

CROCODILE CLIPS LIMITED

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 JULY 2004

(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 2004 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.

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

24 February 2005

CROCODILE CLIPS LIMITED**ABBREVIATED BALANCE SHEET**
AS AT 31 JULY 2004

	<u>Note</u>	£	<u>2004</u>	£	£	<u>2003</u>	£
<u>Fixed assets</u>							
Tangible assets	2		42,665			41,019	
Investments	2		1			1	
<u>Current assets</u>							
Stocks		19,557		16,430			
Debtors (due within one year)		261,525		301,591			
Cash at bank and in hand		507,115		392,878			
		<u>788,197</u>		<u>710,899</u>			
<u>Creditors (amounts falling due within one year)</u>	3	(305,740)		(210,897)			
<u>Net current assets</u>			482,457			500,002	
<u>Total assets less current liabilities</u>			525,123			541,022	
<u>Creditors (amounts falling due after one year)</u>	4		-			(158,337)	
			525,123			382,685	
<u>Provisions for liabilities and charges</u>			(4,300)			(4,000)	
<u>Net assets</u>			520,823			378,685	
			=====			=====	
<u>Capital and reserves</u>							
Called up share capital	6		1,130			1,130	
Share premium account			163,670			163,670	
Profit & loss account			356,023			213,885	
			<u>520,823</u>			<u>378,685</u>	
<u>Shareholders' funds</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 24 February 2005, 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 Directors' Report and all of which are continuing.

Turnover

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

Income

For accounting purposes, sales of products will be counted as income at the point of delivery or at the date of invoicing if delivery is less than three months after invoicing.

A service sale worth less than £5,000 per month for up to one year will be counted as income in the month the order is processed. Income for future years will be applied on the appropriate anniversary of the sale.

The income from any service sale or bespoke product development worth more than £5,000 per month will be spread evenly throughout the lifetime of the contract.

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.

Debtors

Known bad debts are written off and provision is made for any debts considered to be doubtful.

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.

CROCODILE CLIPS LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS (Cont'd)****1. ACCOUNTING POLICIES (cont'd)****Pensions**

The company does not operate a pension scheme at present.

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.

2. FIXED ASSETS**Tangible Assets**

	<u>Total</u> £
<u>Cost</u>	
At start of year	195,379
Additions at cost	19,368
Disposals	(7,138)

At end of year	207,609

<u>Aggregate depreciation</u>	
At start of year	154,360
Charge for year	17,399
Depreciation on disposals	(6,815)

At end of year	164,944

<u>Net book value</u>	
At start of year	41,019
	=====
At end of year	42,665
	=====

Investments

The Company owns 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. This wholly owned subsidiary is non-trading and is incorporated in Scotland.

CROCODILE CLIPS LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS (Cont'd)****3. CREDITORS (amounts falling due within one year)**

	<u>2004</u>	<u>2003</u>
	£	£
Trade creditors	16,776	15,136
Prepaid income	158,154	-
Accruals	69,829	57,451
Other taxes & PAYE/NI	60,981	46,647
Corporation tax	-	-
Bank loan (secured – note 5)	-	91,663
	-----	-----
	305,740	210,897
	=====	=====

The bank loan, arranged under the Small Firms Loan Guarantee Scheme with the Royal Bank of Scotland, was secured (note 5), was subject to a fixed interest rate of 7.4% and was repayable by way of 30 equal monthly instalments, commencing on 15 September 2004. However, the company repaid this loan early, on 17 March 2004.

4. CREDITORS (amounts falling due after one year)

	<u>2004</u>	<u>2003</u>
	£	£
Bank loan: due within 1 – 2 years (secured - note 5)	-	99,996
: due within 2 – 5 years (secured - note 5)	-	58,341
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	-	158,337
	=====	=====

5. CHARGES AND SECURITIES

On 3 September 1997 a bond and floating charge was created in respect of all sums due or becoming due to the Royal Bank of Scotland plc, over the whole of the company's property including uncalled capital.

6. SHARE CAPITAL

	<u>2004</u>		<u>2003</u>	
	Number	£	Number	£
<u>Authorised</u>				
"A" Ordinary shares of £0.0001 each	500,000,000	50,000	500,000,000	50,000
Ordinary shares of £0.0001 each	500,000,000	50,000	500,000,000	50,000
	-----	-----	-----	-----
	1,000,000,000	100,000	1,000,000,000	100,000
	=====	=====	=====	=====
<u>Allotted, called up and fully paid</u>				
"A" Ordinary shares of £0.0001 each	10,000,000	1,000	10,000,000	1,000
Ordinary shares of £0.0001 each	1,300,000	130	1,300,000	130
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	11,300,000	1,130	11,300,000	1,130
	=====	=====	=====	=====

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.

7. TRANSACTIONS WITH DIRECTORS AND RELATED PARTIES

There were no transactions with directors or related parties.