

## REPORT AND ACCOUNTS

**FROGTRADE LIMITED**

Company number: 3935677

31 MARCH 2003



FROGTRADE LIMITED

31 MARCH 2003

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FROGTRADE LIMITED31 MARCH 2003OFFICERS AND COMPANY INFORMATION

## DIRECTORS:

G Davies  
B Levi  
S W Guffogg  
T S K Isa  
M D Booth

## COMPANY SECRETARY:

K Davies

## AUDITORS:

Buckle Barton  
Chartered Accountants  
Sanderson House  
Station Road  
Horsforth  
LEEDS  
LS18 5NT

## BANKERS:

HSBC  
7 Commercial Street  
HALIFAX  
HX1 1HN

## REGISTERED OFFICE:

Suite D209  
Dean Clough  
HALIFAX  
HX3 5AX

FROGTRADE LIMITED31 MARCH 2003DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 31 March 2003.

DIRECTORS' RESPONSIBILITIES

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.

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.

DIRECTORS AND THEIR INTERESTS

The directors at 31 March 2003 and their interests in the share capital of the company were as follows:

Class of shares	End of year	Start of year or subsequent date of appointment
	No.	No.
'B' ordinary shares of 10p each:		
G Davies	42,500	42,500
B Levi	500	500
S W Guffogg (appointed 15 July 2002)	2,200	2,200
T S K Isa (appointed 1 March 2003)	40,000	40,000
M D Booth (appointed 1 March 2003)	-	-

All the above shares were held beneficially.

FROGTRADE LIMITED31 MARCH 2003DIRECTORS' REPORT**BUSINESS REVIEW AND DEVELOPMENT**

The directors are pleased to report that development of the company's innovative web-based software was substantially completed during the financial year 2002/03. The technology has been approved for Research and Development tax credit status by the Inland Revenue and application has also been made to the European SMART Development Award Grant Scheme.

The software is currently undergoing pilot site testing and has already attracted substantial interest in the education and commercial markets. The directors anticipate that growing commercial returns on the investment already made will be achievable during the forthcoming financial year.

**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**

T S K ISA  
Director

Dated: 10 July 2003

# INDEPENDENT AUDITORS' REPORT

## TO THE SHAREHOLDERS OF FROGTRADE LIMITED

We have audited the financial statements of Frogtrade Limited for the year ended 31 March 2003 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 (effective June 2002) under the historical cost convention and the accounting policies set out therein.

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

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

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

### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards 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 of the state of the company's affairs as at 31 March 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Sanderson House  
Station Road  
Horsforth  
Leeds  
LS18 5NT

BUCKLE BARTON  
Chartered Accountants

REGISTERED AUDITOR

Dated: 10 July 2003

FROGTRADE LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31 MARCH 2003

	Notes	Year ended <u>31.03.03</u> £	01.03.01 to <u>31.03.02</u> £
TURNOVER	3	20,661	14,726
Cost of sales		8,085	8,460
		<hr/>	<hr/>
GROSS PROFIT		12,576	6,266
Administrative expenses		236,850	214,290
		<hr/>	<hr/>
OPERATING LOSS	4	(224,274)	(208,024)
Interest receivable and similar income		-	178
Interest payable and similar charges	6	(10,726)	(96)
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(235,000)	(207,942)
Tax on loss on ordinary activities	7	(45,222)	-
		<hr/>	<hr/>
LOSS SUSTAINED FOR THE YEAR		(189,778)	(207,942)
LOSS SUSTAINED BROUGHT FORWARD		(207,942)	-
		<hr/>	<hr/>
LOSS SUSTAINED CARRIED FORWARD		(397,720)	(207,942)
		<hr/> <hr/>	<hr/> <hr/>

FROGTRADE LIMITEDBALANCE SHEET31 MARCH 2003

		<u>2003</u>	<u>2002</u>
			(As restated)
	Notes	£	£
FIXED ASSETS			
Intangible assets	8	-	15,000
Tangible assets	9	20,323	23,979
		<hr/>	<hr/>
		20,323	38,979
		<hr/>	<hr/>
CURRENT ASSETS			
Stocks	10	3,933	-
Debtors	11	63,012	34,950
Cash at bank and in hand		372	10,819
		<hr/>	<hr/>
		67,317	45,769
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	12	(186,660)	(59,190)
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(119,343)	(13,421)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		(99,020)	25,558
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	15	(55,000)	(75,000)
		<hr/>	<hr/>
NET LIABILITIES		(154,020)	(49,442)
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	16	9,570	9,000
Share premium account	17	234,130	149,500
Profit and loss account (adverse)	17	(397,720)	(207,942)
		<hr/>	<hr/>
EQUITY SHAREHOLDERS DEFICIT		(154,020)	(49,442)
		<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 June 2002).



T S K ISA - Director

Dated: 10 July 2003



FROGTRADE LIMITED

NOTES TO THE ACCOUNTS

31 MARCH 2003

1. GOING CONCERN

The accounts have been prepared on the going concern basis which assumes the continued support of the company's bankers, and the future commercial returns on the investment made in the company's product. In the opinion of the directors, the going concern basis is appropriate for the preparation of the accounts.

2. 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 June 2002).

Depreciation

Depreciation is provided on all tangible fixed assets at the following rate on the basis stated:

Plant and machinery - 20% p.a. on reducing balance

A full year's depreciation is provided in the year 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 year in which it is incurred.

Deferred taxation

Deferred taxation is provided on the liability method and represents full provision for potential amounts of deferred tax.

3. TURNOVER

Turnover represents the invoiced amounts 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 ACCOUNTS31 MARCH 2003

	Year ended 31.03.03	01.03.01 to 31.03.02
	£	£
4. OPERATING LOSS		
This is stated after charging:		
Depreciation of owned assets	5,156	6,310
Amortisation	15,000	-
	<u>          </u>	<u>          </u>
5. 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.	81,730	43,000
	<u>          </u>	<u>          </u>
	No.	No.
Number of directors to whom retirement benefits are accruing under money purchase schemes	-	-
	<u>          </u>	<u>          </u>
	£	£
6. INTEREST PAYABLE AND SIMILAR CHARGES		
On bank loans and overdrafts	10,726	96
	<u>          </u>	<u>          </u>
7. TAX ON LOSS ON ORDINARY ACTIVITIES		
UK corporation tax:		
Credit for the year	(24,413)	-
Previous period adjustment	(20,809)	-
	<u>          </u>	<u>          </u>
	(45,222)	-
	<u>          </u>	<u>          </u>

FROGTRADE LIMITEDNOTES TO THE ACCOUNTS31 MARCH 2003

## 8. INTANGIBLE FIXED ASSETS

	Intellectual property
	£
Cost:	
At 1 April 2002 and	
At 31 March 2003 (note 17)	15,000
	<hr/>
Amortisation:	
At 1 April 2002	-
Provided during the year	15,000
	<hr/>
At 31 March 2003	15,000
	<hr/>
Net book value:	
At 31 March 2003	-
	<hr/>
At 31 March 2002 (as restated)	15,000
	<hr/>

## 9. TANGIBLE FIXED ASSETS

	Plant & machinery
	£
Cost:	
At 1 April 2002	30,289
Additions	1,500
	<hr/>
At 31 March 2003	31,789
	<hr/>
Depreciation:	
At 1 April 2002	6,310
Provided during the year	5,156
	<hr/>
At 31 March 2003	11,466
	<hr/>
Net book value:	
At 31 March 2003	20,323
	<hr/>
At 31 March 2002	23,979
	<hr/>

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

FROGTRADE LIMITEDNOTES TO THE ACCOUNTS31 MARCH 2003

	<u>2003</u>	<u>2002</u>
	£	£
10. STOCKS		
Raw materials and consumables	3,933	-
	<u>3,933</u>	<u>-</u>
11. DEBTORS		
Due within one year:		
Trade debtors	7,024	1,586
Other debtors	46,098	33,364
Prepayments and accrued income	9,890	-
	<u>63,012</u>	<u>34,950</u>
12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Loans from directors (note 13)	5,040	38
Bank loan (secured) (note 14)	20,000	20,000
Bank overdraft (secured)	65,249	-
Payments received on account	-	15,000
Trade creditors	20,820	-
Other taxes and social security costs	60,158	22,882
Accruals and deferred income	15,393	1,270
	<u>186,660</u>	<u>59,190</u>
13. LOANS FROM DIRECTORS		
The loans from directors are interest free with no fixed terms for repayment		
G Davies	2,002	38
T S K Isa	3,038	-
	<u>5,040</u>	<u>38</u>

FROGTRADE LIMITEDNOTES TO THE ACCOUNTS31 MARCH 2003

	<u>2003</u>	<u>2002</u>
	£	£
14. BANK LOAN		
The bank loan bears interest at 6.75% per annum and is repayable in monthly instalments of £1,666.67		
Amount repayable within five years	75,000	95,000
	<hr/>	<hr/>
The current portion of the loan is shown in current liabilities and amounts to	20,000	20,000
	<hr/>	<hr/>
15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
Bank loan (secured) (note 14)	55,000	75,000
	<hr/>	<hr/>
16. CALLED UP SHARE CAPITAL		
Authorised:		
5,000 'A' ordinary shares of 10p each	500	500
995,000 'B' ordinary shares of 10p each	99,500	99,500
	<hr/>	<hr/>
	100,000	100,000
	<hr/>	<hr/>
Allotted, issued and fully paid:		
5,000 'A' ordinary shares of 10p each	500	500
90,700 'B' ordinary shares of 10p each	9,070	8,500
	<hr/>	<hr/>
	9,570	9,000
	<hr/>	<hr/>

During the year 5,700 'B' ordinary shares of 10p each, with an aggregate nominal value of £570, were issued fully paid for cash of £85,200 being additional working capital.

FROGTRADE LIMITEDNOTES TO THE ACCOUNTS31 MARCH 2003

## 17. RESERVES

	Called up share capital	Share premium account	Revaluation reserve	Profit & loss account	Total
	£	£	£	£	£
At 1 April 2002 (as previously stated)	9,000	149,500	335,000	(207,942)	285,558
Prior period adjustment	-	-	(335,000)	-	(335,000)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 1 April 2002 (as restated)	9,000	149,500	-	(207,942)	(49,442)
Share issue	570	84,630	-	-	85,200
Loss sustained for the year	-	-	-	(189,778)	(189,778)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2003	9,570	234,130	-	(397,720)	(154,020)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The prior period adjustment to the revaluation reserve is in respect of the intellectual property (note 8) which was incorrectly revalued last year. This intellectual property has now been restated to cost and there is no effect on the loss sustained in either year as a result of this adjustment.

## 18. ULTIMATE CONTROLLING PARTY

The company is under the ultimate control of G Davies and T S K Isa who between them have voting control of the company.

## 19. TRANSACTIONS WITH DIRECTORS

Included in administrative expenses and directors' emoluments (note 5) is £12,700 paid to S W Guffogg t/a Mantislight Consultants, in respect of management services and consultancy.