

CROCODILE CLIPS LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2002

(Company Number SC 167 331)



Stewart, Sheddan & Co., C.A.
Edinburgh

CROCODILE CLIPS LIMITED**REPORT OF THE INDEPENDENT AUDITORS TO CROCODILE CLIPS LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts on pages 3 to 6 together with the financial statements of Crocodile Clips Limited for the year ended 31 July 2002 prepared under Section 226 of the Companies Act 1985.

Respective responsibilities of Directors and Auditors

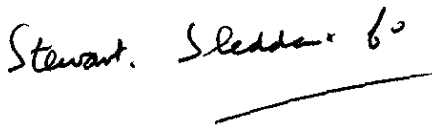
The directors are responsible for preparing the abbreviated accounts in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Act to the Registrar of Companies and whether the accounts 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 considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts 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 financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Companies Act 1985 and the abbreviated accounts on pages 3 to 6 have been properly prepared in accordance with those provisions.



Stewart, Sheddan & Co., C.A.
Registered Auditors
Edinburgh

27 November 2002

CROCODILE CLIPS LIMITED**ABBREVIATED BALANCE SHEET**
AS AT 31 JULY 2002

	<u>Note</u>	<u>2002</u>	<u>2001</u>
		£	£
<u>Fixed assets</u>			
Tangible assets	2	99,969	28,708
Investments	2	1	-
<u>Current assets</u>			
Stocks		13,175	9,031
Debtors - due within one year		91,193	173,571
Cash at bank and in hand		489,265	107,207
		<u>593,633</u>	<u>289,809</u>
<u>Creditors (amounts falling due within one year)</u>	3	(31,997)	(59,952)
<u>Net current assets</u>		<u>561,636</u>	<u>229,857</u>
<u>Total assets less current liabilities</u>		<u>661,606</u>	<u>258,565</u>
<u>Creditors (amounts falling due after one year)</u>	4	(250,000)	-
		<u>411,606</u>	<u>258,565</u>
<u>Provisions for liabilities and charges</u>		<u>(14,300)</u>	<u>(11,800)</u>
<u>Net assets</u>		<u>397,306</u>	<u>246,765</u>
<u>Capital and reserves</u>			
Called up share capital	6	1,130	1,000
Share premium account		163,670	-
Profit & loss account		232,506	245,765
<u>Shareholders' funds</u>		<u>397,306</u>	<u>246,765</u>

Abbreviated accounts statement

The abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The abbreviated accounts on pages 3 to 6 were approved by the Board of Directors on 27 November 2002, and signed on its behalf by:


A M Hall (Director)

The notes on pages 4 to 6 form part of these abbreviated accounts

CROCODILE CLIPS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

1. ACCOUNTING POLICIES

Basis of preparation of accounts

The accounts are prepared in accordance with applicable accounting standards and under the historical cost convention and include the results of the Company's operations which are described in the Director's Report and all of which are continuing.

Turnover

Turnover consists of the invoiced value (excluding VAT) for goods and services supplied to third parties.

Fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided in equal amounts each period in order to write off the original cost of tangible fixed assets over their estimated useful economic lives. Estimated useful economic lives are:-

Computer related	2 years
Other equipment	4 years
Fixtures and fittings	10 years

The fixed asset investment of £1 in Crocodile Clips (Trustees) Limited (CCTL) is stated at cost, and the accounts of the company do not consolidate the result of CCTL in line with the exemption provided by s.248 of the Companies Act 1985.

Stocks

Stock is valued at the lower of cost, on a first in first out basis, and net realisable value, after making due allowance for obsolete and slow moving items. Work in progress and finished goods are valued at cost including attributable direct labour and overhead costs after making due allowance for obsolete or slow moving items.

Taxation

The charge for taxation is based on the result for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for accounting and taxation purposes. In general, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. However, deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred taxation is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse. Foreign withholding taxes are written off in the year if they are not expected to be recoverable against UK corporation tax liabilities.

Leases

Assets acquired under finance leases are capitalised and depreciated over their useful economic lives. Outstanding obligations under the leases, net of finance charges, are included in creditors. Operating lease costs are charged to the profit and loss account on a straight line basis over the lease period.

Research and development

Computers and equipment for research and development are included as fixed assets and written off in accordance with the company's depreciation policy; other research and development expenditure is written off in the year in which it is incurred.

Government and other grants

Revenue grants receivable are taken to profit and loss account in the period to which they relate.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

CROCODILE CLIPS LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS (Cont'd)****2. FIXED ASSETS****Tangible Assets****Total**
£**Cost**

At start of year	55,368
Additions at cost	139,342
Disposals	(5,262)
At end of year	189,448

Aggregate depreciation

At start of year	26,660
Charge for year	67,164
Depreciation on disposals	(4,345)
At end of year	89,479

Net book value

At start of year	28,708
	=====
At end of year	99,969
	=====

Investments

The Company has acquired the whole issued share capital of Crocodile Clips (Trustees) Limited, which is the first appointed Trustee of the Crocodile Clips Employee Benefit Trust. The £1 ordinary share was acquired at par.

3. CREDITORS (amounts falling due within one year)

	<u>2002</u>	<u>2001</u>
	£	£
Trade creditors	22,187	27,328
Accruals	7,891	17,359
Other taxes & PAYE/NI	1,919	15,265
Corporation tax	-	-
	31,997	59,952
	=====	=====

Any bank overdraft or loan arising is secured by way of bond and floating charge over all the company's assets (note 5).

4. CREDITORS (amounts falling due after one year)

	<u>2002</u>	<u>2001</u>
	£	£
Other loans: due within 1 - 2 years	83,333	-
: due within 2 - 5 years	166,667	-
	250,000	-
	=====	=====

The bank loan, arranged under the Small Firms Loan Guarantee Scheme with the Royal Bank of Scotland, is secured (note 5), is subject to a fixed interest rate of 7.4% and is repayable by way of 30 equal monthly instalments.

CROCODILE CLIPS LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS (Cont'd)****5. CHARGES AND SECURITIES**

On 3 September 1997 a bond and floating charge was created over all sums due or becoming due to the Royal Bank of Scotland plc, over the whole of the company's property including uncalled capital. The Royal Bank of Scotland plc also hold a guarantee in the name of the company amounting to £212,500.

6. SHARE CAPITAL

	<u>2002</u>		<u>2001</u>	
	<u>Number</u>	<u>£</u>	<u>Number</u>	<u>£</u>
<u>Authorised</u>				
Ordinary shares of £1 each	-	-	100,000	100,000
"A" Ordinary shares of £0.0001 each	500,000,000	50,000	-	-
Ordinary shares of £0.0001 each	500,000,000	50,000	-	-
	-----	-----	-----	-----
	1,000,000,000	100,000	100,000	100,000
	=====	=====	=====	=====
<u>Issued and fully paid</u>				
Ordinary shares of £1 each	-	-	1,000	1,000
"A" Ordinary shares of £0.0001 each	10,000,000	1,000	-	-
Ordinary shares of £0.0001 each	1,300,000	130	-	-
	-----	-----	-----	-----
	11,300,000	1,130	1,000	1,000
	=====	=====	=====	=====

On 1 November 2001 the company's share capital was split from 100,000 authorised shares of £1 each to 1,000,000,000 shares of £0.0001 each, and the shares in issue were redesignated as "A" Ordinary shares. The Articles of Association were updated accordingly. The Ordinary and "A" Ordinary shares have equal voting rights, except in relation to certain allotments and transfers of shares where consent of 51% of the holders of "A" Ordinary shares is required, and for Ordinary shareholders who have ceased to be employed by the company who may have no voting rights.

On 1 November 2001 Crocodile Clips Employee Benefit Trust (CCEBT) was allotted 1,300,000 Ordinary shares at a price of 12.6p per share, bringing issued share capital to 10,000,000 "A" Ordinary shares and 1,300,000 Ordinary shares. The allotted shares to CCEBT were fully paid in cash and resulted in increases in ordinary Share Capital of £130 and Share Premium of £163,670. On the same date Offers of Grant of share options were made to the company's employees and others covering a total of 1,224,000 shares at a value and exercise price of 12.6p per share.

7. TRANSACTIONS WITH DIRECTORS AND RELATED PARTIES

There were no transactions with directors or related parties.