

Wasabi Frog Limited

**Directors' report and financial
statements**

Registered number 05723154

For the year ended 28 February 2011

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Company Information

Directors

M A Kamani
C Kane
P Cvetkovic
A G Simpkin – (Resigned 23 February 2011)
R I Hughes
C Bale

Secretary

A Pollitt

Registered Office

49-51 Dale Street
Manchester
M1 2HF

Registered number

05723154 (England and Wales)

Auditors

KPMG LLP
St James' Square
Manchester
M2 6DS

Directors' report

The directors present their directors' report and audited financial statements for the year ended 28 February 2011

Principal activities

The principal activity of the company in the year under review was that of an internet clothing retailer

Business review

Review of the business

In light of economic circumstances the fashion industry remained a challenging marketplace during the year and the company's main focus has been to continue growing the business through customer acquisition and investing heavily in the company infrastructure to match the anticipated growth

The company's development during the year

The company has seen significant turnover growth in the year, through increasing its customer base, range of product lines and product depth. Significant investment in its customer services and warehouse staffing has enabled the company to provide an efficient and effective service that the customer has been able to benefit from

The company's performance

During the year, as a result of our efforts to grow the business, we were able to increase our turnover by 85% (2010 136%), gross margin increased by 2.9%

The company's position

The company's cash position was satisfactory at the year end. Since the balance sheet date there have been no significant events affecting the company and we believe the company is equipped well for the future trading year

Use of financial instruments

Our financial risk management objectives are to ensure sufficient working capital for the company. This is achieved by careful management of our cash balances and, where necessary, by obtaining short term overdraft finance and loans. Other than this, there is no use of any financial instruments

Principal risks and uncertainties facing the company

The principal risk for the company is that of IT system failure, which would lead the company to not being able to receive and process orders. The directors consider that robust backups and controls are in place to mitigate this risk

The fashion world is often very fast paced and therefore constant monitoring over the company's products to ensure they remain current and of value to customers is vital, with obsolete stocks being marked down as and when necessary. Although the high street ladies fashion industry is continuing to face uncertainty, the online sector continues to experience rapid growth with many new entrants but the company is confident of being able to maintain previous growth levels

Proposed dividend

The directors do not recommend payment of a dividend (2010 nil)

Directors

The directors who held office during the year were as follow

M A Kaman
C Kane
P Cvetkovic
A G Simpkin (Resigned 23 February 2011)
R I Hughes
C Bale

Directors' report *(continued)*

Political and charitable contributions

The Company made no political contributions during the year (2010 nil) Donations to UK charities amounted to £3,371 (2010 £10,000)

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

Pursuant to Section 487 of the Companies Act 2006 the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

A handwritten signature in black ink, appearing to read 'Mahmud Kamani', followed by a long horizontal line.

Mahmud Kamani
Director

49-51 Dale Street
Manchester
M1 2HF

30 November 2011

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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 group and parent company financial statements for each financial year. Under that law they have elected to prepare both the group and the parent company financial statements in accordance with IFRSs as adopted by the EU 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 group and parent company and of the profit or loss for that period. In each of the group and parent company 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,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

St James' Square
Manchester
M2 6DS
United Kingdom

Independent auditors' report to the members of Wasabi Frog Limited

We have audited the financial statements of Wasabi Frog Limited for the year ended 28 February 2011 set out on pages 7 to 27. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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 auditor's 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 page 4, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 28 February 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

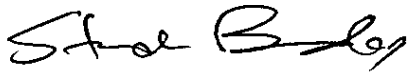
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Wasabi Frog Limited *(continued)*

Matters on which we are required to report by exception

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

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



Stuart Burdass (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
St James Square
Manchester
M2 6DS

30/11/11

Consolidated statement of comprehensive income
for the year ended 28 February 2011

	<i>Note</i>	2011 £	2010 £
Revenue	<i>1</i>	24,485,596	13,211,416
Cost of sales		(11,906,290)	(6,039,218)
Gross profit		12,579,306	7,172,198
Distribution costs		(5,869,363)	(3,063,751)
Administrative expenses		(6,533,539)	(4,024,181)
Operating profit		176,404	84,266
Finance expenses	<i>2</i>	(37,599)	(7,034)
Profit before tax	<i>4</i>	138,805	77,232
Taxation	<i>7</i>	-	-
Profit for the year		138,805	77,232
Other comprehensive income for the period, net of income tax		-	-
Total comprehensive income for the period		138,805	

All activities relate to continuing operations

The notes on pages 13 to 27 form part of these financial statements

Consolidated Statement of Financial Position
at 28 February 2011

	Note	2011 £	2010 £
Assets			
Non-current assets			
Intangible assets	8	356,814	176,984
Property, plant and equipment	9	1,253,010	137,785
Other receivable		58,342	-
		<u>1,668,166</u>	<u>314,769</u>
Current assets			
Inventories	11	3,394,420	1,378,900
Other receivables	12	221,275	646,881
Cash and cash equivalents		503,217	26,823
		<u>4,118,912</u>	<u>2,052,604</u>
Total current assets		<u>5,787,078</u>	<u>2,367,373</u>
Total assets		<u>5,787,078</u>	<u>2,367,373</u>
Current liabilities			
Trade and other payables	13	5,895,911	3,456,564
Interest bearing loans and borrowings	14	211,156	28,333
		<u>6,107,067</u>	<u>3,484,897</u>
Total current liabilities		<u>6,107,067</u>	<u>3,484,897</u>
Liabilities			
Non-Current Liabilities			
Interest bearing loans and borrowings	14	649,619	18,889
		<u>6,756,686</u>	<u>3,503,786</u>
Total liabilities		<u>6,756,686</u>	<u>3,503,786</u>
Net liabilities		<u>(969,608)</u>	<u>(1,136,413)</u>
Equity			
Called up share capital	15	100,144	100,001
Share Premium	15	27,857	-
Retained earnings	16	(1,097,609)	(1,236,414)
		<u>(969,608)</u>	<u>(1,136,413)</u>
Total equity		<u>(969,608)</u>	<u>(1,136,413)</u>

The notes on pages 13 to 27 form part of these financial statements

These financial statements were approved by the board of directors on
 on its behalf by

Mahmud Kamani
 Director

30/11/2011 and were signed

Company Statement of Financial Position
at 28 February 2011

	<i>Note</i>	2011 £	2010 £
Assets			
Non-current assets			
Intangible assets	8	356,814	176,984
Property, plant and equipment	9	881,571	137,785
Investments	10	100	100
		1,238,485	314,869
Current assets			
Inventories	11	3,394,421	1,378,900
Trade and other receivables	12	592,713	646,881
Cash and cash equivalents		503,143	26,823
Total current assets		4,490,277	2,052,604
Total assets		5,728,762	2,367,473
Current liabilities			
Trade and other payables	13	6,076,981	3,456,664
Interest bearing loans and borrowings	14	38,356	28,333
Total current liabilities		6,115,337	3,484,997
Liabilities			
Non-Current Liabilities			
Interest bearing loans and borrowing	14	583,033	18,889
Total liabilities		6,698,370	3,503,886
Net liabilities		(969,608)	(1,136,413)
Equity			
Called up share capital	15	100,144	100,001
Share Premium	15	27,857	-
Retained earnings	16	(1,097,609)	(1,236,414)
Total equity		(969,608)	(1,136,413)

The notes on pages 13 to 27 form part of these financial statements

These financial statements were approved by the board of directors on
on its behalf by

Mahmud Kamani
Director

30/11/2011 and were signed

Consolidated and Company Statement of Changes in Equity

For the year ended 28 February 2010

	Share Capital £	Retained Earnings £	Total Equity £
Balance as at 1 March 2009	1	(1,313,646)	(1,313,645)
New share capital subscribed	100,000	-	100,000
Total comprehensive income for the period			
Profit for the period	-	77,232	77,232
Total comprehensive income for the period	-	77,232	77,232
Balance at 28 February 2010	100,001	(1,236,414)	(1,136,413)

Consolidated and Company Statement of Changes in Equity

For the year ended 28 February 2011

The notes on pages 13 to 27 form part of these financial statements

	Share capital £	Share premium £	Retained earnings £	Total parent equity £	Total equity £
Balance at 1 March 2010	100,001	-	(1,236,414)	(1,136,413)	(1,136,413)
New share capital subscribed	143	27,857	-	28,000	28,000
Total comprehensive income for the period					
Profit for the period	-	-	138,805	138,805	138,805
Total comprehensive income for the period	-	-	138,805	138,805	138,805
Balance at 28 February 2011	100,144	27,857	(1,097,609)	(969,608)	(969,608)

Consolidated Cash Flow Statement for the year ended 28 February 2011

	<i>Note</i>	2011 £	2010 £
Cash flows from operating activities			
Profit for the year		138,805	77,232
Adjustments for			
Depreciation charges and amortisation		382,261	355,168
Financial expenses		37,599	7,034
Operating profit before changes in working capital and provisions		558,665	439,434
Increase in inventories		(2,015,520)	(961,513)
Decrease in trade and other receivables		425,606	(491,418)
Increase in trade and other payables		2,955,172	1,391,732
Cash generated from operations		1,923,923	378,235
Interest paid		(37,599)	(7,034)
Net cash inflow from operating activities		1,886,324	371,201
Cash flows from investing activities			
Acquisition of intangible fixed assets	8	(257,379)	(141,170)
Acquisition of tangible fixed assets	9	(1,048,498)	(77,670)
Deposit for Bumley warehouse		(371,439)	-
Net cash from investing activities		(1,677,316)	(218,840)
Cash flows from financing activities			
Proceeds from the issue of ordinary shares	15	28,000	100,000
Proceeds from new loan		335,000	-
Repayment of borrowings		(95,614)	-
Net cash from financing activities		267,386	100,000
Increase in cash and cash equivalents		476,394	252,361
Cash and cash equivalents at beginning of year		26,823	(225,538)
Cash and cash equivalents at end of year		503,217	26,823

The notes on pages 13 to 27 form part of these financial statements

Company Cash Flow Statement

for the year ended 28 February 2011

	Note	2011 £	2010 £
Cash flows from operating activities			
Profit for the year		138,805	77,232
Adjustments for			
Depreciation charges and amortisation		382,261	355,168
Financial expenses		32,409	7,034
Operating profit before changes in working capital and provisions		553,475	439,434
Increase in inventories		(2,015,520)	(961,513)
Decrease/(increase) in trade and other receivables		54,167	(491,418)
Increase in trade and other payables		3,194,484	1,391,732
Cash generated from operations		1,786,606	378,235
Interest paid		(32,409)	(7,034)
Net cash inflow from operating activities		1,754,197	371,201
Cash flows from investing activities			
Acquisition of intangible fixed assets	8	(257,379)	(141,170)
Acquisition of tangible fixed assets	9	(1,048,498)	(77,670)
Net cash from investing activities		(1,305,877)	(218,840)
Cash flows from financing activities			
Proceeds from the issue of ordinary shares	15	28,000	100,000
Net cash from financing activities		28,000	100,000
Increase in cash and cash equivalents		476,320	252,361
Cash and cash equivalents at beginning of year		26,823	(225,538)
Cash and cash equivalents at end of year		503,143	26,823

The notes on pages 13 to 27 form part of these financial statements

Notes

(forming part of the financial statements)

1 Accounting policies

Wasabi Frog Limited is a company incorporated and domiciled in the UK

The group financial statements consolidate those of the company and its subsidiary, Boo Who Limited. The parent company financial statements present information about the company as a separate entity and not about its group.

Both the parent company financial statements and the group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). On publishing the parent company financial statements here together with the group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements.

Measurement convention

The financial statements are prepared on the historical list basis except for financial instruments which are stated at amortised cost.

Going concern

The financial statements have been approved on the assumption that the company remains a going concern notwithstanding consolidated net current liabilities of £969,608 at 28 February 2011. The following paragraph summarises the issues and basis on which the directors have reached their conclusion.

The company has an overdraft facility which may be used to finance its day to day working capital requirements. The current economic conditions create uncertainty over the level of demand for the company's products and the availability of bank finance in the future. The directors have reviewed the company's cash flow forecasts for a period exceeding 12 months from the date of authorisation of these financial statements. Following this review, the directors have formed a judgement that, at the time of approval of the financial statements, the company has sufficient resources to continue operating for the foreseeable future including funding of necessary capital expenditure. For the reason, and the reasons noted above, the directors continue to prepare the financial statements on a going concern basis.

This overdraft facility is due for renewal in September 2012. The Company will open renewal negotiations with the bank in due course and has, at this stage, not sought any written confirmation that the facility will be renewed. However, the company has held discussions with its bankers about its future borrowing needs and no matters have been drawn to its attention to suggest that renewal may not be forthcoming on acceptable terms.

Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Where parts of an item of property, plant and equipment have different useful lives they are accounted for as separate property, plant and equipment. Asset acquisitions are funded from cash rather than from borrowings.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of each item of property, plant and equipment is written off evenly over its estimated remaining useful life. Depreciation is charged to the income statement on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment, as follows:

Fixtures and fittings, computer equipment, leasehold alterations, motor vehicles - 33% on cost

Notes (continued)

1 Accounting policies (continued)

Classification of financial instruments issued by the Company

Financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions

- a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group, and
- b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of finance expenses. Finance payments associated with financial instruments that are classified in equity are dividends and are recorded directly in equity.

Financial risk management

The group seeks to mitigate partially against increased interest rates whilst maintaining a degree of flexibility to benefit from decreased rates of interest by holding a mix of short and longer term loans sourced both externally and from related parties.

Financial instruments

Financial instruments are recognised at fair value or amortised cost. For those recognised at fair value the gain or loss on remeasurement to fair value is recognised immediately in the income statement.

Trade and other receivables

Trade and other receivables are recorded initially at fair value. Subsequent to this they are measured at amortised cost less any impairment losses.

Trade and other payables

Trade and other payables are recorded initially at fair value. Subsequent to this they are measured at amortised cost.

Taxation

Tax on the profit for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Cash and cash equivalents

Cash and cash equivalents, for the purpose of the cash flow statement and the balance sheet, comprises cash in hand.

Notes (continued)

1 Accounting policies (continued)

Impairment

Non financial assets

The carrying amounts of the group's non financial assets other than inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from the other assets or group of assets. Impairment losses are recognised in the income statement.

The recoverable amount of an asset or cash generating unit is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time, value for money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Financial assets

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount of the company's investments in receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Revenue

Turnover and profit before tax are attributable to the one principal activity of the business and represents net invoiced sales of goods, excluding value added tax. Revenue from the sale of goods is recognised when the company has transferred the goods to the buyer.

In the opinion of the directors 10% (2010 5.8%) of the turnover is attributable to markets outside the UK.

Intangible Assets

Intangible assets are valued at cost less amortisation. The company purchased various domain names and the registered trademark which have been included in Patents and licenses. These are expected to have an estimated useful life of 10 years and have been amortised over this period. Software purchased in the year has been amortised over its estimated life of 3 years.

Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Stock is valued on a first in first out basis.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Notes (continued)

1 Accounting policies (continued)

Financial Expenses

Interest payable is recognised in the profit and loss as it accrues

IFRSs issues not yet applied

The following new standards, amendments to standards and interpretations issued by the International Accounting Standards Board became effective during the period, but have no material effect on the Group's financial statements

IAS 24 'Related Party Disclosures (revised)' effective for annual periods beginning on or after 1 January 2011

Accounting standards issued but not effective

The Company does not consider that any of the other standards or interpretations will have a significant impact on the financial statements

2 Financial Expenses

	2011 £	2010 £
Bank interest	37,599	7,034

3 Expenses and auditors' remuneration

Auditors' remuneration

	2011 £	2010 £
Audit of these financial statements	14,500	14,500
<i>Disclosure below based on amounts receivable in respect of services to the company and its subsidiaries</i>		
Amounts receivable by auditors and their associates in respect of		
Audit of financial statements of subsidiaries pursuant to legislation	2,500	-
Other services relating to taxation	32,098	4,000
	49,098	18,500

4 Profit before income tax

	2011 £	2010 £
The profit before income tax is stated after charging		
Cost of inventories recognised as expense	11,678,766	5,963,873
Hire of plant and machinery	52,256	10,066
Depreciation - owned assets	304,712	122,195
Patents and licences amortisation	11,547	13,985
Computer software amortisation	66,002	70,425

Notes (continued)

5 Staff numbers and costs

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows

	Number of employees	
	Group 2011	2010
Administration	65	35
Selling and Distribution	87	49
	<u>152</u>	<u>84</u>

The aggregate payroll costs of these persons were as follows

	Group 2011 £	2010 £	Company 2011 £	2010 £
Wages and salaries	3,641,754	1,586,665	3,641,754	1,586,665
Social security costs	234,316	112,733	234,316	112,733
	<u>3,876,070</u>	<u>1,699,398</u>	<u>3,876,070</u>	<u>1,699,398</u>

6 Directors' remuneration

	2011 £	2010 £
Directors' emoluments	202,406	213,744
	<u>202,406</u>	<u>213,744</u>

The aggregate of emoluments of the highest paid director was £112,406 (2010 £107,500)

Notes (continued)

7 Taxation

	2011 £	2010 £
Analysis of credit in year		
UK Corporation Tax	-	-
Current tax on income for the year	-	-
Total current tax	-	-
Deferred taxation	-	-
Tax on profit on ordinary activities	-	-
The total nil tax charge differs from the amount computed by applying the UK rate of 28% (2010 28%) to income before tax as a result of the following		
Profit on ordinary activities before tax	138,805	77,232
Profit on ordinary activities multiplied by the standard rate of corporation tax on the UK of 28% (2010 28%)	38,865	21,625
<i>Effects of</i>		
Expenses not deductible for tax purposes – fixed assets	5,751	2,163
Expenses not deductible for tax purposes	3,187	4,758
Unrecognised tax losses utilised	(73,092)	-
Depreciation in excess of capital allowances – deferred tax not recognised	25,289	(28,546)
Total income tax	-	-

The 2011 Budget on 23 March 2011 announced that the UK corporation tax rate will reduce to 23% over a period of 4 years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% (effective from 1 April 2011) was substantively enacted on 20 July 2010, and further reductions to 26% (effective from 1 April 2011) and 25% (effective from 1 April 2012) were substantively enacted on 29 March 2011 and 5 July 2011.

It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction although this will further reduce the company's future current tax charge.

Notes (continued)

8 Intangible assets

	Patents and licences £	Computer software £	Totals £
Cost			
Balance at 1 March 2009	81,748	204,437	286,185
Additions	130,368	10,802	141,170
Disposals	(60,000)	(140,974)	(200,974)
Balance at 28 February 2010	152,116	74,265	226,381
Balance at 1 March 2010	152,116	74,265	226,381
Additions	41,198	216,181	257,379
Disposals	-	-	-
Balance at 28 February 2011	193,314	290,446	483,760
Amortisation			
Balance at 1 March 2009	6,293	57,712	64,005
Amortisation for the year	13,985	70,425	84,410
Disposals	(8,000)	(91,018)	(99,018)
Balance at 28 February 2010	12,278	37,119	49,397
Balance at 1 March 2010	12,278	37,119	49,397
Amortisation for year	11,547	66,002	77,549
Disposals	-	-	-
Balance at 28 February 2011	23,825	103,121	126,946
Net book value			
At 1 March 2009	75,455	146,725	222,180
At 28 February 2010	139,838	37,146	176,984
At 28 February 2011	169,489	187,325	356,814

Intangible assets remain the same for both company and group

Notes (continued)

9 Property, plant and equipment

	Short Leasehold £	Fixtures and fittings £	Computer Equipment £	Motor Vehicles £	Totals £
Cost					
Balance at 1 March 2009	20,666	83,415	276,248	-	380,329
Additions	-	15,052	53,618	9,000	77,670
Disposals	(16,323)	(47,407)	(103,540)	-	(167,270)
Balance at 28 February 2010	4,343	51,060	226,326	9,000	290,729
Balance at 1 March 2010	4,343	51,060	226,326	9,000	290,729
Additions	225,144	531,108	145,864	146,382	1,048,498
Disposals	-	-	-	-	-
Balance at 28 February 2011	229,487	582,168	372,190	155,382	1,339,227
Depreciation					
Balance at 1 March 2009	8,122	34,344	108,945	-	151,411
Depreciation charge for the year	6,888	28,001	84,806	2,500	122,195
Disposals	(12,597)	(37,225)	(70,840)	-	(120,662)
Balance at 28 February 2010	2,413	25,120	122,911	2,500	152,944
Balance at 1 March 2010	2,413	25,120	122,911	2,500	152,944
Depreciation charge for the year	40,542	122,400	89,976	51,794	304,712
Disposals	-	-	-	-	-
Balance at 28 February 2011	42,955	147,520	212,887	54,294	457,656
Net book value					
At 1 March 2009	12,544	49,071	167,303	-	228,918
At 28 February 2010	1,930	25,940	103,415	6,500	137,785
At 28 February 2011	186,532	434,648	159,303	101,088	881,571

The consolidated property, plant and equipment balance includes the deposit paid for the Burnley warehouse (£371,439) giving a total balance of £1,253,010

The Company property, plant and equipment balance does not include this deposit. Instead, a related party receivable for £371,439 due from Boo Who Limited is in the Company accounts as Wasabi Frog Limited paid the deposit on behalf of Boo Who Limited

Notes (continued)

10 Investments in subsidiaries

The Company has the following investments in subsidiaries

Company	Country of Incorporation	Class of shares held	2011	Ownership 2010
Boo Who Ltd	UK	Ordinary	100%	100%

The carrying amount of this investment is £100 (2010 £100)

11 Inventories

	2011 £	2010 £
Finished goods	3,394,420	1,378,900

Inventory costs of £11,547,516 (2010 £5,963,873) and impairment provision of £603,071 (2010 £459,000) were recognised as cost of sales during the year

12 Other receivables

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Amounts due from related party undertakings	-	-	371,439	-
Other receivables	455,114	63,295	25,332	63,295
Prepayments and accrued income	195,942	583,586	195,942	583,586
	<u>651,056</u>	<u>646,881</u>	<u>592,713</u>	<u>646,881</u>

13 Trade and other payables

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Trade payables	3,879,156	1,193,619	3,864,483	1,193,619
Amounts owed to related party undertakings	593,794	723,785	778,644	723,785
Other payables	42,546	63,702	215,446	63,802
Secured and other loans	211,156	28,333	38,356	28,333
Accruals and deferred income	911,500	1,244,634	911,500	1,244,634
VAT	257,759	202,491	268,552	202,491
	<u>5,895,911</u>	<u>3,456,564</u>	<u>6,076,981</u>	<u>3,456,664</u>

Notes (continued)

14 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group and Company's interest-bearing loans and borrowings, which are measured at amortised cost

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Non-current liabilities				
Secured bank loans	66,586	18,889	-	18,889
Other loans	583,033	-	583,033	-
	<u>649,619</u>	<u>18,889</u>	<u>583,033</u>	<u>18,889</u>
Current liabilities				
Current portion of secured bank loans	191,689	28,333	18,889	28,333
Current portion of other loans	19,467	-	19,467	-
	<u>211,156</u>	<u>28,333</u>	<u>38,356</u>	<u>28,333</u>

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value 2011 £	Carrying amount 2011 £	Face value 2010 £	Carrying amount 2010 £
Secured Bank Loan	£	3%	2012	239,386	239,386	-	-
Secured Bank Loan	£	15%	2012	18,889	18,889	47,222	47,222
Carbon Trust Loan	£	0%	2014	90,000	90,000	-	-
Other Loan	£	15%	2013	512,500	512,500	-	-
				<u>860,775</u>	<u>860,775</u>	<u>47,222</u>	<u>47,222</u>

15 Share capital and share premium

	2011 £	2010 £
<i>Authorised, allotted, called up and fully paid</i>		
22,686 ordinary shares of 1p each (2010 100,000 shares of £1 and 4 Ordinary shares of 25p each)	227	100,001
9,991,700 Irredeemable Preference shares of 1p each	99,917	-
Share Premium	27,857	-
	<u>128,001</u>	<u>100,001</u>

During the year the Company issued 22,686 1p ordinary shares for a consideration of £28,000, settled in cash

Notes (continued)

16 Reserves

	Retained earnings £
At 1 March 2009	(1,313,646)
Total comprehensive income for the year	77,232
At 28 February 2010	(1,236,414)
At 1 March 2010	(1,236,414)
Total comprehensive income for the year	138,805
At 28 February 2011	(1,097,609)

17 Related party disclosures

Jalal Kamani, Nurez Kamani, Mahmud Kamani and Rabia Kamani are shareholders in Wasabi Frog Limited. Each owns 21% of the company's share capital.

Included in trade creditors is a balance of £3,752 (2010 £55,342) payable to Jogo Associates Limited, a company in which J A Kamani is interested in as director and shareholder, and N A Kamani, R Kamani, and M A Kamani are interested in as shareholders. Included in other debtors at the year end is a balance of £8,480. Transactions with Jogo Associates Limited during the year were as follows:

	2011 £	2010 £
Purchases	1,688,726	1,280,680

Included in trade creditors is a balance of £11,424 (2010 £21,492) payable to Loud (UK) Limited, a company in which N A Kamani has interests as a director and shareholder. Included in other debtors at the year end is a balance of £1,634. Transactions with Loud (UK) Limited during the year were as follows:

	2011 £	2010 £
Purchases	188,865	259,902

Notes (continued)

18 Related party disclosures (continued)

Included in trade creditors is a balance of £1,782,553 (2010 £462,795) payable to The Pinstripe Clothing Company Limited, a company in which J A Kamani, M A Kamani, R Kamani and N A Kamani are interested in as directors and shareholders. Included in other creditors at the year end is a balance of £577,767 (2010 £722,342). Transactions with The Pinstripe Clothing Company Limited during the year were as follows:

	2011 £	2010 £
Purchases	10,225,839	5,081,554

Included in trade creditors at the year end is a balance of £365,039 (2010 £79,072) payable to Red Orange Limited, a company in which M A Kamani, N A Kamani and C Kane are interested in as directors and shareholders. Included in other debtors at the year end is a balance of £2497. Transactions with the Red Orange Limited during the year were as follows:

	2011 £	2010 £
Purchases	2,386,169	1,127,495

Included in trade creditors is an amount of £36,451 (2010 £15,828) due to East (So-Sho) Limited, a company in which R Kamani, N Kamani and A B Kamani are interested in as directors and shareholders. Included in other debtors at the year end is a balance of £672. Transactions with the East (So Sho) Limited during the year were as follows:

	2011 £	2010 £
Purchases	280,890	71,374

Included in trade debtors at the year end is a balance of £109,758 (2010 £5,962) payable to Kamani Commercial Property Limited, a company in which M A Kamani, J A Kamani, and N A Kamani are interested in as directors. Included in other creditors at the year end is a balance of £16,026 (2010 debtors £408).

	2011 £	2010 £
Rent and service charge	642,061	237,309

Included in trade creditors is an amount of £1,443 (2010 £6,999) due to Kamani Construction Limited, a company in which M A Kamani, N A Kamani and J Kamani are interested in as directors. Included in other debtors at the year end is a balance of £535 (2010 £5,768). Transactions with Kamani Construction Limited during the year were as follows:

	2011 £	2010 £
Purchases	166,244	72,159

Notes (continued)

19 Financial instruments

(a) Fair values of financial instruments

Trade and other receivables

The fair value of trade and other receivables, excluding construction contract debtors, is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material

Trade and other payables

The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

Interest-bearing borrowings

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date.

Fair values

The fair values of all financial assets and financial liabilities by class together with their carrying amounts shown in the balance sheet are as follows

Group	Carrying amount 2011 £	Fair value 2011 £	Carrying amount 2010 £	Fair value 2010 £
Cash and cash equivalents	503,217	503,217	26,823	26,823
Total financial assets	503,217	503,217	26,823	26,823
Group	Carrying amount 2011 £	Fair value 2011 £	Carrying amount 2010 £	Fair value 2010 £
Financial liabilities measured at amortised cost				
Other interest-bearing loans and borrowings	860,775	860,775	47,222	47,222
Trade and other payable	5,895,911	5,895,911	3,456,564	3,456,564
Total financial instruments	6,756,686	6,756,686	3,503,786	3,503,786

Notes (continued)

19 Financial instruments (continued)

Company	Carrying amount 2011 £	Fair value 2011 £	Carrying amount 2010 £	Fair value 2010 £
Cash and cash equivalents	503,143	503,143	26,823	26,823
Total financial assets	<u>503,143</u>	<u>503,143</u>	<u>26,823</u>	<u>26,823</u>
Company	Carrying amount 2011 £	Fair value 2011 £	Carrying amount 2010 £	Fair value 2010 £
Financial liabilities measured at amortised cost				
Other interest-bearing loans and borrowings	621,389	621,389	47,222	47,222
Trade and other payables	6,076,981	6,076,981	3,456,664	3,456,664
Total financial instruments	<u>6,698,370</u>	<u>6,698,370</u>	<u>3,503,886</u>	<u>3,503,886</u>

(b) Credit risk

Financial risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities

The group and company faces minimal credit risk as customers pay for their orders in full at the time of purchase

(c) Liquidity risk

Financial risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due

The Group's approach to managing liquidity is to use both short-term and long-term cash forecasts to assist in monitoring cash flow requirements. The group agreed a £1.5m overdraft facility in October 2011.

Notes (continued)

20 Operating Leases

Non-cancellable operating lease rentals are payable as follows

	Group 2011 £	2010 £	Company 2011 £	2010 £
Less than one year	128,139	120,000	128,139	120,000
Between one and five years	43,750	-	43,750	-
More than five years	-	-	-	-
	171,889	120,000	171,889	120,000

The Group leases a warehouse facility under an operating lease

Group and Company

During the year £131,278 was recognised as an expense in the income statement in respect of operating leases (2010 £120,000)

21 Commitments

Boo Who Limited, a subsidiary of Wasabi Frog Limited, has a commitment to purchase the warehouse in Burnley for £3,700,000 on 27 July 2012. A deposit has been paid in the year for this transaction of £371,439. Wasabi Frog Limited has not provided a guarantee to the seller of the warehouse for the outstanding amount payable by Boo Who Limited of £3,330,000.

Wasabi Frog Limited has guaranteed they will pay for works required to the Burnley warehouse and VAT on the purchase price. The guarantee is limited to £200,000.

22 Contingencies

There were no contingent liabilities or assets to be disclosed as at the balance sheet date.

23 Subsequent Events

There were no events subsequent to the balance sheet date and before the issue of these financial statements that have had a significant impact on the company.