

TERRA PLANA INTERNATIONAL LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2012

Company Registration No. 03474829 (England and Wales)

SHELLEY STOCK HUTTER LLP

Chartered Accountants

1st Floor

7 - 10 Chandos Street

London

W1G 9DQ

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28/06/2013

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COMPANIES HOUSE

TERRA PLANA INTERNATIONAL LIMITED

DIRECTORS AND ADVISERS

Directors	Mr G J D Clark A M Clark L P Clark L C Li-Ming
Secretary	Mr G J D Clark
Company number	03474829
Registered office	28 Britton Street London EC1M 5UE
Registered auditors	Shelley Stock Hutter LLP 1st Floor 7-10 Chandos Street London W1G 9DQ
Business address	28 Britton Street London EC1M 5UE

TERRA PLANA INTERNATIONAL LIMITED

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TERRA PLANA INTERNATIONAL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2012

The directors present their report and financial statements for the year ended 30 June 2012

Principal activities and review of the business

The principal activity of the group continued to be that of the design, marketing and sale of footwear

The group has made significant losses. By the year end, the directors made the decision to close down the US and Belgium operations, and restructure of UK operation. The Belgium subsidiary closed down shortly after year end, and the US subsidiary is in the process of closing down.

Description of Principal Risks and Uncertainties

As for businesses which operate in the fashion and retail sector, stocks go out of fashion and become obsolete is one of the major risks. The group has continually invested significantly in new designs and development of footwear.

Liquidity risk

The group is loss making and insolvent. Its liquidity is relying on the continuous support from its shareholders. However, we are confident that the shareholders have adequate resources to continue to support the group for the foreseeable future.

Foreign currency risk

The group's principal foreign currency exposures arise from trading with overseas companies. Group policy permit but does not demand that these exposures may be hedged in order to fix the cost in sterling. This hedging activity involves the use of foreign exchange forward contracts.

Credit risk

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are reviewed on a regular basis and provision is made for doubtful debts when necessary.

Results and dividends

The consolidated profit and loss account for the year is set out on page 6.

Directors

The following directors have held office since 1 July 2011:

Mr G J D Clark
A M Clark
L P Clark
L C Li-Ming

Auditors

Shelley Stock Hutter LLP were appointed auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

TERRA PLANA INTERNATIONAL LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

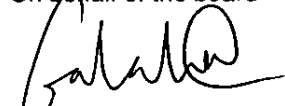
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information.

On behalf of the board



Mr G J D Clark
Director

28 Jun 13
Date

TERRA PLANA INTERNATIONAL LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TERRA PLANA INTERNATIONAL LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Terra Plana International Limited for the year ended 30 June 2012 set out on pages 6 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

TERRA PLANA INTERNATIONAL LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF TERRA PLANA INTERNATIONAL LIMITED

Basis for qualified opinion on financial statements

With respect to stock of the US subsidiary having a carrying amount of £689,773 the audit evidence available to us was limited because we did not observe the counting of the physical stock as at 30 June 2012. Owing to the nature of the company's records, we were unable to obtain sufficient appropriate audit evidence regarding the stock quantities by using other audit procedures. During our audit we have not identified any evidence that would give rise to a material adjustment to closing stock.

With respect to opening stock of the group having a carrying amount of £1,532,263 the audit evidence available to us was limited because we did not observe the counting of the physical stock as at 30 June 2011, since that date was prior to our appointment as auditor of the group. Owing to the nature of the group's records, we were unable to obtain sufficient appropriate audit evidence regarding the stock quantities by using other audit procedures. During our audit we have not identified any evidence that would give rise to a material adjustment to closing stock.

Qualified opinion on financial statements

In our opinion, except for the possible effects of the matters as described in the basis for Qualified Opinion paragraph, the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 30 June 2012 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Emphasis of matter

In forming our opinion, we have considered whether the group has the ability to continue as a going concern. This is because as at the balance sheet date, the group's liabilities exceeded assets by £3,113,116 (2011 £532,890). Details of the circumstances relating to this matter are described in Note 1.1 to the accounts. Our opinion is not qualified in this respect, as the group has the continued support of its shareholders.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

TERRA PLANA INTERNATIONAL LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF TERRA PLANA INTERNATIONAL LIMITED

Matters on which we are required to report by exception

In respect solely of the limitation on our work referred to above

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit, and
- we were unable to determine whether adequate accounting records had been maintained

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made

Other matters

In forming our opinion, we have considered the adequacy of the disclosures made concerning the unaudited comparatives. In view of the significance of this uncertainty, we consider that it should be drawn to your attention, but our opinion is not qualified in this respect



Richard Churchill (Senior Statutory Auditor)
for and on behalf of Shelley Stock Hutter LLP
Chartered Accountants
Statutory Auditor
1st Floor
7-10 Chandos Street
London
W1G 9DQ

28/6/2013
Date

TERRA PLANA INTERNATIONAL LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2012

	Notes	Year ended 30 June 2012 £	Unaudited Period ended 30 June 2011 £
Turnover	2		
Continuing operations		4,631,803	5,340,419
Discontinued activities		3,009,056	3,071,994
		<u>7,640,859</u>	<u>8,412,413</u>
Cost of sales		(5,489,955)	(4,249,118)
Gross profit		<u>2,150,904</u>	<u>4,163,295</u>
Distribution costs		(293,184)	(99,253)
Administrative expenses		(5,070,344)	(5,426,866)
Other operating income		8,020	-
		<u></u>	<u></u>
Operating loss	4		
Continuing operations		(2,619,362)	(1,224,599)
Discontinued activities		(585,242)	(138,225)
		<u>(3,204,604)</u>	<u>(1,362,824)</u>
Investment income	5	-	15,567
Other interest receivable and similar income		84	68
Interest payable and similar charges	6	(46,803)	(28,139)
		<u></u>	<u></u>
Loss on ordinary activities before taxation		<u>(3,251,323)</u>	<u>(1,375,328)</u>
Tax on loss on ordinary activities	7	44,967	-
		<u></u>	<u></u>
Loss on ordinary activities after taxation		<u>(3,206,356)</u>	<u>(1,375,328)</u>

There are no recognised gains and losses other than those passing through the profit and loss account

TERRA PLANA INTERNATIONAL LIMITED

BALANCE SHEETS

AS AT 30 JUNE 2012

		Group	Unaudited	Company	Unaudited
		2012	2011	2012	2011
	Notes	£	£	£	£
Fixed assets					
Tangible assets	9	80,810	231,064	75,467	133,729
Investments	10	101	101	102	899
		<u>80,911</u>	<u>231,165</u>	<u>75,569</u>	<u>134,628</u>
Current assets					
Stocks	11	1,763,270	1,532,263	575,353	443,817
Debtors	12	1,434,754	1,210,397	2,242,276	1,648,382
Cash at bank and in hand		318,571	317,758	205,334	181,576
		<u>3,516,595</u>	<u>3,060,418</u>	<u>3,022,963</u>	<u>2,273,775</u>
Creditors: amounts falling due within one year	13	(2,868,082)	(1,425,678)	(2,393,994)	(1,138,840)
Net current assets		<u>648,513</u>	<u>1,634,740</u>	<u>628,969</u>	<u>1,134,935</u>
Total assets less current liabilities		<u>729,424</u>	<u>1,865,905</u>	<u>704,538</u>	<u>1,269,563</u>
Creditors amounts falling due after more than one year	14	(3,842,540)	(2,398,795)	(3,842,540)	(2,398,795)
		<u>(3,113,116)</u>	<u>(532,890)</u>	<u>(3,138,002)</u>	<u>(1,129,232)</u>
Capital and reserves					
Called up share capital	15	1,957,173	1,876,173	1,957,173	1,876,173
Share premium account	16	4,338,957	3,793,827	4,338,957	3,793,827
Profit and loss account	16	(9,409,246)	(6,202,890)	(9,434,132)	(6,799,232)
Shareholders' funds	17	<u>(3,113,116)</u>	<u>(532,890)</u>	<u>(3,138,002)</u>	<u>(1,129,232)</u>

Approved by the Board and authorised for issue on 28 Jun 13



Mr G J D Clark
Director

Company Registration No. 03474829

TERRA PLANA INTERNATIONAL LIMITED

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2012

	Year ended 30 June 2012 £	Unaudited Period ended 30 June 2011 £
Net cash outflow from operating activities	(1,636,681)	(2,099,291)
Returns on investments and servicing of finance		
Interest received	84	68
Interest paid	(46,803)	(28,139)
Net cash outflow for returns on investments and servicing of finance	(46,719)	(28,071)
Taxation	3,148	(4,631)
Capital expenditure and financial investment		
Payments to acquire intangible assets	-	(10,000)
Payments to acquire tangible assets	(395,674)	(226,402)
Payments to acquire investments	-	(200)
Receipts from sales of tangible assets	-	23,782
Receipts from sales of investments	-	15,667
Net cash outflow for capital expenditure	(395,674)	(197,153)
Acquisitions and disposals		
Purchase of subsidiary undertakings (net of cash acquired)	-	(160,164)
Net cash outflow for acquisitions and disposals	-	(160,164)
Net cash outflow before management of liquid resources and financing	(2,075,926)	(2,489,310)
Financing		
Issue of ordinary share capital	626,130	4,670,000
Other new long term loans	1,443,745	1,500,000
Repayment of other long term loans	-	(3,409,207)
Net cash inflow from financing	2,069,875	2,760,793
(Decrease)/increase in cash in the year	(6,051)	271,483

TERRA PLANA INTERNATIONAL LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

1	Reconciliation of operating loss to net cash outflow from operating activities	2012		2011	
		£		£	
	Operating loss	(3,204,604)		(1,362,824)	
	Depreciation of tangible assets	545,928		82,921	
	Amortisation of intangible assets	-		10,000	
	Loss on disposal of tangible assets	-		1,506	
	Increase in stocks	(231,007)		(1,378,363)	
	(Increase)/decrease in debtors	(182,538)		137,965	
	Increase in creditors within one year	1,435,540		409,504	
	Net cash outflow from operating activities	(1,636,681)		(2,099,291)	
2	Analysis of net debt	1 July 2011	Cash flow	Other non-cash changes	30 June 2012
		£	£	£	£
	Net cash				
	Cash at bank and in hand	317,758	813	-	318,571
	Bank overdrafts	-	(6,864)	-	(6,864)
		<u>317,758</u>	<u>(6,051)</u>	<u>-</u>	<u>311,707</u>
	Debts falling due after one year	(2,398,795)	(1,443,745)	-	(3,842,540)
	Net debt	<u>(2,081,037)</u>	<u>(1,449,796)</u>	<u>-</u>	<u>(3,530,833)</u>
3	Reconciliation of net cash flow to movement in net debt	2012		2011	
		£		£	
	(Decrease)/increase in cash in the year	(6,051)		271,483	
	Cash (inflow)/outflow from (increase)/decrease in debt	(1,443,745)		1,926,127	
	Movement in net debt in the year	(1,449,796)		2,197,610	
	Opening net debt	(2,081,037)		(4,278,647)	
	Closing net debt	(3,530,833)		(2,081,037)	

TERRA PLANA INTERNATIONAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

At the balance sheet date, the group's liabilities exceeded assets £3,113,116 (2011 £532,890) and the group is therefore reliant on its shareholders for continued support. The directors are confident that the shareholders have adequate resources to continue to support the group for the foreseeable future and is satisfied that the accounts have been properly prepared on a going concern basis

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 30 June 2012. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

1.4 Associated undertakings

The group's share of profits less losses of associated undertakings is included in the consolidated profit and loss account, and the group's share of their net assets is included in the consolidated balance sheet. These amounts are taken from the latest audited financial statements of the undertakings concerned.

1.5 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.6 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

1.7 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Leasehold	3 years straight line
Computer equipment	3 years straight line
Fixtures, fittings & equipment	3 years straight line
Motor vehicles	5 years straight line

1.8 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.9 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.10 Stock

Stock is valued at the lower of cost and net realisable value.

TERRA PLANA INTERNATIONAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

1 Accounting policies (continued)

1.11 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.12 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 Turnover

The total turnover of the group for the year has been derived from its principal activity.

Segmental analysis by geographical area

The analysis by geographical area of the group's turnover is set out as below:

	2012		2011	
	Sales by destination £	Sales by origin £	Sales by destination £	Sales by origin £
Geographical segment				
USA	2,775,171	2,775,171	3,027,389	3,027,389
UK	2,325,940	4,631,803	2,574,199	5,340,419
Rest of Europe	1,627,933	233,885	1,801,689	44,605
Rest of world	911,815	-	1,009,136	-
	<u>7,640,859</u>	<u>7,640,859</u>	<u>8,412,413</u>	<u>8,412,413</u>

3 Cost of sales and net operating expenses

	2012			2011		
	Continuing £	Discontinued £	Total £	Continuing £	Discontinued £	Total £
Cost of sales	3,711,984	1,777,971	5,489,955	2,438,511	1,810,607	4,249,118
Distribution costs	-	293,184	293,184	-	99,253	99,253
Administrative expenses	3,547,201	1,523,143	5,070,344	4,126,507	1,300,359	5,426,866
Other operating income	(8,020)	-	(8,020)	-	-	-
	<u>7,251,165</u>	<u>3,594,298</u>	<u>10,845,463</u>	<u>6,565,018</u>	<u>3,210,219</u>	<u>9,775,237</u>

TERRA PLANA INTERNATIONAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

4	Operating loss	2012	2011
		£	£
	Operating loss is stated after charging		
	Amortisation of intangible assets	-	10,000
	Depreciation of tangible assets	545,928	82,921
	Loss on disposal of tangible assets	-	1,506
	Loss on foreign exchange transactions	80,642	24,452
	Operating lease rentals	489,615	748,264
	Fees payable to the group's auditor for the audit of the group's annual accounts (company £30,000, 2011 £-)	35,750	-
	Remuneration of auditors' non-audit work	48,964	62,265
	and after crediting		
	Profit on foreign exchange transactions	<u>(21,095)</u>	<u>(6,205)</u>
5	Investment income	2012	2011
		£	£
	Income from fixed asset investments	<u>-</u>	<u>15,567</u>
6	Interest payable	2012	2011
		£	£
	On bank loans and overdrafts	16,317	10,687
	On other loans wholly repayable within five years	13,344	8,861
	Other interest	17,142	8,591
		<u>46,803</u>	<u>28,139</u>

TERRA PLANA INTERNATIONAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

7	Taxation	2012 £	2011 £
	Domestic current year tax		
	Adjustment for prior years	(44,967)	-
	Total current tax	<u>(44,967)</u>	<u>-</u>
	Factors affecting the tax charge for the year		
	Loss on ordinary activities before taxation	<u>(3,251,323)</u>	<u>(1,375,328)</u>
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 0.00% (2011 - 0.00%)	-	-
	Effects of Adjustments to previous periods	<u>(44,967)</u>	<u>-</u>
	Current tax charge for the period	<u>(44,967)</u>	<u>-</u>

8 Loss for the financial period

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The loss for the financial period is made up as follows:

	2012 £	2011 £
Holding company's loss for the financial period	<u>(2,634,900)</u>	<u>(1,948,574)</u>

TERRA PLANA INTERNATIONAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

9 Tangible fixed assets

Group

	Land and buildings Leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 July 2011	57,811	9,060	329,853	-	396,724
Additions	151,067	2,295	230,312	12,000	395,674
At 30 June 2012	208,878	11,355	560,165	12,000	792,398
Depreciation					
At 1 July 2011	28,667	2,644	134,349	-	165,660
Charge for the year	180,210	3,370	359,948	2,400	545,928
At 30 June 2012	208,877	6,014	494,297	2,400	711,588
Net book value					
At 30 June 2012	1	5,341	65,868	9,600	80,810
At 30 June 2011	29,144	6,416	195,504	-	231,064

Tangible fixed assets

Company

	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost			
At 1 July 2011	236,374	-	236,374
Additions	126,181	12,000	138,181
At 30 June 2012	362,555	12,000	374,555
Depreciation			
At 1 July 2011	102,645	-	102,645
Charge for the year	194,043	2,400	196,443
At 30 June 2012	296,688	2,400	299,088
Net book value			
At 30 June 2012	65,867	9,600	75,467
At 30 June 2011	133,729	-	133,729

TERRA PLANA INTERNATIONAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

10 Fixed asset investments Group

	Shares in participating interests £	Total £
Cost		
At 1 July 2011 & at 30 June 2012	300,100	300,100
Provisions for diminution in value		
At 1 July 2011 & at 30 June 2012	299,999	299,999
Net book value		
At 30 June 2012	101	101
At 30 June 2011	101	101

Company

	Shares in participating interests £	Shares in group undertakings £	Total £
Cost			
At 1 July 2011 & at 30 June 2012	300,100	160,165	460,265
Provisions for diminution in value			
At 1 July 2011	299,999	159,367	459,366
Charge for the year	-	797	797
At 30 June 2012	299,999	160,164	460,163
Net book value			
At 30 June 2012	101	1	102
At 30 June 2011	101	798	899

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet

TERRA PLANA INTERNATIONAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

11 Stocks

	Group 2012 £	2011 £	Company 2012 £	2011 £
Finished goods and goods for resale	<u>1,763,270</u>	<u>1,532,263</u>	<u>575,353</u>	<u>443,817</u>

12 Debtors

	Group 2012 £	2011 £	Company 2012 £	2011 £
Trade debtors	663,371	686,301	284,778	478,667
Amounts owed by group undertakings	-	-	1,482,863	850,565
Corporation tax	46,450	4,631	44,967	-
Called up share capital not paid	1	1	-	-
Other debtors	149,624	222,902	45,945	160,590
Prepayments and accrued income	<u>575,308</u>	<u>296,562</u>	<u>383,723</u>	<u>158,560</u>
	<u>1,434,754</u>	<u>1,210,397</u>	<u>2,242,276</u>	<u>1,648,382</u>

13 Creditors amounts falling due within one year

	Group 2012 £	2011 £	Company 2012 £	2011 £
Bank loans and overdrafts	6,864	-	6,864	-
Trade creditors	1,875,105	684,856	1,603,793	549,737
Taxes and social security costs	91,685	63,347	41,416	11,014
Other creditors	695,165	566,186	653,421	528,342
Accruals and deferred income	<u>199,263</u>	<u>111,289</u>	<u>88,500</u>	<u>49,747</u>
	<u>2,868,082</u>	<u>1,425,678</u>	<u>2,393,994</u>	<u>1,138,840</u>

TERRA PLANA INTERNATIONAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

14 Creditors . amounts falling due after more than one year

	Group 2012 £	2011 £	Company 2012 £	2011 £
Other loans	<u>3,842,540</u>	<u>2,398,795</u>	<u>3,842,540</u>	<u>2,398,795</u>
Analysis of loans				
Wholly repayable within five years	<u>3,842,540</u>	<u>2,398,795</u>	<u>3,842,540</u>	<u>2,398,795</u>
	<u>3,842,540</u>	<u>2,398,795</u>	<u>3,842,540</u>	<u>2,398,795</u>
Loan maturity analysis				
In more than two years but not more than five years	<u>3,842,540</u>	<u>2,398,795</u>	<u>3,842,540</u>	<u>2,398,795</u>

15 Share capital

	2012 £	2011 £
Allotted, called up and fully paid		
1,957,173 Ordinary shares of each	<u>1,957,173</u>	<u>1,876,173</u>

TERRA PLANA INTERNATIONAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

16 Statement of movements on reserves

Group

	Share premium account £	Profit and loss account £
Balance at 1 July 2011	3,793,827	(6,202,890)
Loss for the period	-	(3,206,356)
Premium on shares issued during the year	545,130	-
Balance at 30 June 2012	<u>4,338,957</u>	<u>(9,409,246)</u>

Company

	Share premium account £	Profit and loss account £
Balance at 1 July 2011	3,793,827	(6,799,232)
Loss for the period	-	(2,634,900)
Premium on shares issued during the year	545,130	-
Balance at 30 June 2012	<u>4,338,957</u>	<u>(9,434,132)</u>

17 Reconciliation of movements in shareholders' funds

Group

	2012 £	2011 £
Loss for the financial year	(3,206,356)	(1,375,328)
Proceeds from issue of shares	626,130	4,670,000
Net (depletion in)/addition to shareholders' funds	(2,580,226)	3,294,672
Opening shareholders' funds	(532,890)	(3,827,562)
Closing shareholders' funds	<u>(3,113,116)</u>	<u>(532,890)</u>

Company

	2012 £	2011 £
Loss for the financial period	(2,634,900)	(1,948,574)
Proceeds from issue of shares	626,130	4,670,000
Net (depletion in)/addition to shareholders' funds	(2,008,770)	2,721,426
Opening shareholders' funds	(1,129,232)	(3,850,658)
Closing shareholders' funds	<u>(3,138,002)</u>	<u>(1,129,232)</u>

TERRA PLANA INTERNATIONAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2012

18 Financial commitments

At 30 June 2012 the group had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2012	2011
	£	£
Expiry date		
Within one year	40,806	6,372
Between two and five years	173,300	288,885
	<u>214,106</u>	<u>295,257</u>

At 30 June 2012 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2012	2011
	£	£
Expiry date		
Within one year	<u>40,806</u>	<u>6,372</u>

19 Directors' remuneration

	2012	2011
	£	£
Remuneration	15,527	45,862
	<u>15,527</u>	<u>45,862</u>

20 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2012	2011
	Number	Number
	<u>65</u>	<u>66</u>
Employment costs	2012	2011
	£	£
Wages and salaries	1,713,614	2,067,651
Social security costs	120,062	148,734
	<u>1,833,676</u>	<u>2,216,385</u>

TERRA PLANA INTERNATIONAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

21 Control

In the current and preceding year the company was controlled by Mr G Clark

22 Related party relationships and transactions

Group

Mr G Clark is a director and shareholder of the parent company. During the year, Mr G Clark advanced the group £460,000 (2011 £130,145). The group paid expenses on behalf of Mr G Clark totalling £13,996 (2011 £38,887) and made repayments to Mr G Clark of £62,258 (2011 £1,000,469). The group issued shares for total consideration of £nil (2011 £1,491,265) to Mr G Clark. As at the balance sheet date, Mr G Clark was owed £1,264,144 (2011 £880,399). The loan is unsecured with no fixed repayment date.

Mr L Clark is a director and shareholder of the parent company. During the year, the group issued shares for total consideration of £nil (2011 £909,085). As at the balance sheet date, Mr L Clark was owed £450 (2011 £450) by the group. The loan is unsecured with no fixed repayment date.

A Clark is a director and shareholder of the parent company. During the year, A Clark advanced the group £1,160,000 (2011 £nil). The group made repayments to A Clark of £100,000 (2011 £nil) and issued shares for total consideration of £nil (2011 £269,650). As at the balance sheet date, A Clark was owed £1,060,000 (2011 £nil). The loan is unsecured with no fixed repayment date.

Stella Investments Overseas Ltd is a shareholder of the parent company. During the year, Stella Investments Overseas Ltd advanced the group £nil (2011 £1,517,946). The group issued shares to Stella Investments Overseas Ltd for total consideration of £626,130 (2011 2,000,000). As at the balance sheet date, Stella Investments Overseas Ltd was owed £1,517,946 (2011 £1,517,946).

The parent company owns 50% of the shares in Terra Plana Retail Limited (in liquidation) in which Mr G Clark and Mr L Clark are directors. There were no transactions between the group and Terra Plana Retail Limited in the year. As at the balance sheet date, the group owed £54,002 (2011 £54,002) to Terra Plana Retail Limited.

A Clark is the director and sole shareholder of AMC Design House Ltd. During the year, the group purchased from AMC Design House Ltd of £107,495 net (2011 £101,034). As at the balance sheet date, the group owed £74,797 (2011 £8,050) to AMC Design House Ltd.

The parent company is a shareholder of Worn Again Footwear and Accessories Ltd and Mr G Clark is one of the directors. During the year, there were no transactions between the group and Worn Again Footwear and Accessories Limited, and there was no balance outstanding at the balance sheet date.

Mr G Clark is a shareholder of United Nude International. As at the balance sheet date, the group owed United Nude International £637,920 (2011 £517,161).

TERRA PLANA INTERNATIONAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

22 Related party relationships and transactions

(continued)

Company

The company has taken advantage of the exemption available in FRS 8 "Related party disclosures" whereby it has not disclosed transactions with any wholly owned subsidiary undertaking

Vivobarefoot Limited is a wholly owned subsidiary of the company. As at the balance sheet date, Vivobarefoot Limited owed the company £1,733,338 (2011 £1,078,678), against which a provision of £1,430,629 (2011 £628,113) has been made.

Un-Terra Plana, Inc. is a wholly owned subsidiary of the company incorporated in the USA. As at the balance sheet date, Un-Terra Plana, Inc. owed the company £1,522,191 (2011 £709,337), against which a provision of £387,769 (2011 £309,337) has been made.

Vivobarefoot Sprl is a wholly owned subsidiary of the company incorporated in Belgium. As at the balance sheet date, Vivobarefoot Sprl owed the company £109,920 (2011 £46,179), against which a provision of £64,188 (2011 £46,179) has been made.

Mr G Clark is a director and shareholder of the company. During the year, Mr G Clark advanced the company £460,000 (2011 £130,145). The company paid expenses on behalf of Mr G Clark totalling £13,996 (2011 £38,887) and made repayments to Mr G Clark of £62,258 (2011 £1,000,469). The company issued shares for total consideration of £nil (2011 £1,491,265) to Mr G Clark. As at the balance sheet date, Mr G Clark was owed £1,264,144 (2011 £880,399). The loan is unsecured with no fixed repayment date.

Mr L Clark is a director and shareholder of the company. During the year, the company issued shares for total consideration of £nil (2011 £909,085). As at the balance sheet date, Mr L Clark was owed £450 (2011 £450) by the company. The loan is unsecured with no fixed repayment date.

A Clark is a director and shareholder of the company. During the year, A Clark advanced the company £1,160,000 (2011 £nil). The company made repayments to A Clark of £100,000 (2011 £nil) and issued shares for total consideration of £nil (2011 £269,650). As at the balance sheet date, A Clark was owed £1,060,000 (2011 £nil). The loan is unsecured with no fixed repayment date.

Stella Investments Overseas Ltd is a shareholder of the company. During the year, Stella Investments Overseas Ltd advanced the company £nil (2011 £1,517,946). The company issued shares to Stella Investments Overseas Ltd for total consideration of £626,130 (2011 2,000,000). As at the balance sheet date, Stella Investments Overseas Ltd was owed £1,517,946 (2011 £1,517,946).

The company owns 50% of the shares in Terra Plana Retail Limited (in liquidation) in which Mr G Clark and Mr L Clark are directors. There were no transactions between the two companies in the year. As at the balance sheet date, the company owed £15,501 (2011 £15,501) to Terra Plana Retail Limited.

A Clark is the director and sole shareholder of AMC Design House Ltd. During the year, the company purchased from AMC Design House Ltd of £107,495 net (2011 £101,034). As at the balance sheet date, the company owed £74,797 (2011 £8,050) to AMC Design House Ltd.

The company is a shareholder of Worn Again Footwear and Accessories Ltd and Mr G Clark is one of the directors. During the year, there were no transactions between the two companies and there was no balance outstanding at the balance sheet date.

Mr G Clark is a shareholder of United Nude International. As at the balance sheet date, the company owed United Nude International £637,920 (2011 £517,161).