

REGISTRAR

**TTS Group Limited**

**Report and Abbreviated Financial Statements**

**Year ended 31 August 2003**

**Company number: 4373761**



**Blueprint Audit Limited**

Chartered Accountants and Registered Auditor

# **TTS GROUP LIMITED**

## **Abbreviated annual report and financial statements for the year ended 31 August 2003**

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### **Directors**

R Griffiths  
R Woods  
P Ellse

### **Secretary and registered office**

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

### **Company number**

4373761

### **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**

Fortis Bank, Camomile Court, 23 Camomile Street, London, EC3A 7PP

# **TTS GROUP LIMITED**

## **Report of the directors for the year ended 31 August 2003**

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The directors present their report together with the abbreviated financial statements for the year ended 31 August 2003.

### **Results and dividends**

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

The directors propose a final dividend of £125 per share.

### **Principal activities, trading review and future developments**

The directors are happy with the results for the first full year of trading and are extremely confident of continued profitability in the forthcoming periods.

### **EMU**

The company is managing the impact of the single currency.

### **Directors**

The directors of the company during the period and their interests in the ordinary share capital at 31 August 2003 of the company were:

	<b>Ordinary shares of £1 each</b>	
	<b>2003</b>	<b>2002</b>
R Griffiths	240	240
R Woods	240	240
P Else	240	240
J R Williams (resigned 7 November 2002)	-	-
	<hr/>	<hr/>

## **TTS GROUP LIMITED**

### **Report of the directors for the year ended 31 August 2003 (*Continued*)**

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#### **Directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial period 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.

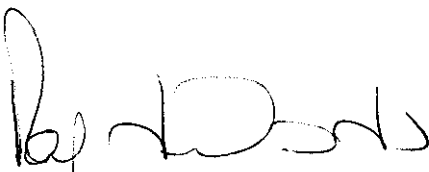
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Auditor**

During the period Blueprint Audit Limited were appointed as auditors of the company.

Blueprint Audit Limited have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

#### **By order of the Board**



R Woods  
**Secretary**

13 November 2003

**Report of the auditor**

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**Independent auditor's report to the shareholders of TTS Group Limited under section 247B of the Companies Act 1985**

We have examined the abbreviated financial statements on pages 4 to 17 together with the financial statements of the company for the year ended 31 August 2003 prepared under section 226 of the Companies Act 1985.

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.

*Respective responsibilities of directors and auditor*

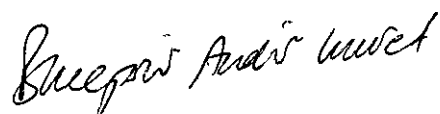
The directors are responsible for preparing the abbreviated financial statements in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the financial statements to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

*Basis of audit 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 section 246A(3) of the Companies Act 1985 and the abbreviated financial statements on pages 4 to 17 are properly prepared in accordance with that provision.



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

24 November 2003

**TTS GROUP LIMITED****Abbreviated profit and loss account for the year ended 31 August 2003**

	Note	2003 £	14 February 2002 to 31 August 2002 £
<b>Gross profit</b>		3,706,510	1,165,149
Administrative expenses		(1,935,775)	(805,958)
<b>Operating profit</b>	5	1,770,735	359,191
Interest receivable		22,686	4,548
Interest payable and similar charges	6	(235,683)	(89,453)
<b>Profit on ordinary activities before taxation</b>		1,557,738	274,286
Taxation on profit from ordinary activities	7	(533,499)	(121,000)
<b>Profit on ordinary activities after taxation</b>		1,024,239	153,286
Dividends	8	(230,400)	-
<b>Retained profit for the year/period</b>		793,839	153,286
Retained profit brought forward		153,286	-
<b>Retained profit carried forward</b>		947,125	153,286

All amounts relate to continuing activities.

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

The notes on pages 7 to 17 form part of these abbreviated financial statements.

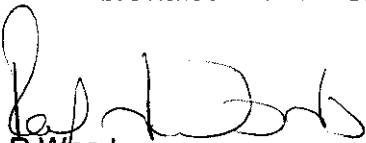
**TTS GROUP LIMITED**

**Balance sheet at 31 August 2003**

	Note	2003		2002	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	9		1,964,322		2,070,302
Tangible assets	10		1,045,873		1,091,612
Investments	11		100		100
			<u>3,010,295</u>		<u>3,162,014</u>
<b>Current assets</b>					
Stocks	12	746,102		488,278	
Debtors	13	1,097,245		1,017,142	
Cash at bank and in hand		1,041,702		298,565	
		<u>2,885,049</u>		<u>1,803,985</u>	
<b>Creditors: amounts falling due within one year</b>	14	(2,409,998)		(1,718,198)	
		<u></u>		<u></u>	
<b>Net current assets</b>			475,051		85,787
			<u></u>		<u></u>
<b>Total assets less current liabilities</b>			3,485,346		3,247,801
<b>Creditors: amounts falling due after more than one year</b>	15		(2,517,501)		(3,073,795)
<b>Provisions for liabilities and charges</b>					
Provision for deferred tax	16		(20,000)		(20,000)
			<u></u>		<u></u>
<b>Net assets</b>			947,845		154,006
			<u></u>		<u></u>
<b>Capital and reserves</b>					
Called up share capital	17		720		720
Profit and loss account			947,125		153,286
			<u></u>		<u></u>
<b>Shareholders' funds</b>	18		947,845		154,006
			<u></u>		<u></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 abbreviated financial statements were approved by the Board on 13 November 2003.

  
R Woods  
Director

The notes on pages 7 to 17 form part of these abbreviated financial statements.

**TTS GROUP LIMITED**
**Cash flow statement for the year ended 31 August 2003**

	Note	2003	2002
		£	£
<b>Net cash inflow from operating activities</b>	21	1,811,988	641,487
<b>Returns on investments and servicing of finance</b>			
Interest received	22,686		4,548
Interest paid	(235,683)		(89,453)
<b>Net cash outflow from returns on investments and servicing of finance</b>		(212,997)	(84,905)
<b>Taxation</b>			
UK corporation tax paid		(138,299)	(577,825)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(20,659)	(33,711)
<b>Acquisitions and disposals</b>			
Purchase of subsidiary undertaking (including costs)	-	(3,682,205)	
Net cash acquired with assets purchased from subsidiary	-	1,126,832	
<b>Net cash outflow from investing activity</b>		-	(2,555,373)
<b>Equity dividends paid</b>		(140,400)	-
<b>Cash outflow before use of liquid resources and financing</b>		1,299,633	(2,610,327)
<b>Financing</b>			
Issue of share capital	-		720
Issue of bank loan	-		3,850,000
Repayment of bank loans	(550,000)		(237,500)
Repayment of capital element of hire purchase contracts	(6,294)		-
Repayment of subsidiary bank loan	-		(704,530)
		(556,294)	2,908,690
<b>Increase in cash</b>	22	743,339	298,363

The notes on pages 7 to 17 form part of these abbreviated financial statements.



**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 less value added tax.

*Depreciation*

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

Freehold buildings	-	2% per annum
Property improvements	-	10% per annum
Plant, machinery and motor vehicles	-	33% per annum
Fixtures, fittings and equipment	-	33% per annum

*Goodwill*

Goodwill arising on the acquisition of businesses representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and amortised on a straight line basis over its useful economic life of 20 years.

*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.

## TTS GROUP LIMITED

### Notes forming part of the abbreviated financial statements for the year ended 31 August 2003 (Continued)

#### 1 Accounting policies (Continued)

##### *Leased assets*

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 present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease 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 lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual 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 period in which they become payable.

#### 2 Turnover

Turnover is wholly attributable to the principal activity of the company.

#### 3 Employees

	2003 £	14 February 2002 to 31 August 2002 £
Staff costs consist of:		
Wages and salaries	938,558	282,263
Social security costs	63,702	20,881
Other pension costs	27,071	8,447
	<hr/>	<hr/>
	1,029,331	311,591
	<hr/>	<hr/>

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

	2003 Number	2002 Number
Office and management	39	33
Sales and marketing	14	11
	<hr/>	<hr/>
	53	44
	<hr/>	<hr/>

## TTS GROUP LIMITED

Notes forming part of the abbreviated financial statements for the year ended 31 August 2003  
(Continued)

### 4 Directors

	2003 £	14 February 2002 to 31 August 2002 £
Directors' emoluments consist of:		
Remuneration	111,712	53,334
Pension contributions	16,500	3,543
	<u>128,212</u>	<u>56,877</u>

During the year/period the company paid contributions to the directors' defined contribution pension scheme in respect of three directors.

### 5 Operating profit

	2003 £	14 February 2002 to 31 August 2002 £
This has been arrived at after charging:		
Depreciation - on owned assets	61,983	38,524
- on assets held under finance lease	4,415	736
Amortisation of goodwill	107,600	36,000
Hire of assets - operating leases	9,004	6,031
Auditors' remuneration	4,900	4,750
Exceptional item - management buy out costs	-	180,309
	<u>187,802</u>	<u>266,350</u>

### 6 Interest payable and similar charges

Senior Term Loan	179,651	68,245
Property Term Loan	56,032	21,144
Hire purchase contracts	-	64
	<u>235,683</u>	<u>89,453</u>

# TTS GROUP LIMITED

Notes forming part of the abbreviated financial statements for the year ended 31 August 2003  
(Continued)

## 7 Taxation on profit from ordinary activities

### (a) Analysis of charge in year/period

UK corporation tax (note 7(b))	515,000	101,000
Prior year under provision	18,499	-
Deferred taxation (note 16)	-	20,000
	<u>533,499</u>	<u>121,000</u>
Tax on profit on ordinary activities		

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

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

Profit on ordinary activities before taxation	1,557,738	274,286
Profit on ordinary activities multiplied by expected rate of corporation tax of 30%	<u>467,321</u>	<u>82,286</u>
Effects of:-		
Expenses not deductible for tax purposes	32,842	11,564
Depreciation in excess of Capital Allowances	9,697	2,242
Short term timing differences	-	4,900
Other	5,140	8
	<u>515,000</u>	<u>101,000</u>
UK corporation tax		

## 8 Dividends

	2003 £	14 February 2002 to 31 August 2002 £
Paid - £195 per share	140,400	-
Proposed - £125 per share	90,000	-
	<u>230,400</u>	<u>-</u>

**TTS GROUP LIMITED**

**Notes forming part of the abbreviated financial statements for the year ended 31 August 2003  
(Continued)**

**9 Intangible fixed assets**

	£
<i>Goodwill</i>	
At 1 September 2002	2,106,302
Adjustment to consideration	1,620
	<hr/>
At 31 August 2003	2,107,922
	<hr/>
<i>Amortisation</i>	
At 1 September 2002	36,000
Provided for the period	107,600
	<hr/>
At 31 August 2003	143,600
	<hr/>
<i>Net book value</i>	
At 31 August 2003	1,964,322
	<hr/>
At 31 September 2002	2,070,302
	<hr/>

# TTS GROUP LIMITED

Notes forming part of the abbreviated financial statements for the year ended 31 August 2003  
(Continued)

## 10 Tangible assets

	Freehold land and buildings £	Property improvements £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
<i>Cost</i>					
At 1 September 2002	832,265	192,759	23,129	82,719	1,130,872
Additions	-	-	-	20,659	20,659
At 31 August 2003	832,265	192,759	23,129	103,378	1,151,531
<i>Depreciation</i>					
At 1 September 2002	8,000	19,276	1,401	10,583	39,260
Provided for the year	24,000	19,276	6,055	17,067	66,398
At 31 August 2003	32,000	38,552	7,456	27,650	105,658
<i>Net book value</i>					
At 31 August 2003	800,265	154,207	15,673	75,728	1,045,873
At 31 August 2002	824,265	173,483	21,728	72,136	1,091,612

The net book value of tangible fixed assets includes an amount of £12,508 (2002: £16,923) in respect of assets held under finance leases. Depreciation charged on these assets during the year was £4,415 (2002: period, £736).

## TTS GROUP LIMITED

Notes forming part of the abbreviated financial statements for the year ended 31 August 2003  
(Continued)

### 11 Investments

	2003 £
<i>Cost</i>	
At 31 August 2003 and at 31 August 2002	3,600,000
<i>Provision for impairment</i>	
At 31 August 2003 and at 31 August 2002	3,599,900
<i>Net book value</i>	
At 31 August 2003 and at 31 August 2002	100

The company wholly owns the ordinary share capital of Technology Teaching Systems Limited, a company registered in England and Wales which is now dormant.

The company has taken advantage of the exemption conferred by section 248 of the Companies Act 1985 from the requirement to prepare group financial statements.

### 12 Stocks

	2003 £	2002 £
Goods held for resale	746,102	488,278

There is no material difference between the replacement cost of stocks and the amount stated above.

### 13 Debtors

	2003 £	2002 £
Trade debtors	1,097,245	983,157
Other debtors	-	33,985
	1,097,245	1,017,142

All amounts shown under debtors fall due for payment within one year.

# TTS GROUP LIMITED

Notes forming part of the abbreviated financial statements for the year ended 31 August 2003  
(Continued)

## 14 Creditors: amounts falling due within one year

	2003 £	2002 £
Bank loans and overdraft (secured – see note 15)	550,000	550,202
Amounts owed to group undertakings	100	100
Trade creditors	968,538	755,892
Taxation and social security	154,065	195,501
Corporation tax	515,000	119,800
Obligations under hire purchase contracts (secured – see note 15)	5,868	5,868
Accruals	126,427	90,835
Proposed dividend	90,000	-
	<hr/>	<hr/>
	2,409,998	1,718,198
	<hr/>	<hr/>

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

Senior Term loan	1,950,000	2,425,000
Property Term loan	562,500	637,500
Obligations under hire purchase contracts	5,001	11,295
	<hr/>	<hr/>
	2,517,501	3,073,795
	<hr/>	<hr/>

The Senior Term Loan and the Property Term Loan are secured by:

- a legal charge over the freehold land and buildings
- mortgages over Keyman Insurance policies in respect of the lives of the directors (excluding non-executive directors).

Obligations under hire purchase contracts are secured on the relevant fixed assets.

Debts are repayable as follows:

	Senior Term Loan £	Property Term Loan £	Obligations under hire purchase contracts £
Within one year	475,000	75,000	5,868
Between one and two years	650,000	75,000	5,001
Between two and five years	1,775,000	225,000	-
After five years	-	262,500	-
	<hr/>	<hr/>	<hr/>
	2,900,000	637,500	10,869
	<hr/>	<hr/>	<hr/>

Interest is payable on the both loans at a variable rate based on LIBOR.



**Notes forming part of the abbreviated financial statements for the year ended 31 August 2003**  
**(Continued)**

	2003 £	2002 £
Provided:		
Accelerated capital allowances	25,000	25,000
Sundry timing differences	(5,000)	(5,000)
	<hr/>	<hr/>
	20,000	20,000

	Authorised			
	2003	2002	2003	2002
	Number	Number	£	£
Ordinary shares of £1 each	1,000	1,000	1,000	1,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	Allotted, called up and fully paid			
	2003	2002	2003	2002
	Number	Number	£	£
Ordinary shares of £1 each	720	720	720	720

	2003 £	2002 £
At 1 September 2002	154,006	-
Issued share capital on incorporation	-	2
Issued during the period	-	718
Retained profit for year/period	793,839	153,286
At 31 August 2003	<u>947,845</u>	<u>154,006</u>

## TTS GROUP LIMITED

### Notes forming part of the abbreviated financial statements for the year ended 31 August 2003 (Continued)

#### 19 Pensions

The company contributes into personal pension schemes for the benefit of the directors and certain employees.

The company operates a defined contribution pension scheme. The pension cost charge represents contributions payable by the company to these schemes of £27,071 (2002: £8,447).

#### 20 Commitments under operating leases

As at 31 August 2003, the company had annual commitments under non-cancellable operating leases as set out below:

	2003	Other 2002
	£	£
Operating leases which expire:		
Between one and two years	9,000	9,000
In two to five years	14,496	9,108
Over five years	-	5,388
	<u>23,496</u>	<u>23,496</u>

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

	2003	2002 Total
	£	£
Operating profit	1,770,735	359,191
Depreciation	66,398	39,260
Amortisation of goodwill	107,600	36,000
(Increase)/decrease in stocks	(257,824)	310,620
Increase in debtors	(80,103)	(61,062)
Decrease in creditors	205,182	(42,522)
Net cash inflow from operating activities	<u>1,811,988</u>	<u>641,487</u>

# TTS GROUP LIMITED

Notes forming part of the abbreviated financial statements for the year ended 31 August 2003  
(Continued)

## 22 Reconciliation of net cash inflow to movement in net debt

	2003		2002	
	£	£	£	£
Increase in cash in the period	(743,339)		(298,363)	
Cash (inflow/outflow) from increase in debt and lease financing	(556,294)		3,612,500	
Change in net debt resulting from cash flows	(1,299,633)		3,314,137	
New finance leases	-		17,163	
Movement in net debt in the period and closing net debt	(1,299,633)		3,331,300	
Opening net debt	3,331,300		-	
Closing net debt	2,031,667		3,331,300	

## 23 Analysis of net debt

	At 31 August 2002 £	Cash flow £	At 31 August 2003 £
Cash in hand and at bank	(298,565)	(743,137)	(1,041,702)
Overdrafts	202	(202)	-
	(298,363)	(743,339)	(1,041,702)
Debt due after one year	3,062,500	(550,000)	2,512,500
Debt due within one year	550,000	-	550,000
Obligations under finance leases	17,163	(6,294)	10,869
Total	3,331,300	(1,299,633)	2,031,667