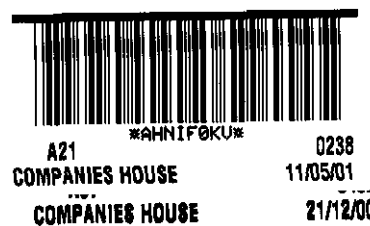


Technology Teaching Systems Limited

Abbreviated Financial Statements

Year Ended

31 August 2000



BDO Stoy Hayward
Chartered Accountants

TECHNOLOGY TEACHING SYSTEMS LIMITED

Annual report and financial statements for the year ended 31 August 2000

Contents

Page:

1	Report of the directors
2	Balance sheet
3	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

Auditors

BDO Stoy Hayward, Foxhall Lodge, Gregory Boulevard, Nottingham, NG7 6LH

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 2 to 5 , together with the financial statements of the company for the year ended 31 August 2000 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 246(5) and (6) of the Companies Act 1985, and the abbreviated financial statements on pages 2 to 5 are properly prepared in accordance with those provisions.

BDO Stoy Hayward

BDO STOY HAYWARD
Chartered Accountants
and Registered Auditor
Nottingham

10 November 2000


TECHNOLOGY TEACHING SYSTEMS LIMITED

Balance sheet at 31 August 2000

	Note	2000		1999	
		£	£	£	£
Fixed assets					
Tangible assets	2a		59,671		83,793
Investment	2b		75,000		50,000
			<u>134,671</u>		<u>133,793</u>
Current assets					
Stocks		273,611		308,518	
Debtors	3	839,524		625,793	
Cash at bank and in hand		7,765		-	
		<u>1,120,900</u>		<u>934,311</u>	
Creditors: amounts falling due within one year		<u>631,504</u>		<u>505,158</u>	
Net current assets			489,396		429,153
Total assets less current liabilities			<u>624,067</u>		<u>562,946</u>
Creditors: amounts falling due after more than one year			2,520		-
Net assets			<u>621,547</u>		<u>562,946</u>
Capital and reserves - equity					
Called up share capital	4		100		100
Profit and loss account			621,447		562,846
Shareholders' funds			<u>621,547</u>		<u>562,946</u>

The accounts are prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 1 November 2000.


J.R. Williams
Director

The notes on pages 6 to 11 form part of these financial statements.

TECHNOLOGY TEACHING SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 31 August 2000

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.

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.

TECHNOLOGY TEACHING SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 31 August 2000 (Continued)

1 Accounting policies (Continued)

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.

2a) Tangible assets

	Total £
<i>Cost</i>	
At 1 September 1999	208,854
Additions	20,711
Disposals	(43,038)
At 31 August 2000	<u>186,527</u>
<i>Depreciation</i>	
At 1 September 1999	125,061
Provided for the year	27,794
Disposals	(25,999)
At 31 August 2000	<u>126,856</u>
<i>Net book value</i>	
At 31 August 2000	<u>59,671</u>
At 31 August 1999	<u>83,793</u>

The net book value of tangible fixed assets includes an amount of £8,541 (1999 - £18,246) in respect of assets held under hire purchase contracts.

2b) Investments

The company owns a 50% shareholding in the ordinary share capital of TTS Inc, a company incorporated in the USA.

During the year the company invested in a joint venture in TTS Far East Limited, a company incorporated in China.

TTS Far East Limited commenced trading subsequent to the year end.

The results of TTS Inc for the year ended 31 August 2000 show a net loss of £180,532 (1999: £71,788) and the net liabilities of the company at 31 August 2000 were £251,714 (1999: £55,824).

TECHNOLOGY TEACHING SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 31 August 2000 (*Continued*)

3 Debtors

Included within debtors is an amounts due from a subsidiary undertaking £288,683 (1999:£131,987) which falls due after more than one year.

4 Share capital

	Authorised		Allotted, called up and fully paid	
	2000	1999	2000	1999
	£	£	£	£
Ordinary shares of 1p each	10,000	-	100	-
Ordinary shares of £1 each	-	10,000	-	100
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

On 4 May 2000, each ordinary share of £1 each was converted into 100 ordinary shares of 1p each.

A maximum of 2,500 options to subscribe for 1p ordinary shares in the company were granted on 4 May 2000. The options are exercisable at 1p each for 10 years from the date of grant, on the satisfaction of defined criteria.

5 Related party transactions

The remaining 50% shareholding in TTS Inc. is held by JR Williams, a director and shareholder of Technology Teaching Systems Limited.

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