

**Technology Teaching Systems Limited**  
**Report and Abbreviated Financial Statements**  
**Year ended 31 August 2002**  
**Company number: 01934082**



**Blueprint Audit Limited**  
Chartered Accountants and Registered Auditor

# **TECHNOLOGY TEACHING SYSTEMS LIMITED**

**Annual report and abbreviated financial statements for the year ended 31 August 2002**

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## **Directors**

R Woods  
P Ellse  
R Griffiths

## **Secretary and registered office**

R Woods, Nunn Brook Road, Huthwaite, Sutton in Ashfield, Nottinghamshire, NG17 2HU

## **Company number**

01934082

## **Auditor**

Blueprint Audit Limited, Charnwood House, Gregory Boulevard, Nottingham, NG7 6NX

## **Accountants and Business Advisers**

Tenon Limited, Charnwood House, Gregory Boulevard, Nottingham, NG7 6NX

## **Bankers**

National Westminster Bank plc, 5 Market Place, Chesterfield, S40 1TJ

# TECHNOLOGY TEACHING SYSTEMS LIMITED

## Report of the directors for the year ended 31 August 2002

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The directors present their report together with the audited financial statements for the year ended 31 August 2002.

### Results and dividends

The profit and loss account is set out on page 4 and shows the result for the year.

The directors propose a final dividend of £3,599,900 (2001: £120,000).

### Principal activity, trading review and future developments

The company's principal activity was that of the supply and design of educational equipment.

On 22 April 2002, the company transferred its trade and assets to TTS Group Limited (formerly Ingleby (1486) Limited), its parent company.

### Directors

The directors of the company during the year and their interests in the ordinary share capital of the company were:

	Ordinary shares of 1p each	
	2002 Number	2001 Number
JR Williams (resigned 19 April 2002)	-	9,980
HM Williams (resigned 19 April 2002)	-	200
A Beardshaw (resigned 19 April 2002)	-	-
R Woods	-	-
P Ellse	-	-
R Griffiths	-	-
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The interests of the directors in the ordinary share capital of the parent company are disclosed in that company's financial statements.

## TECHNOLOGY TEACHING SYSTEMS LIMITED

### Report of the directors for the year ended 31 August 2002 (*Continued*)

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#### Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

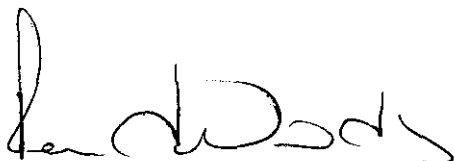
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare 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 which 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.

#### EMU Impact

Having reviewed its commercial and accounting transactions, the company is managing the impact of the single currency.

#### On behalf of the Board



R Woods  
Director

22 November 2002

**AUDITORS' REPORT TO TECHNOLOGY TEACHING SYSTEMS LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated financial statements set out on pages 4 to 16, together with the financial statements of the company for the year ended 31 August 2001 prepared under Section 226 of the Companies Act 1985.

***Respective responsibilities of directors and auditors***

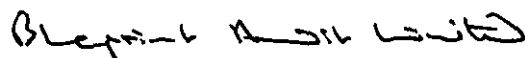
The directors are responsible for preparing the abbreviated financial statements in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with Sections 246(5) and (6) of the Act to the Registrar of Companies and whether the financial statements to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

***Basis of opinion***

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

***Opinion***

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with Sections 246A(5) and (6) of the Companies Act 1985, and the abbreviated financial statements on pages 4 to 16 are properly prepared in accordance with those provisions.

**Blueprint Audit Limited***Chartered Accountants and Registered Auditor*  
Nottingham

# TECHNOLOGY TEACHING SYSTEMS LIMITED

## Profit and loss account for the year ended 31 August 2002

	Note	2002 £	2001 £
Gross profit		2,547,127	3,054,755
Administrative expenses		(1,573,085)	(2,186,804)
<b>Operating profit before exceptional items</b>		974,042	867,951
Profit from disposal of trade and assets		1,993,171	-
<b>Operating profit</b>	4	2,967,213	867,951
Interest receivable		5,362	10,437
Interest payable	5	(35,558)	(302)
<b>Profit on ordinary activities before taxation</b>		2,937,017	878,086
Taxation on profit on ordinary activities	6	(257,267)	(414,383)
<b>Profit on ordinary activities after taxation</b>		2,679,750	463,703
Dividends	7	(3,599,900)	(120,000)
<b>(Sustained deficit)/retained profit for the year</b>		(920,150)	343,703
Retained profit brought forward		920,150	576,447
<b>Retained profit carried forward</b>		-	920,150

All amounts relate to discontinued activities. The company transferred its trade and assets to its parent company on 22 April 2002.

There were no recognised gains or losses in the year other than those disclosed in the profit and loss account.

There were no movements in shareholders' funds other than the loss for the year as set out above.

The notes on pages 7 to 16 form part of these financial statements.

# TECHNOLOGY TEACHING SYSTEMS LIMITED

## Balance sheet at 31 August 2002

	Note	2002	2001
		£	£
<b>Fixed assets</b>			
Tangible assets	8a	-	849,594
Investments	8b	-	25,000
		<u>-</u>	<u>874,594</u>
<b>Current assets</b>			
Stocks	9	-	496,188
Debtors	10	3,600,000	1,859,279
Cash at bank and in hand		-	356,503
		<u>3,600,000</u>	<u>2,711,970</u>
<b>Creditors: amounts falling due within one year</b>	11	(3,599,900)	2,158,314
<b>Net current assets</b>		<u>100</u>	<u>553,656</u>
<b>Total assets less current liabilities</b>		<u>100</u>	<u>1,428,250</u>
<b>Creditors: amounts falling due after more than one year</b>	12	-	(508,000)
<b>Net assets</b>		<u>100</u>	<u>920,250</u>
<b>Capital and reserves - equity</b>			
Called up share capital	13	100	100
Profit and loss account		-	920,150
<b>Shareholders' funds</b>		<u>100</u>	<u>920,250</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium sized companies.

The financial statements were approved by the Board on 22 November 2002.



R Woods  
Director

The notes on pages 7 to 16 form part of these financial statements.

# TECHNOLOGY TEACHING SYSTEMS LIMITED

## Cash flow statement for the year ended 31 August 2002

	Note	2002		2001	
		£	£	£	£
<b>Net cash inflow from operating activities</b>	18		1,147,069		742,869
<b>Returns on investments and servicing of finance</b>					
Interest received		5,362		10,437	
Interest element of hire purchase payments		(201)		(302)	
Other interest payable		(35,357)		-	
<b>Net cash (outflow)/inflow from returns on investments and servicing of finance</b>			(30,196)		10,135
<b>Taxation</b>					
UK corporation tax paid			(79,200)		(31,383)
<b>Capital expenditure and financial investment</b>					
Purchase of tangible fixed assets		(304,354)		(809,103)	
			(304,354)		(809,103)
<b>Equity dividends paid</b>			(120,000)		(80,000)
<b>Acquisitions and disposals</b>					
Investment in subsidiary		-		(25,000)	
Net cash disposed from transfer of business		(1,126,832)		-	
			(1,126,832)		(25,000)
<b>Cash outflow before use of liquid resources and financing</b>			(513,513)		(192,482)
<b>Financing</b>					
Bank loan issued		159,530		545,000	
Capital element of finance lease rental payments		(2,520)		(3,780)	
			157,010		541,220
<b>(Decrease)/increase in cash</b>	19		(356,503)		348,738

The notes on pages 7 to 16 form part of these financial statements.



# TECHNOLOGY TEACHING SYSTEMS LIMITED

Notes forming part of the abbreviated financial statements for the year ended 31 August 2002

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## 1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

### *Turnover*

Turnover represents sales to outside customers at invoiced amounts excluding value added tax.

### *Depreciation*

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets over their expected useful lives. It is calculated at the following rates:

Motor vehicles	- 25% straight line
Computer equipment	- 3 years straight line
Fixtures, fittings and equipment	- 15% straight line

### *Investments*

Fixed asset investments are stated at cost less provision for any permanent diminution in value.

### *Stocks*

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

### *Deferred taxation*

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS 19.

## TECHNOLOGY TEACHING SYSTEMS LIMITED

Notes forming part of the financial abbreviated statements for the year ended 31 August 2002  
(Continued)

### 1 Accounting policies (Continued)

#### *Hire purchase commitments*

Where assets are financed by hire purchase contracts that give rights approximating to ownership, the assets are treated as if they had been purchased outright. The amount capitalised is the cost of the assets and the corresponding commitments are shown as amounts payable to the contractor. Depreciation on the relevant assets is charged to the profit and loss account.

Payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the contract. The capital part reduces the amounts payable to the contractor.

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

#### *Pension costs*

Contributions by the company to employees' personal pension schemes are charged to the profit and loss account in the year in which they become payable.

### 2 Employees

	2002 £	2001 £
Staff costs, including directors, consist of:		
Wages and salaries	932,544	744,333
Social security costs	67,460	78,857
Other pension costs	13,166	57,303
	<u>1,013,170</u>	<u>880,493</u>

The average number of employees, including directors, during the year was:

	2002 Number	2001 Number
Warehouse, office and management	30	32
Sales and marketing	10	10
	<u>40</u>	<u>42</u>

# TECHNOLOGY TEACHING SYSTEMS LIMITED

Notes forming part of the abbreviated financial statements for the year ended 31 August 2002  
(Continued)

## 3 Directors

	2002 £	2001 £
Directors' emoluments consist of:		
Compensation for loss of office	255,039	-
Remuneration for management services	235,275	285,591
Pension contributions	10,914	51,625
	<u>501,228</u>	<u>337,216</u>

During the year the company paid contributions to the directors' defined contribution pension scheme in respect of five directors (2001: five).

The emoluments of the highest paid director were:

	2002 £	2001 £
Remuneration for management services	289,528	66,760
Pension contributions	1,031	1,850
	<u>290,559</u>	<u>68,610</u>

## 4 Operating profit

	2002 £	2001 £
This has been arrived at after charging:		
Depreciation of tangible fixed assets		
- owned	38,123	17,045
- held under hire purchase contracts	936	2,135
Auditors' remuneration	4,000	4,500
Loss on sale of fixed assets	17,728	-
Operating leases - property	16,168	47,500
Operating leases - other assets	24,158	23,066
Investments - provision for impairment	-	75,000
Bad debts and investments written off	25,000	594,333
	<u></u>	<u></u>

## 5 Interest payable

	2002 £	2001 £
Bank loan interest	35,357	-
Hire purchase interest	201	302
	<u>35,558</u>	<u>302</u>

# TECHNOLOGY TEACHING SYSTEMS LIMITED

Notes forming part of the abbreviated financial statements for the year ended 31 August 2002  
(Continued)

## 6 Taxation on profit on ordinary activities

### (a) Analysis of charge in year

UK corporation tax	275,000	415,000
Over provision in respect of prior years	(17,733)	(617)
Total current tax (note 6(b))	<u>257,267</u>	<u>414,383</u>

### (b) Factors affecting tax charge for the year

The tax assessed for the year is different than the expected rate of corporation tax. The differences are explained below:

Profit on ordinary activities before taxation	2,937,017	878,086
Profit on ordinary activities multiplied by expected rate of corporation tax of 30% (2001: 30%)	888,605	263,426
Effects of:-		
Expenses not deductible for tax purposes	647	2,511
(Capital allowances in excess of Depreciation)/Depreciation in excess of Capital Allowances	(24,247)	311
Short term timing differences	-	(7,500)
Profit on transfer of assets in connection with the hive up to TTS Group Limited	(597,951)	-
Inter-company bad debts	-	207,532
Group relief claimed	-	(65,475)
Other	7,946	14,195
Prior year over provision	(17,733)	(617)
Tax charge per accounts	<u>257,267</u>	<u>414,383</u>

## 7 Dividends

Ordinary proposed dividend £360 (2001: £12) per share	3,599,900	120,000
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# TECHNOLOGY TEACHING SYSTEMS LIMITED

Notes forming part of the abbreviated financial statements for the year ended 31 August 2002  
(Continued)

## 8a) Tangible assets

	Land and buildings £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
<i>Cost</i>				
At 1 September 2001	795,000	9,629	191,001	995,630
Additions	235,591	-	68,763	304,354
Disposals	(1,030,591)	(9,629)	(259,764)	(1,299,984)
At 31 August 2002	-	-	-	-
<i>Depreciation</i>				
At 1 September 2001	-	3,223	142,813	146,036
Provided for the year	16,000	936	22,123	39,059
Disposals	(16,000)	(4,159)	(164,936)	(185,095)
At 31 August 2002	-	-	-	-
<i>Net book value</i>				
At 31 August 2002	-	-	-	-
At 31 August 2001	795,000	6,406	48,188	849,594

The net book value of tangible fixed assets includes an amount of £Nil (2001: £6,406) in respect of assets held under hire purchase contracts.

## TECHNOLOGY TEACHING SYSTEMS LIMITED

Notes forming part of the abbreviated financial statements for the year ended 31 August 2002  
(Continued)

8b) Investments	£
<b>Cost</b>	
At 1 September 2001	100,000
Disposals	(100,000)
	<hr/>
At 31 August 2002	-
	<hr/>
<b>Provision for impairment</b>	
At 1 September 2001	75,000
Eliminated on disposals	(75,000)
	<hr/>
At 31 August 2002	-
	<hr/>
<b>Net book value</b>	
At 31 August 2002	-
	<hr/>
At 31 August 2001	25,000
	<hr/>

During the year the company disposed of its 100% shareholding in Technology Teaching Systems Limited, a company incorporated in Canada.

On 1 April 2002 the company sold its investments in TTS Inc, a company incorporated in USA, and TTS Far East Limited, a company incorporated in China, to J R Williams, a director.

These transactions were carried out on an arm's length basis.

## TECHNOLOGY TEACHING SYSTEMS LIMITED

Notes forming part of the abbreviated financial statements for the year ended 31 August 2002  
(Continued)

### 9 Stocks

	2002 £	2001 £
Goods held for resale	-	496,188
	<u>          </u>	<u>          </u>

### 10 Debtors

Trade debtors	-	1,841,561
Amount due from parent undertaking	3,600,000	-
Other debtors	-	2,975
Prepayments	-	14,743
	<u>3,600,000</u>	<u>1,859,279</u>

### 11 Creditors: amounts falling due within one year

Bank loan	-	37,000
Trade creditors	-	1,297,462
Corporation tax	-	415,000
Taxation and social security	-	37,686
Obligations under hire purchase contracts	-	2,520
Accruals	-	248,646
Proposed dividend	3,599,900	120,000
	<u>3,599,900</u>	<u>2,158,314</u>

# TECHNOLOGY TEACHING SYSTEMS LIMITED

Notes forming part of the abbreviated financial statements for the year ended 31 August 2002  
(Continued)

## 12 Creditors: amounts falling due after more than one year

	2002 £	2001 £
Bank loan	-	508,000
Obligations under hire purchase contracts	-	-
	<u>-</u>	<u>508,000</u>
The maturity of the bank loan is as follows:		
Within one year	-	37,000
In one to two years	-	37,500
In two to five years	-	114,000
In after five years	-	356,500
	<u>-</u>	<u>545,000</u>

## 13 Share capital

	Authorised		Allotted, called up and fully paid	
	2002 £	2001 £	2002 £	2001 £
10,000 ordinary shares of 1p each	10,000	10,000	100	100

## 14 Pensions

The company contributes into personal pension schemes for the benefit of the directors and certain employees. The pension cost charge represents contributions payable by the company to these schemes.

## 15 Commitments under operating leases

As at 31 August 2002, the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2002 £	Other 2002 £	Land and buildings 2001 £	Other 2001 £
Operating leases which expire:				
In two to five years	-	-	24,250	15,948

## 16 Related party transactions

Transactions with the subsidiary undertakings are carried out at full commercial value and on an arms length basis.

On 1 April 2002 J R Williams purchased the company's investments in TTS Far East Limited on an arm's length basis.

On 22 April 2002 the company transferred its trade and assets to TTS Group Limited (formerly Ingleby (1486) Limited), its parent company.



## TECHNOLOGY TEACHING SYSTEMS LIMITED

Notes forming part of the abbreviated financial statements for the year ended 31 August 2002  
(Continued)

### 17 Ultimate controlling party

At 1 September 2001 the company was owned and controlled by JR Williams and HM Williams, who were directors. On 22 April TTS Group Limited (formerly Ingleby (1486) Limited) acquired the entire issued share capital of the company.

At 31 August 2002 TTS Group Limited (formerly Ingleby (1486) Limited) was the ultimate parent undertaking.

### 18 Reconciliation of operating profit to net cash inflow from operating activities

	2002 £	2001 £
Operating profit	974,042	867,951
Depreciation	39,059	19,180
Impairment of fixed asset investments	25,000	75,000
Loss on sale of fixed assets	17,728	-
Increase in stocks	(264,204)	(222,577)
Decrease/(increase) in debtors	903,199	(1,044,755)
(Decrease)/increase in creditors	(547,755)	1,048,070
Net cash inflow from operating activities	<u>1,147,069</u>	<u>742,869</u>

### 19 Reconciliation of net cash (outflow)/inflow to movement in net debt

(Decrease)/increase in cash in the year	(356,503)	348,738
Cash outflow from decrease in lease financing	2,520	3,780
	<u>(353,983)</u>	<u>352,518</u>
New bank loan	(159,530)	(545,000)
Transfer of bank loan to parent company	704,530	-
	<u>191,917</u>	<u>(192,482)</u>
Movement in net debt in the year	(191,017)	1,465
At 1 September 2001		
	<u>-</u>	<u>(191,017)</u>
At 31 August 2002		

# TECHNOLOGY TEACHING SYSTEMS LIMITED

Notes forming part of the abbreviated financial statements for the year ended 31 August 2002  
(Continued)

## 20 Analysis of net debt

	At 1 September 2001 £	Cash flow £	Other non-cash changes £	At 31 August 2002 £
Cash at bank and in hand	356,503	(356,503)	-	-
Bank loans and overdrafts	(545,000)	(159,530)	704,530	-
	<u>(188,497)</u>	<u>(516,033)</u>	<u>704,530</u>	<u>-</u>
Obligations under hire purchase	(2,520)	2,520	-	-
	<u>(191,017)</u>	<u>(513,513)</u>	<u>704,530</u>	<u>-</u>
Total	<u>(191,017)</u>	<u>(513,513)</u>	<u>704,530</u>	<u>-</u>