

REPORT AND ACCOUNTS

FROGTRADE LIMITED

Company number 3935677

31 JULY 2008



FROGTRADE LIMITED

31 JULY 2008

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FROGTRADE LIMITED31 JULY 2008OFFICERS AND COMPANY INFORMATION

## DIRECTORS

G J Davies  
B S Levi  
T S K Isa  
M D Booth  
P A Scott  
K Heal  
R M Broadie

## COMPANY SECRETARY

K Bowe

## AUDITORS

Montpelier Audit Limited  
Sanderson House  
Station Road  
Horsforth  
LEEDS  
LS18 5NT

## BANKERS

HSBC Bank plc  
7 Commercial Street  
HALIFAX  
HX1 1HN

## REGISTERED OFFICE

Second Floor  
F Mill  
Dean Clough  
HALIFAX  
HX3 5AX

FROGTRADE LIMITED31 JULY 2008DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 31 July 2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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 as at the end of the financial year and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- 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 to 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

In so far as the directors are aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

PRINCIPAL ACTIVITY

The company's principal activity during the year was that of developing a complete web environment and is unchanged since the previous period

FROGTRADE LIMITED31 JULY 2008DIRECTORS' REPORT**DIRECTORS WHO SERVED DURING THE YEAR**

The following directors served during the year ended 31 July 2008

G J Davies  
 B S Levi  
 T S K Isa  
 M D Booth  
 G P S Calvert OBE (resigned 20 June 2008)  
 P A Scott (appointed 24 September 2007)  
 K Heal (appointed 9 October 2007)  
 R M Broadie (appointed 15 July 2008)

**BUSINESS REVIEW AND DEVELOPMENT**

The directors are pleased to report substantial progress in both the growth and profitability of the business during this financial year. Compared with last year's 16 month trading period, turnover increased by 107% to £2.4 million and operating profit by 109% to £340,880 (annualised increases: turnover 176%, operating profit 179%).

The main focus of the business continued to be the education market. The company's customer base of schools and local authorities grew substantially during the period, boosted by positive referrals from enthusiastic users and a number of large, multiple school orders.

Frogtrade has firmly established itself as one of a very small number of suppliers that is genuinely meeting the real needs of today's schools, as demonstrated by a second Frog Conference with over 250 attendees, including customers, prospects and Government representatives. The directors anticipate continued growth in the education market in the forthcoming year, as schools continue to prepare for the Government's 2010 technology targets.

In addition Frogtrade won a significant international order in the commercial market, an area which it will be actively developing during the forthcoming year.

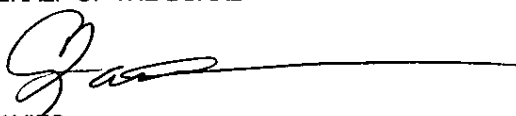
**AUDITORS**

During the year the company's auditors, Buckle Barton, incorporated their audit practice as Montpelier Audit Limited. As a result of this change Buckle Barton resigned as auditors and Montpelier Audit Limited were appointed in their stead. Montpelier Audit Limited have signified their willingness to continue in office. A resolution to reappoint them will be put to the members at the annual general meeting.

**COMPANIES ACT 1985**

The above report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

**ON BEHALF OF THE BOARD**

  
 G J DAVIES  
 Director

Dated

9-9-08

## INDEPENDENT AUDITOR'S REPORT

### TO THE SHAREHOLDERS OF FROGTRADE LIMITED

We have audited the financial statements of Frogtrade Limited for the year ended 31 July 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with s235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept, or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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 considered 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 July 2008 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

Sanderson House  
Station Road  
Horsforth  
Leeds  
LS18 5NT



MONTPELIER AUDIT LIMITED

Registered Auditors

Dated 9 September 2008

FROGTRADE LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31 JULY 2008

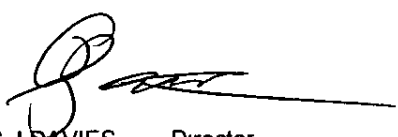
	Notes	Year ended 31 07 08 £	01 04 06 to 31 07 07 £
TURNOVER	2	2,402,931	1,158,308
Cost of sales		265,370	122,079
		<hr/>	<hr/>
GROSS PROFIT		2,137,561	1,036,229
Administrative expenses		1,796,681	873,557
		<hr/>	<hr/>
OPERATING PROFIT	3	340,880	162,672
Interest payable and similar charges	5	(18,778)	(36,747)
Interest receivable and similar income		3,090	238
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		325,192	126,163
Tax on profit on ordinary activities	6	39,768	-
		<hr/>	<hr/>
PROFIT FOR THE YEAR	19	285,424	126,163
		<hr/>	<hr/>

FROGTRADE LIMITEDBALANCE SHEET31 JULY 2008

		<u>2008</u>	<u>2007</u>
	Notes	£	£
FIXED ASSETS			
Intangible assets	7	-	-
Tangible assets	8	110,307	40,628
		<hr/>	<hr/>
		110,307	40,628
CURRENT ASSETS			
Stocks	9	20,935	-
Debtors	10	804,782	349,843
Cash at bank and in hand		360,587	141,632
		<hr/>	<hr/>
		1,186,304	491,475
CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR	11	(368,327)	(347,555)
		<hr/>	<hr/>
NET CURRENT ASSETS		817,977	143,920
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		928,284	184,548
CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	15	(3,425)	(5,312)
DEFERRED INCOME	16	(737,605)	(288,130)
PROVISION FOR LIABILITIES AND CHARGES	17	(9,723)	-
		<hr/>	<hr/>
NET ASSETS/(LIABILITIES)		177,531	(108,894)
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	18	10,642	10,632
Share premium account		319,358	318,367
Profit and loss account (adverse)	19	(152,469)	(437,893)
		<hr/>	<hr/>
EQUITY SHAREHOLDERS FUNDS/(DEFICIT)		177,531	(108,894)
		<hr/>	<hr/>

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007)

X



G J DAVIES - Director

Dated

9-9-08

FROGTRADE LIMITED

NOTES TO THE ACCOUNTS

31 JULY 2008

1 ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007)

Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortisation

Amortisation is provided on intellectual property over its useful economic life

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation

Depreciation

Depreciation is provided on all tangible fixed assets as follows

Included in plant and machinery are

Office equipment	- depreciated over 3 years on a straight line basis
Furniture & Fixtures	- depreciated over 5 years on a straight line basis

Depreciation is provided, pro-rata, from the month of purchase

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is the amount incurred in bringing each product to its present location and condition as follows

Raw materials - purchase cost on a first in, first out basis

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal

Research and development

Research and development expenditure is charged to profits in the period in which it is incurred

Hire purchase commitments

Assets obtained under hire purchase contracts are depreciated over the estimated useful lives

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of future payments is treated as a liability

Cashflow statement

The company has taken advantage of the exemption conferred by the Financial Reporting Standard for Small Entities (effective January 2007) and not prepared a cashflow statement

2 TURNOVER

Turnover represents the amounts receivable in respect of goods sold and services provided, stated net of value added tax, and relates entirely to the company's principal activity within the United Kingdom

FROGTRADE LIMITEDNOTES TO THE ACCOUNTSFOR THE PERIOD 1 APRIL 2006 TO 31 JULY 2008

	Year ended 31 07 08	01 04 06 to 31 07 07
	£	£
3 OPERATING PROFIT		
This is stated after charging		
Depreciation of owned assets	31,753	15,097
Depreciation of assets under hire purchase contracts	1,650	-
Auditors' remuneration	4,000	3,000
	<u>          </u>	<u>          </u>
4 DIRECTORS' EMOLUMENTS		
Aggregate emoluments including benefits in kind, assets (other than shares) received under long term incentive schemes and aggregate value of any company contributions paid to a money purchase pension scheme	276,135	115,200
	<u>          </u>	<u>          </u>
	No	No
Number of directors to whom retirement benefits are accruing under money purchase schemes	-	-
	<u>          </u>	<u>          </u>
	£	£
5 INTEREST PAYABLE AND SIMILAR CHARGES		
On bank loans and overdrafts	18,778	36,747
	<u>          </u>	<u>          </u>
6 TAX ON PROFIT ON ORDINARY ACTIVITIES		
UK corporation tax		
Charge for the year @ 20 5% (2007 Nil)	30,000	-
Previous period adjustment	45	-
Deferred taxation		
Charge for the year	9,723	-
	<u>          </u>	<u>          </u>
	39,768	-
	<u>          </u>	<u>          </u>

FROGTRADE LIMITEDNOTES TO THE ACCOUNTS31 JULY 2008

## 7 INTANGIBLE FIXED ASSETS

Intellectual  
property

£

Cost

At 1 August 2007 and  
At 31 July 2008

15,000

Amortisation

At 1 August 2007 and  
At 31 July 2008

15,000

Net book value

At 31 July 2008

-

At 31 July 2007

-

## 8 TANGIBLE FIXED ASSETS

Plant &  
machinery

£

Cost

At 1 August 2007  
Additions

84,434

103,082

At 31 July 2008

187,516

Depreciation

At 1 August 2007  
Provided during the year

43,806

33,403

At 31 July 2008

77,209

Net book value

At 31 July 2008

110,307

At 31 July 2007

40,628

Net book value of assets held under hire  
purchase contracts

At 31 July 2008

8,250

At 31 July 2007

-

There were no capital commitments, either authorised or contracted for, at the balance sheet date

FROGTRADE LIMITEDNOTES TO THE ACCOUNTS31 JULY 2008

		<u>2008</u>	<u>2007</u>
		£	£
9	STOCKS		
	Goods for resale	20,935	-
		<u>20,935</u>	<u>-</u>
10	DEBTORS		
	Due within one year		
	Trade debtors	647,832	293,390
	Loans to directors (note 12)	-	17,824
	Prepayments	156,950	38,629
		<u>804,782</u>	<u>349,843</u>
11	CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR		
	Loans from directors (note 12)	-	20,000
	Bank loan (secured) (note 13)	5,312	31,875
	Hire purchase contracts (secured) (note 14)	2,948	-
	Trade creditors	162,351	88,444
	Corporation tax	30,000	-
	Other taxes and social security costs	48,714	103,762
	Other creditors (note 21)	2,176	65,065
	Accruals (note 21)	116,826	38,409
		<u>368,327</u>	<u>347,555</u>

The bank loan is secured by a combination of fixed and floating charges over all present and future assets of the company

The hire purchase contracts are secured by a charge over the assets to which the contracts relate

FROGTRADE LIMITEDNOTES TO THE ACCOUNTS31 JULY 2008

## 12 LOANS TO DIRECTORS

	Outstanding at 31 07 08	Outstanding at 31 07 07	Maximum outstanding in year
	£	£	£
TSK Isa	-	17,046	19,376
G Davies	-	778	1,032
	<hr/>	<hr/>	<hr/>
	-	17,824	20,408
	<hr/>	<hr/>	<hr/>
		<u>2008</u>	<u>2007</u>
		£	£

## LOANS FROM DIRECTORS

The loans from M D Booth and B S Levi bear interest at 10% per annum with no fixed terms for repayment

M D Booth	-	15,000
B S Levi	-	5,000
	<hr/>	<hr/>
	-	20,000
	<hr/>	<hr/>

## 13 BANK LOAN

The bank loan bears interest at 6.75% per annum and is repayable in monthly instalments of £2,656

Amount repayable within five years	5,312	37,187
	<hr/>	<hr/>
The current portion of the loan is shown in current liabilities and amounts to	5,312	31,875
	<hr/>	<hr/>

## 14 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

The maturity of the obligations under hire purchase contracts is as follows

0 - 1 year	2,948	-
2 - 5 years	3,425	-
	<hr/>	<hr/>
	6,373	-
	<hr/>	<hr/>

FROGTRADE LIMITEDNOTES TO THE ACCOUNTS31 JULY 2008

	<u>2008</u>	<u>2007</u>
	£	£
15 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
Bank loan (secured) (note 13)	-	5,312
Hire purchase contracts (secured) (note 14)	3,425	-
	<u>3,425</u>	<u>5,312</u>
16 DEFERRED INCOME		
Deferred income represents amounts invoiced in advance for annual support contracts, goods and services not yet delivered. Income received in respect of support contracts is credited to deferred income and released to the profit and loss account pro-rata over the period of the contract.	737,605	288,130
	<u>737,605</u>	<u>288,130</u>
17 PROVISION FOR LIABILITIES AND CHARGES		
Taxation, including deferred taxation	9,723	-
	<u>9,723</u>	<u>-</u>
The balance on deferred taxation is made up of taxation deferred by reason of		
Capital allowances in advance of depreciation	9,723	-
	<u>9,723</u>	<u>-</u>
18 CALLED UP SHARE CAPITAL		
Authorised		
5,000 'A' ordinary shares of 10p each	500	500
9,995,000 'B' ordinary shares of 10p each	999,500	999,500
	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, issued and fully paid		
5,000 'A' ordinary shares of 10p each	500	500
101,420 'B' ordinary shares of 10p each	10,142	10,132
	<u>10,642</u>	<u>10,632</u>
During the year the company allotted a further 100 'B' ordinary shares fully paid for cash, being a further investment in the company by an existing shareholder		

FROGTRADE LIMITEDNOTES TO THE ACCOUNTS31 JULY 2008

	<u>2008</u>
	£
19	PROFIT AND LOSS ACCOUNT
	At 1 August 2007 (adverse) (437,893)
	Profit for the year 285,424
	At 31 July 2008 (adverse) (152,469)
20	ULTIMATE CONTROLLING PARTY
	There is no ultimate controlling party
21	RELATED PARTY TRANSACTIONS
	Included in administrative expenses and directors' emoluments is an amount of £160,662 (2007 £115,200) charged to the company by D I Management Limited in respect of management services G J Davies and T S K Isa are both directors and controlling shareholders of D I Management Limited
	Other creditors (note 11) includes an amount of £Nil (2007 £36,000) owed to D I Management Limited
	Accruals (note 11) includes an amount of £54,914 (2007 £Nil) owed to D I Management Limited
	Included in administrative expenses is an amount of £39,024 (2007 £24,076) of which £4,768 (2007 £Nil) is also included in directors' emoluments, charged to the company by Broadie Associates Limited in respect of consultancy services R Broadie is both a director and controlling shareholder of Broadie Associates Limited
	Included in trade creditors at 31 July 2008 are amounts of £10,600, £150 and £243 owed to B Levi, G J Davies and TSK Isa respectively
22	CONTINGENT LIABILITIES
	The company has received services from third parties for which no payment has been made Under the terms of the relevant agreements, no payments are due unless the company earns sufficient future profits as specified in the agreements The total amount payable by the company, if these terms are met, will be approximately £20,000