

1934082

Technology Teaching Systems Limited

Report and Financial Statements

Year Ended

31 August 2001



TECHNOLOGY TEACHING SYSTEMS LIMITED

Annual report and financial statements for the year ended 31 August 2001

Contents

Page:

1	Report of the directors
3	Report of the auditor
4	Profit and loss account
5	Balance sheet
6	Cash flow statement
7	Notes forming part of the financial statements

Directors

JR Williams
HM Williams
A Beardshaw
R Woods
P Ellse
R Griffiths

Secretary and registered office

HM Williams, Unit 7, Monk Road, Alfreton, Derbyshire, DE55 7RL

Company number

01934082

Auditor

Blueprint Audit Limited, Foxhall Lodge, Gregory Boulevard, Nottingham, NG7 6LH

Accountants and Business Advisers

Tenon Limited, Foxhall Lodge, Gregory Boulevard, Nottingham, NG7 6LH

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 2001

The directors present their report together with the audited financial statements for the year ended 31 August 2001.

Results and dividends

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

The directors propose a final dividend of £120,000 (2000: £80,000).

Principal activity, trading review and future developments

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

The directors are happy with the results for the year and are confident of future prospects.

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 2001 and 2000
JR Williams	8,000
HM Williams	2,000
A Beardshaw	-
R Woods	-
P Ellse	-
R Griffiths	-

TECHNOLOGY TEACHING SYSTEMS LIMITED

Report of the directors for the year ended 31 August 2001 (*Continued*)

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; 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



J/R Williams
Director

26 February 2002

Blueprint Audit

To the shareholders of Technology Teaching Systems Limited

We have audited the financial statements of Technology Teaching Systems Limited for the year ended 31 August 2001, which comprise of the Profit and Loss Account, Balance Sheet, Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 August 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Blueprint Audit Limited

BLUEPRINT AUDIT LIMITED
*Chartered Accountants
and Registered Auditor*

26 February 2002

TECHNOLOGY TEACHING SYSTEMS LIMITED

Profit and loss account for the year ended 31 August 2001

	Note	2001 £	2000 £
Turnover	2	6,746,576	3,768,124
Cost of sales		(3,691,821)	(2,073,881)
Gross profit		<u>3,054,755</u>	<u>1,694,243</u>
Administrative expenses		(2,186,804)	(1,571,870)
Operating profit	5	<u>867,951</u>	<u>122,373</u>
Interest receivable		10,437	3,959
Interest payable	6	(302)	(904)
Profit on ordinary activities before taxation		<u>878,086</u>	<u>125,428</u>
Taxation on profit on ordinary activities	7	(414,383)	(31,827)
Profit on ordinary activities after taxation		<u>463,703</u>	<u>93,601</u>
Dividends	8	(120,000)	(80,000)
Retained profit for the year		<u>343,703</u>	<u>13,601</u>
Retained profit brought forward		576,447	562,846
Retained profit carried forward		<u>920,150</u>	<u>576,447</u>

All amounts relate to continuing activities.

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 profit for the year as set out above.

The notes on pages 7 to 15 form part of these financial statements.

TECHNOLOGY TEACHING SYSTEMS LIMITED

Balance sheet at 31 August 2001

	Note	2001		2000	
		£	£	£	£
Fixed assets					
Tangible assets	9a		849,594		59,671
Investments	9b		25,000		75,000
			<u>874,594</u>		<u>134,671</u>
Current assets					
Stocks	10	496,188		273,611	
Debtors	11	1,859,279		814,524	
Cash at bank and in hand		356,503		7,765	
		<u>2,711,970</u>		<u>1,095,900</u>	
Creditors: amounts falling due within one year	12	2,158,314		651,504	
Net current assets			<u>553,656</u>		<u>444,396</u>
Total assets less current liabilities			<u>1,428,250</u>		<u>579,067</u>
Creditors: amounts falling due after more than one year	13		508,000		2,520
Net assets			<u>920,250</u>		<u>576,547</u>
Capital and reserves - equity					
Called up share capital	14		100		100
Profit and loss account			920,150		576,447
Shareholders' funds			<u>920,250</u>		<u>576,547</u>

The financial statements were approved by the Board on 26 February 2002.


 J.R. Williams
 Director

The notes on pages 7 to 15 form part of these financial statements.

TECHNOLOGY TEACHING SYSTEMS LIMITED

Cash flow statement for the year ended 31 August 2001

	Note	2001	2000
		£	£
Net cash inflow from operating activities	18	742,869	153,278
Returns on investments and servicing of finance			
Interest received		10,437	3,959
Interest element of hire purchase payments		(302)	(904)
Net cash inflow from returns on investments and servicing of finance		10,135	3,055
Taxation			
UK corporation tax paid		(31,383)	(53,327)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(809,103)	(20,711)
Sale of tangible fixed assets		-	1,900
		(809,103)	(18,811)
Equity dividends paid		(80,000)	(30,000)
Acquisitions and disposals			
Investment in subsidiary		(25,000)	(25,000)
Cash (outflow)/inflow before use of liquid resources and financing		(192,482)	29,195
Financing			
Bank loan		545,000	-
Capital element of finance lease rental payments		(3,780)	(1,033)
		541,220	(1,033)
Increase in cash	20	348,738	28,162

The notes on pages 7 to 15 form part of these financial statements.

TECHNOLOGY TEACHING SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 31 August 2001

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

During the year the depreciation methods for Motor vehicles and Fixtures, fittings and equipment were changed from reducing balance to straight line. The impact on the financial statements from this change is not considered material.

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, to the extent that it is probable that a liability will crystallise.

TECHNOLOGY TEACHING SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 31 August 2001 (*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 Turnover

Turnover is wholly attributable to the principal activity of the company. Turnover as analysed by geographical market is as follows:

	2001 £	2000 £
United Kingdom	6,487,781	3,534,088
Other EC countries	214,535	199,733
North America	44,260	34,303
	<u>6,746,576</u>	<u>3,768,124</u>

TECHNOLOGY TEACHING SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 31 August 2001 (*Continued*)

3 Employees

	2001 £	2000 £
Staff costs, including directors, consist of:		
Wages and salaries	744,333	781,036
Social security costs	78,857	72,717
Other pension costs	57,303	18,594
	<u>880,493</u>	<u>872,347</u>

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

	2001 Number	2000 Number
Office and management	32	32
Sales and marketing	10	10
	<u>42</u>	<u>42</u>

4 Directors

	2001 £	2000 £
Directors' emoluments consist of:		
Remuneration for management services	285,591	266,895
Pension contributions	51,625	8,350
	<u>337,216</u>	<u>275,245</u>

During the year the company paid contributions to the directors' defined contribution pension scheme in respect of five directors (2000: three).

The emoluments of the highest paid director were:

	2001 £	2000 £
Remuneration for management service	66,760	148,178
Pension contributions	1,850	4,800
	<u>68,610</u>	<u>152,978</u>

TECHNOLOGY TEACHING SYSTEMS LIMITED**Notes forming part of the financial statements for the year ended 31 August 2001 (Continued)****5 Operating profit**

	2001 £	2000 £
This has been arrived at after charging:		
Depreciation of tangible fixed assets		
- owned	17,045	26,706
- held under hire purchase contracts	2,135	1,088
Auditors' remuneration	4,500	3,650
Auditors' remuneration – non audit services	2,250	2,250
Loss on sale of fixed assets	-	15,139
Operating leases - property	47,500	44,156
Investments – provision for impairment	75,000	-
Bad debts and investments written off	594,333	28,786

The bad debts and investments written off relate to irrecoverable balances relating to the subsidiary (TTS Inc) and the joint venture (TTS Far East Limited).

6 Interest payable

	2001 £	2000 £
Hire purchase interest	302	904

7 Taxation on profit on ordinary activities

UK corporation tax	415,000	32,000
Over provision in respect of prior years	(617)	(173)
	<u>414,383</u>	<u>31,827</u>

8 Dividends

Ordinary proposed dividend £12 per share - (2000- £8)	<u>120,000</u>	<u>80,000</u>
---	----------------	---------------

TECHNOLOGY TEACHING SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 31 August 2001 (*Continued*)

9a) Tangible assets

	Land and buildings £	Motor vehicles £	Computer equipment £	Fixtures, fittings and equipment £	Total
<i>Cost</i>					
At 1 September 2000	-	9,629	112,968	63,930	186,527
Additions	795,000	-	7,666	6,437	809,103
At 31 August 2001	795,000	9,629	120,634	70,367	995,630
<i>Depreciation</i>					
At 1 September 2000	-	1,088	96,365	29,403	126,856
Provided for the year	-	2,135	10,774	6,271	19,180
At 31 August 2001	-	3,223	107,139	35,674	146,036
<i>Net book value</i>					
At 31 August 2001	795,000	6,406	13,495	34,693	849,594
At 31 August 2000	-	8,541	16,603	34,527	59,671

The net book value of tangible fixed assets includes an amount of £6,406 (2000 - £8,541) in respect of assets held under hire purchase contracts.

TECHNOLOGY TEACHING SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 31 August 2001 (*Continued*)

9b) Investment

Cost	£
At 1 September 2000	75,000
Addition in year	25,000
Provision for impairment	(75,000)
At 31 August 2001	<u>25,000</u>

The company owns a 100% shareholding in the ordinary share capital of TTS Inc, a company incorporated in the USA.

The company has a 50% stake in a joint venture in TTS Far East Limited, a company incorporated in China.

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

The results of TTS Inc for the year ended 31 August 2001 show a net loss of £315,234 (2000: £180,532) and the net liabilities of the company at 31 August 2001 were £567,112 (2000: £251,878).

The provision for impairment relates to the subsidiary (TTS Inc.) and the Chinese joint venture (TTS Far East Limited). The directors believe that due to the current trading prospects in these geographical regions, the carrying value of these investments should be nil.

TECHNOLOGY TEACHING SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 31 August 2001 (*Continued*)

10 Stocks

	2001 £	2000 £
Goods held for resale	496,188	273,611

11 Debtors

Trade debtors	1,841,561	479,628
Amount due from subsidiary undertaking	-	288,683
Other debtors	2,975	35,000
Prepayments	14,743	11,213
	<u>1,859,279</u>	<u>814,524</u>

12 Creditors: amounts falling due within one year

Bank loan	37,000	-
Trade creditors	1,297,462	303,357
Corporation tax	415,000	32,000
Taxation and social security	37,686	71,966
Obligations under hire purchase contracts	2,520	3,780
Accruals	248,646	160,401
Proposed dividend	120,000	80,000
	<u>2,158,314</u>	<u>651,504</u>

The bank holds a First Legal Mortgage dated 24 August 2001, over the freehold property of the company.

TECHNOLOGY TEACHING SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 31 August 2001 (*Continued*)

13 Creditors: amounts falling due after more than one year

	2001 £	2000 £
Bank loan	508,000	-
Obligations under hire purchase contracts	-	2,520
	<u>508,000</u>	<u>2,520</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>545,000</u>	<u>-</u>

14 Share capital

	Authorised		Allotted, called up and fully paid	
	2001 £	2000 £	2001 £	2000 £
Ordinary shares of 1p each	10,000	10,000	100	100

15 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.

16 Commitments under operating leases

As at 31 August 2001, the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2001 £	Other 2001 £	Land and buildings 2000 £	Other 2000 £
Operating leases which expire:				
In two to five years	24,250	15,948	48,500	15,948

17 Related party transactions

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

TECHNOLOGY TEACHING SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 31 August 2001 (*Continued*)

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

	2001 £	2000 £
Operating profit	867,951	122,373
Depreciation	19,180	27,794
Investments written off	75,000	-
Loss on sale of fixed assets	-	15,139
(Increase)/decrease in stocks	(222,577)	34,907
Increase in debtors	(1,044,755)	(188,731)
Increase in creditors	1,048,070	141,796
Net cash inflow from operating activities	<u>742,869</u>	<u>153,278</u>

19 Reconciliation of net cash inflow to movement in net debt

Increase in cash in the year	348,738	28,162
Cash outflow from decrease in lease financing	3,780	1,033
	<u>352,518</u>	<u>29,195</u>
New bank loan	(545,000)	-
Movement in net debt in the year	<u>(192,482)</u>	<u>29,195</u>
At 1 September 2000	1,465	(27,730)
At 31 August 2001	<u>(191,017)</u>	<u>1,465</u>

20 Analysis of net debt

	At 1 September 2000 £	Cash flow £	Other non-cash changes £	At 31 August 2001 £
Cash at bank and in hand	7,765	348,738	-	356,503
Bank loans and overdrafts	-	-	(545,000)	(545,000)
	<u>7,765</u>	<u>348,738</u>	<u>(545,000)</u>	<u>(188,497)</u>
Obligations under hire purchase	(6,300)	3,780	-	(2,520)
Total	<u>1,465</u>	<u>352,518</u>	<u>(545,000)</u>	<u>(191,017)</u>