and complex special needs and create opportunities for the parts of our industry who change and invest. iPads and similar touch devices delivering learning online (sometimes for free) via the internet are having a considerable negative impact on the "traditional" desktop computer and CD or DVD delivery of resources.

Our iPad related Apps and Accessories have done really well and I expect our HelpKidzLearn online accessible activities will contribute to revenues in the current year. HelpKidzLearn also gives us the opportunity to export more and make Inclusive Technology less subject to the ups and downs of the home market.

Interest in the twenty-four Information Days we mount each year and in the flow of new products we continue to develop is as strong as I can remember, but the budgets are not yet there to turn this interest into strong sales growth.

Online resources delivered through smaller or handheld devices are the future and Inclusive Technology is currently leading the world in accessible online resources for the children with severe special needs.

M Littler
Chairman

INCLUSIVE TECHNOLOGY LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 JUNE 2012

The directors have pleasure in presenting their report and the accounts of the company for the year ended 30 June 2012.

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 2012	*1 July 2011*	**30 June 2012**	*1 July 2011*
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 2012

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 Limited 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 25 February 2013 and is 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 2012 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 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 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 statementsmaterial 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 2012 and of its loss 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.

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

35 Westgate
Huddersfield
West Yorkshire
HD1 1PA

25 February 2013

INCLUSIVE TECHNOLOGY LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 JUNE 2012

	Note	2012 £	2011 £
Turnover	**2**	**4,829,234**	*5,522,177*
Cost of sales		**(3,150,011)**	*(3,415,404)*
Gross profit		**1,679,223**	*2,106,773*
Administrative expenses		**(1,753,834)**	*(2,058,816)*
Operating (loss)/profit	**3**	**(74,611)**	*47,957*
Interest receivable and similar income		**51**	*336*
Interest payable and similar charges		**(13,141)**	*(10,609)*
(Loss)/profit on ordinary activities before taxation		**(87,701)**	*37,684*
Tax on (loss)/profit on ordinary activities	**5**	**13,500**	*6,789*
(Loss)/profit for the financial year	**20**	**(74,201)**	*44,473*

The notes on pages 9 to 15 form part of these financial statements.

INCLUSIVE TECHNOLOGY LIMITED

BALANCE SHEET

30 JUNE 2012

	Note	2012 £	2011 £
Fixed assets			
Intangible assets	**6**	**–**	*61,766*
Tangible assets	**7**	**176,928**	*280,436*
		176,928	*342,202*
Current assets			
Stocks		**251,271**	*292,925*
Debtors due within one year	**8**	**370,064**	*476,910*
Debtors due after one year	**8**	**782,139**	*746,873*
Cash at bank and in hand		**7,501**	*28,413*
		1,410,975	*1,545,121*
Creditors: Amounts falling due within one year	**9**	**(556,175)**	*(715,302)*
Net current assets		**854,800**	*829,819*
Total assets less current liabilities		**1,031,728**	*1,172,021*
Creditors: Amounts falling due after more than one year	**10**	**(76,807)**	*(129,399)*
Provisions for liabilities			
Deferred taxation	**13**	**(3,000)**	*(16,500)*
Net assets		**951,921**	*1,026,122*
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**	**926,517**	*1,000,718*
Shareholders' funds		**951,921**	*1,026,122*

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 25 February 2013, and are signed on their behalf by:

M Littler Director	S S Gill Director

Company Registration Number: 03525459

The notes on pages 9 to 15 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.

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.

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 the overseas markets was 11.5% (2011: 12.3%).

3. Operating (loss)/profit

Operating (loss)/profit is stated after charging:

	2012	2011
	£	*£*
Directors' emoluments	**273,531**	*283,834*
Amortisation	**20,592**	*20,592*
Depreciation of tangible fixed assets:		
- owned assets	**82,853**	*82,745*
- assets held under hire purchase agreements	**3,204**	*2,191*
Loss on disposal of fixed assets	**46,240**	*5,574*
Auditor's fees	**11,000**	*12,500*

4. Directors' remuneration

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

	2012	2011
	£	*£*
Aggregate remuneration	**263,835**	*270,787*
Value of company pension contributions to money purchase schemes	**9,696**	*13,047*
	273,531	*283,834*

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

	2012	2011
	No	*No*
Money purchase schemes	**4**	*4*

5. Taxation

Analysis of charge in the year

	2012	2011
	£	£
Current tax:		
Over provision in prior year	**-**	*(15,889)*
Total current tax	**-**	*(15,889)*
Deferred tax:		
Origination and reversal of timing differences	**(13,500)**	*9,100*
Tax on (loss)/profit on ordinary activities	**(13,500)**	*(6,789)*

6. Intangible fixed assets

	Intellectual Property
	£
Cost	
At 1 July 2011	**102,950**
Disposals	**(102,950)**
At 30 June 2012	**–**
Amortisation	
At 1 July 2011	**41,184**
Charge for the year	**20,592**
On disposals	**(61,776)**
At 30 June 2012	**–**
Net book value	
At 30 June 2012	**–**
At 30 June 2011	*61,766*

The project to which this Intellectual Property related was terminated during the year. It is unlikely to generate any future economic benefits and has therefore been written off in full.

7. Tangible fixed assets

	Leased property alterations	Fixtures & fittings	Motor vehicles	Computer and office equipment	Total
	£	£	£	£	£
Cost					
At 1 July 2011	**14,264**	**126,762**	**251,267**	**211,836**	**604,129**
Additions	**–**	**2,392**	**10,072**	**5,982**	**18,446**
Disposals	**–**	**(19,060)**	**(50,404)**	**(14,353)**	**(83,817)**
At 30 June 2012	**14,264**	**110,094**	**210,935**	**203,465**	**538,758**
Depreciation					
At 1 July 2011	**11,327**	**72,695**	**103,909**	**135,762**	**323,693**
Charge for the year	**2,937**	**17,990**	**35,334**	**29,796**	**86,057**
On disposals	**–**	**(18,016)**	**(20,945)**	**(8,959)**	**(47,920)**
At 30 June 2012	**14,264**	**72,669**	**118,298**	**156,599**	**361,830**
Net book value					
At 30 June 2012	**–**	**37,425**	**92,637**	**46,866**	**176,928**
At 30 June 2011	*2,937*	*54,067*	*147,358*	*76,074*	*280,436*

Hire purchase agreements

Included within the net book value of £176,928 is £9,600 (2011 - £12,804) 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 £3,204 (2011 - £2,191).

8. Debtors

	2012	2011
	£	£
Trade debtors	**332,517**	*399,029*
Amounts owed by group companies (note 16)	**782,139**	*746,873*
Corporation tax repayable	**–**	*15,800*
Other debtors	**–**	*2,169*
Prepayments and accrued income	**37,547**	*59,912*
	1,152,203	*1,223,783*

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

	2012	2011
	£	£
Amounts owed by group undertakings	**782,139**	*746,873*

9. Creditors: Amounts falling due within one year

	2012	2011
	£	£
Bank loans and overdrafts	**135,693**	*254,342*
Trade creditors	**236,451**	*298,372*
Amounts owed to group undertakings (note 16)	**7,775**	*10,545*
PAYE and social security	**42,293**	*51,193*
VAT	**40,350**	*694*
Hire purchase agreements	**2,498**	*2,498*
Directors' loan accounts (note 15)	**590**	*1,925*
Other creditors (note 16)	**36,237**	*19,103*
Accruals and deferred income	**54,288**	*76,630*
	556,175	*715,302*

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

	2012	2011
	£	£
Bank loans	**75,766**	*125,860*
Hire purchase agreements	**1,041**	*3,539*
	76,807	*129,399*

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 £34,130 (2011: £49,748).

12. Secured liabilities

	2012	2011
	£	£
Aggregate amount of secured liabilities	**214,998**	*386,239*

13. Deferred taxation

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

	2012
	£
Provision brought forward	**16,500**
Profit and loss account movement arising during the year	**(13,500)**
Provision carried forward	**3,000**

13. Deferred taxation *(continued)*

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

	2012	2011
	£	£
Excess of depreciation over taxation allowances	**(13,500)**	*18,900*
Other timing differences	**-**	*(2,400)*
Undiscounted provision for deferred taxation	**(13,500)**	*16,500*
Deferred Tax Discount/First Other Provision	**16,500**	**-**
Discounted provision for deferred taxation	**3,000**	*16,500*

14. Commitments under operating leases

At 30 June 2012 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2012	2011
	£	£
Operating leases which expire:		
Within 2 to 5 years	**69,705**	*89,920*

15. Directors' benefits: Advances, credits and guarantees

At the year end the company owed P M C Hornsey £365 (2011: £1,124). This loan was unsecured and repayable on demand. Interest of £15 (2011: £12) has been charged on the loan at 2.25% above bank base rate.

At the year end the company owed R L H Bates £225 (2011: £228). This loan was unsecured and repayable on demand. Interest of £6 (2011: £15) has been charged on the loan at 2.25% above bank base rate.

At the year end the company owed S S Gill £Nil (2011: £573). The loan was unsecured and repayable on demand. No interest has been charged.

16. Related party transactions

Amounts owed by Inclusive Group Limited (which owns 100% of Inclusive Technology Limited) at 30 June 2012 amounted to £782,139 (2011: £746,873) as disclosed in note 8. Quality Enabling Devices Limited is a fellow subsidiary of Inclusive Group Limited. In the year ended 30 June 2012 the company made sales totalling £Nil (2011: £114,727) to Quality Enabling Devices Limited. Also, included within cost of sales is £Nil (2011: £101,071) of goods purchased from it.

Amounts owed to Quality Enabling Devices Limited at 30 June 2012 amounted to £7,775 (2011: £10,545) 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. An additional loan of £98,619 was made to the company during the year ended 30 June 2012. The amount outstanding at the year end was £36,237 (2011: £19,103). This loan was unsecured and repayable on demand. Interest of £1,687 has been charged on the loan at 2.25% above bank base rate.

M Littler has provided personal guarantees in support of the company's banking facilities. These facilities are also supported by guarantees and security from other group undertakings.

17. Share capital

Allotted, called up and fully paid:

	2012		2011	
	No	**£**	*No*	*£*
614 Ordinary shares of £1 each	**614**	**614**	*614*	*614*

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

	2012	2011
	£	*£*
Balance brought forward	**1,000,718**	*956,245*
(Loss)/profit for the financial year	**(74,201)**	*44,473*
Balance carried forward	**926,517**	*1,000,718*

21. Ultimate parent company

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

22. Control

The company's ultimate controlling party is M Littler.