VIVOBAREFOOT

ANNUAL REPORT 2018/2019

REGISTERED NUMBER: 03474829

VIVOBAREFOOT

COMPANY INFORMATION

EXECUTIVE DIRECTORS
G J D Clark (CEO)
A M Clark
D Peat
P R Walker
M A Arnold
A R Sumra
L Ashton

NON-EXECUTIVE DIRECTORS
N A Beart (Chairman)
L M Chen

COMPANY SECRETARY
M A Arnold

REGISTERED NUMBER
03474829

REGISTERED OFFICE
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London. W1G 9DQ

VIVOBAREFOOT

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LIVE BAREFOOT

Comfortable People Don’t Become Revolutionaries.

Comfortable people live comfortable lives - but their sensations are smothered.

They feel no ground beneath their feet, no signals from the path.

In a world obsessed with ease and comfort, we say: “Reject the cushioned life, reject the cushioned sole - and experience a world full of feeling”. Your feet are made to feel. You are made to feel. Feel more.

We believe real sustainability is only possible when humans beings are connected themselves, to each other and to the planet.
We create shoes and experiences to create that connection - literally bringing people closer to nature as a result.

It starts with us as individuals, recognising that whilst the world around us has changed exponentially, our physiology and psychology have not. Our sedentary, cushioned, materialistic lifestyles are making us, and our planet, sick because that’s not what we are designed for.

We are at our best when we are moving naturally. Running, jumping, climbing, balancing, standing-still.
Together, through our feet, we can rediscover our natural potential as one people standing on one earth.

Join us - and help create a world with less padding, more feeling.

Feet, people and planet.

Live life barefoot.

**“WE ARE ON A MISSION TO RECONNECT PEOPLE AND THE PLANET – TO CREATE SHOES THAT ARE AS CLOSE AS POSSIBLE TO BAREFOOT FOR STRONG FEET AND SENSORY FEEDBACK.
WE ARE A LITTLE SHOE COMPANY WITH BIG (TOE), FOOT-SHAPED IDEAS.”**

GALAHAD CLARK
CEO & CO-FOUNDER

VIVOBAREFOOT

CEO REPORT - GALAHAD CLARK

Dear Shareholder,

I am delighted to report that the last 12 months have, again, been our best yet. We sold over 500,000 pairs of life changing shoes, recorded over £26m in sales (+35% growth) and made c. £800k of profit. And have similar plans of evolution in 2019/2020!

We are on a mission to bring healthy feet back to the world and have also doubled our efforts to minimise our impact on the planet.

We have a long way to go but are proud of the progress we are making and excited about the team we are putting together to make the most sustainable barefoot shoes in the world.

We live by the philosophy that the only excuse for filling the world up with more stuff is to create products and experiences that:

01. Connect us to nature
02. Make us feel more human
03. Ask important ethical and environmental questions

The health of people intimately connects to the health of the planet and the closer people are connected to nature, the more they will do in their everyday lives to protect it.

VIVOBAREFOOT

CEO REPORT (CONTINUED)

We live in uncertain times and Vivobarefoot has massive challenges to face up to:

01. Designing products with real circularity (the shoe industry currently allows most shoes to end up in land fill or at best be down-cycled). We plan to launch our furbishment and repair service with our commerce platform in the new year.
02. Manufacturing products in a more timely and agile way – we are investing in additive manufacturing solutions and aim to give a glimpse into a mass customised and locally made future in the next year.
03. Vivobarefoot is overwhelmingly sold direct to our consumers, but, our consumers are fighting back against living their lives through little black mirrors. Creating a healthy digital interaction and inspiring off-line experiences is a big focus of the new year.
04. Our community (both in-house and out of house) is growing and being able to interact more specifically is a major focus. We look forward to creating more inspiring and relevant content and providing products and experiences to enhance health and facilitate our connection with nature so in turn rippling out to wider communities.
05. We look forward to consolidating to one warehouse in Europe. As well as every business in the UK we also look forward to Brexit uncertainty.

We look forward to seeing you out and about.

Be sure to enjoy the journey and feel every step of the way.

Galahad Clark

64
People in London head office

57%
Women in top two tiers

100%
Vivobarefoot people are committed to have sustainable impact change
- Employee engagement survey, May 2019

COMPANY

503K
Pairs of life changing wide, thin and flexible shoes produced

242K
Pairs made using animal free materials

141K
Pairs made with recycled PET

19.8K
Pairs made with biosynthetic polymers

151K
Pairs made made from wild hide leathers

29K
Ethiopian Soul of Africa shoes produced

SHOES

2M
People reached through social media with education content

1.5M
Shoespiracy documentary views

11K
Online users of 'Barefoot Journey' tool

5K
Copies of "Do You Want Your Feet Back?" books sold

3.5K
Visitors to the VWagon

1K
Foot and movement education sessions in Neal Street, Covent Garden

30
Swimruns sponsored

06
University Partnerships

EDUCATION AND MOVEMENT

VIVOBAREFOOT

CHAIRMANS REPORT - NICK BEART

Dear Shareholder,

I am delighted to report another highly successful year for Vivobarefoot led by Asher and Galahad and supported by an amazing team of dedicated enthusiasts.

It is a privilege to be a small part of a business filled with exceptional and talented people without whom there would be no Vivobarefoot.

When I wrote to you last year, I was pleased to report that we had persuaded Don Lee from Stella to represent them more actively on the board. Stella is a global shoe manufacturer, listed in Hong Kong, with annual revenue of over $1.6bn. Don Lee, their CFO, has brought extraordinary experience from years spent in both the shoe industry and finance. Stella own 17% of Vivobarefoot after investing in 2011 and over the last year, we have benefitted greatly from his expertise and experience.

Galahad and I have been working to add at least one other non-executive to the Board to provide advice, help and support to the team.

It has taken longer than we had hoped to find exactly the right person, but we believe we are now very close to bringing on board another fantastic non-executive director to help us take us through the next phase of development and strengthen our governance procedures. I hope to be able to announce their appointment in the next few months.

Nick Beart

CORPORATE GOVERNANCE

Corporate governance, especially directors' duties, diversity and remuneration, has remained in the spotlight in 2018/19. The Board is very mindful of its responsibilities in this area and will continue to develop and refine its approach and practices and its responsibilities to all shareholders.

ROLES AND RESPONSIBILITIES

Chairman's role

There is a clear division of responsibilities between the offices of Chairman and Chief Executive. The Chairman manages the Board to ensure:

01. That the business has appropriate objectives and an effective strategy.
02. That there is a high calibre Chief Executive with a team of executive directors able to implement the strategy.
03. That there are procedures in place to inform the Board of performance against objectives.

The performance of the executive directors is monitored throughout the year by the Chief Executive supported by the Chairman. The Chairman also monitors the performance of the non-executive directors.

VIVOBAREFOOT

HIGHLIGHTS

DESIGN DIRECTOR & CO-FOUNDER - ASHER CLARK

When we started our journey, we were told the we were making shoes “wrong”; they were too thin, too wide, not enough shoe spring. But we knew that conventional shoes were hurting our feet and the process for making them was hurting the planet.

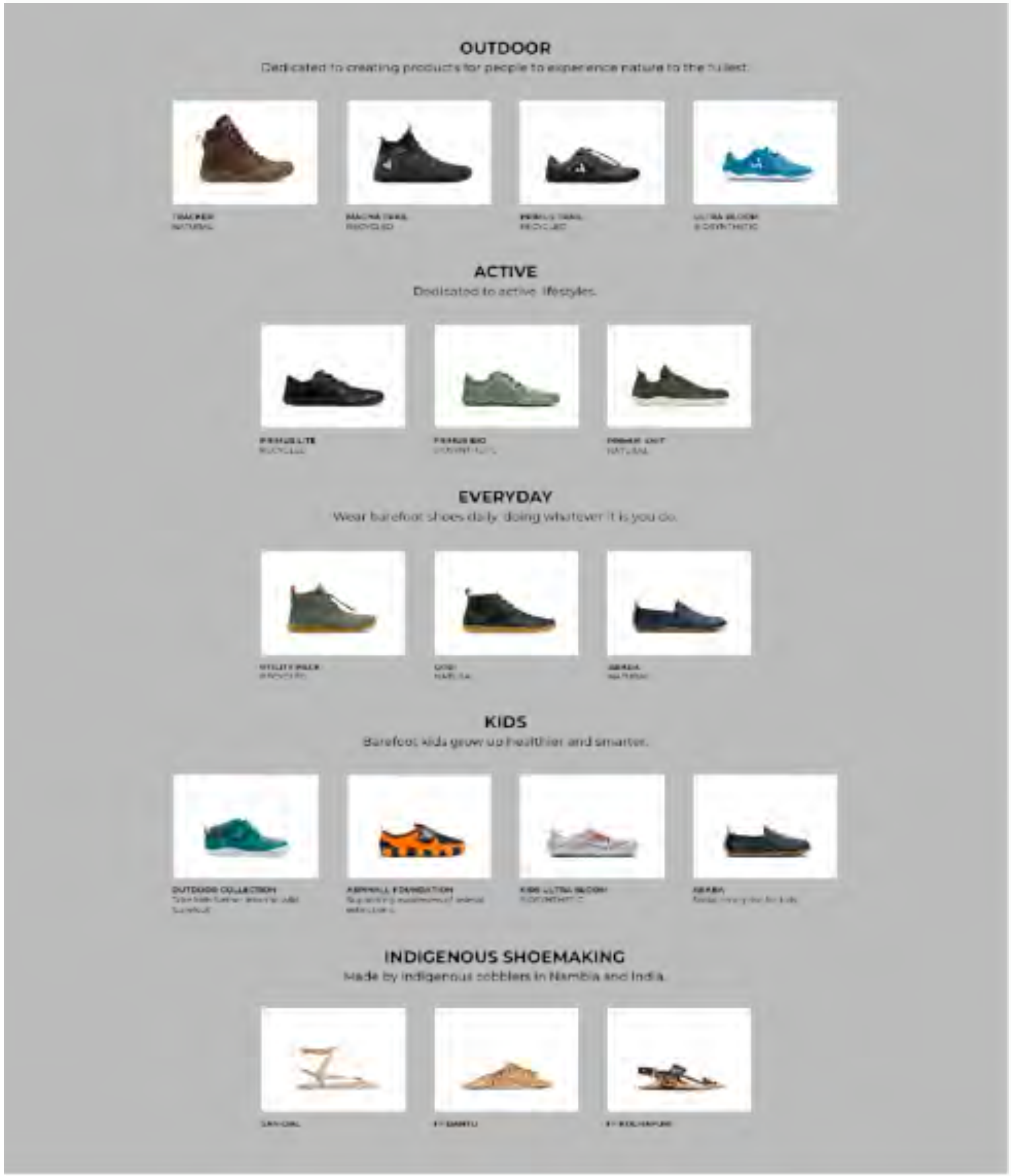
Barefoot shoe making is sustainable shoe making in that it’s about making shoes that are healthy for you and ultimately need to be healthy for the planet. Materials are only part of the challenge but every little helps on the journey to make less.... shoe.

We have a long way to go but we have some big foot shaped ambitions. As the great Mos Def once said ‘comfortable people don’t become revolutionaries’ and in my opinion they certainly don’t become explorers with healthy feet that can go the distance!

We are on a never ending quest to develop the perfect shoe - perfect for feet and with minimal environmental impact on the planet.

We believe that the perfect shoe has minimal interference with natural movement and minimal impact on the environment. Barefoot shoe making is sustainable shoe making in that it’s about making shoes that are healthy for you and ultimately need to be healthy for the planet.

Asher Clark



VIVOBAREFOOT

HIGHLIGHTS

MOVEMENT AND EDUCATION

In 2018/2019 Vivobarefoot continued to educate people on healthy natural movement and the transition back to strong feet. Having built a network of coaches all over the world Vivobarefoot are proud to have helped thousands of people enjoy movement again.

In London, the Vivobarefoot concept store in Covent Garden gave over 1000 people 90 minute running education and movement sessions. There are 20 Vivobarefoot concept stores around the world all offering healthy natural barefoot movement courses and approximately 150 coaches giving healthy foot guidance to clients all over the world every day.

Alongside analogue education from brilliant people all over the world Vivobarefoot has built a series of digital tools for education:

- The Barefoot Journey. A self-diagnosing tool for customers to help with an introduction to barefoot and set them on their way with a series of exercises tailored to their 'barefoot level'. 10.8k people have gone through The Barefoot Journey since launch
- A series of educational videos sharing exercises and drills to help people on their journey towards natural healthy movement reaching from 15k to almost up to 60k direct views on Instagram per post. Total reach of video via Instagram alone is 286,025 views
- 16 educational blog posts were made on the Vivobarefoot website that were directly related to foot health and wellbeing
- 20 social media posts with education content were made in 2018/2019, each generating up to 7k 'likes' on Instagram. Total reach from social media – 1,937,741 people (Instagram only)

FEET

SHOES

MOVEMENT

VIVOBAREFOOT

HIGHLIGHTS

MOVEMENT AND EDUCATION

Vivobarefoot continued to work with third party education providers to further the mission of healthy natural movement for all:

Rangan Chatterjee, BBC doctor in the house. Author and broadcaster of Feel Better. Live More. Number 1 health podcast in Europe.

The Foot Collective. 170k Instagram presence and global education program.

Move U. 1m Instagram presence. Educating healthy natural movement with various courses and tools.

VIVOBAREFOOT

HIGHLIGHTS

SHOESPIRACY

Vivobarefoot launched the short documentary Shoespiracy in March 2019, featuring some of the biggest names in the game; Dan Lieberman, Irene Davis, Mike Fritton and Chris McDougall, to raise awareness of the barefoot journey (viewed 1.5m times) and try to inspire an independent production company to make the full length version.

shoespiracy.tv/

VIVOBAREFOOT

HIGHLIGHTS

PARTNERSHIPS

Vivobarefoot believes that in order to make a revolution, we need partners. Vivobarefoot collaborates with universities, non-profit organizations and individuals behind the progressive space we are pushing in health and wellbeing, furthering our understanding and impact on healthy natural movement.

UNIVERSITY PARTNERSHIPS

01. Northumberland University: Dr Mic Wilkinson
In 2018/2019 we concluded our 3 year partnership with Northumberland and Dr Mic Wilkinson.
We expect in 2019/2020 a series of papers to be released from the experimental research.

02. Foot strength, Liverpool University: Dr Kris D'Aout
PhD research is funded by Future Footwear Foundation and KASK (Royal Academy of Fine Arts of University College Ghent) in collaboration with Liverpool University.
In 2018/2019 Liverpool conducted a particularly exciting piece of research with Dr Kris D'Aout and PhD student that measured the increase in foot strength from wearing barefoot shoes.
The preliminary results showed a 60% improvement in foot strength after 6 months of wearing barefoot shoes.

03. Improving balance, Liverpool University: Dr Kris D'Aout
Vivobarefoot is collaborating with Liverpool University on an Innovate UK grant titled, "Preventing Falls in Older People by Innovative Connected Shoe: development and biomechanics study".
The initial results have already shown that balance in Vivobarefoot shoes is improved by up to 40% compared to regular padded shoes!
The research is to be completed in Spring 2020.

04. Indigenous biomechanics: Dr Catherine Willems & Dr Kris D'Aout
Vivobarefoot have been indirectly involved in an exciting study conducted between Dr Catherine Willems and Dr Kris D'Aout measuring the biomechanics of indigenous groups that don't wear conventional shoes showing that their biomechanics are almost identical to barefoot – meaning indigenous shoe making 'is' barefoot shoemaking!
The research paper is due to be released in 2019/2020.

VIVOBAREFOOT

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PARTNERSHIPS

UNIVERSITY PARTNERSHIPS

HARVARD UNIVERSITY

05. Harvard University: Dr Irene Davis, Professor at Harvard Medical School, Department of Physical Medicine and Rehabilitation
In 2019, Vivobarefoot started a partnership with Irene Davis and the Spaulding American National Running centre in Harvard. Vivobarefoot is sponsoring a PhD student to conduct a study on the impacts of conventional padded footwear for kids.
The research will be published after a 3 year study in 2022.

Institiúid Teicneolaíochta Cheatharlach
INSTITUTE of TECHNOLOGY CARLOW
At the heart of South Leinster

06. Institute of Technology Carlow, Department of Science and Health:
Dr Peter Francis
In 2019, Vivobarefoot started a knowledge transfer partnership with Dr Peter Francis to part fund two PhD students.One student will investigate differences in pain and biomechanics reported from minimalist footwear use, and the other will investigate developmental differences in foot structure between children who grow up barefoot relative to shod.

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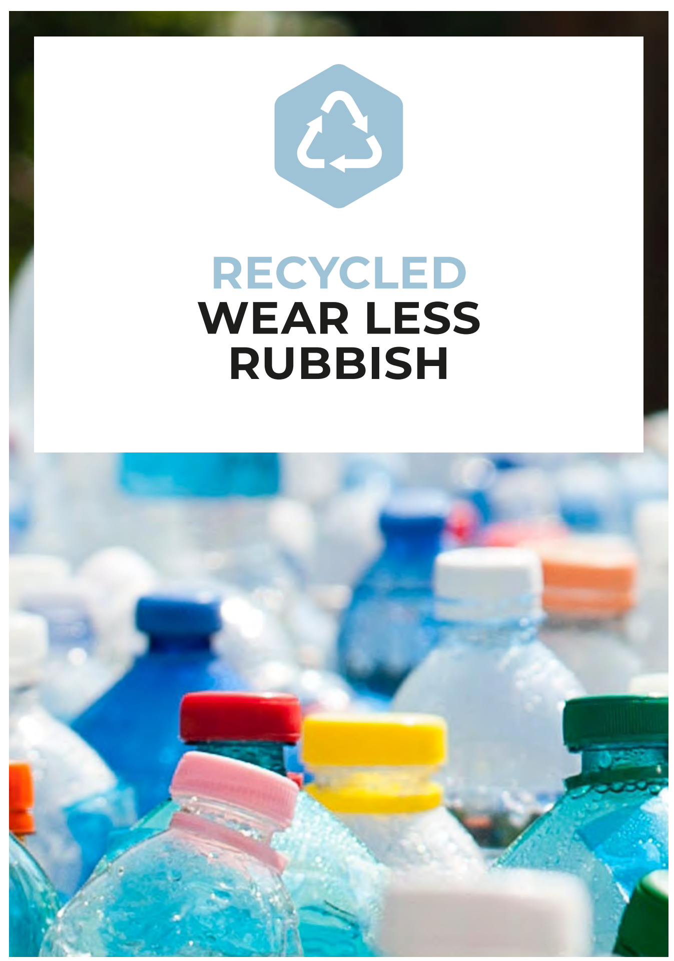
HIGHLIGHTS

SUSTAINABLE MATERIALS

First and foremost, Vivobarefoot believes that barefoot shoemaking is sustainable shoemaking.
The ‘less is more’ design approach always puts minimalism, form and function first.

We plan to phase out all virgin oil-based materials, therefore all our materials will be either:



VIVOBAREFOOT

HIGHLIGHTS

RECYCLED

Re-using materials reduces the need for taking anything new from the planet, preserving nature. It also lessens the manufacturing impacts needed to make new materials. Ocean plastics are a great feedstock for this. One third of our shoes in 2018/2019 were made using PET recycled components – 141,802 pairs (60,614 pairs sold via Vivobarefoot own channels).

Recycled PET use has been growing across the range. In 2018 we introduced more recycled fibres into over 50% of our vegan line including eco mesh linings and uppers in the Primus and Motus shoes. How is it done? The PET (plastic) bottles are washed, and the labels are removed. They're then shredded and turned into granules which are melted, extruded and stretched over rollers into long string fibres. These fibres are spun into a malleable, durable yarn that can be woven to create a functional working material ideal for shoe making.

BIOSYNTHETIC

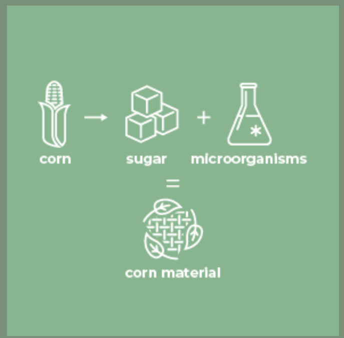
Using renewable alternatives to petroleum oil-based materials which feed the fossil fuel industry. 'Less petrol, more plants'. Vivobarefoot currently uses algae bloom and corn-based materials in the range.

Following the release of the Ultra Bloom in 2017, which was the first shoe to repurpose algae choking the world's waterways, we launched the Ultra Bloom EVA – 13,350 pairs were made in 2018/2019. Followed by the Primus Bio (6,501 pairs made) which uses a natural industrial yellow dent field-corn called 'Susterra Propanediol'. Developed by Du Pont Tate & Lyle Bio Products, this plant-based biosynthetic polymer has allowed us to create an incredibly high performing shoe that is also our lightest and most environmentally sound yet.

Susterra Propanediol uses 42% less energy than the standard petroleum-based materials used by the global footwear industry. And 56% less greenhouse gas emissions.







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HIGHLIGHTS

NATURAL

Made from plants, animals or soil. These are made from renewable materials with useful physical properties which will help to achieve things like reducing the need for chemicals, or being able to be recycled easily. They include hemp, cotton, wool, silk, leather, tencel and rubber.

‘Nature has the best technology’.

In 2018/2019, 151,137 pairs were made with Wild Hide leather. Wild Hide is sourced from Pittards Tannery in Ethiopia. This naturally-scarred leather is provided by small-scale farmers and a by-product of the local food industry.
Pittards have been working with Ethiopian farmers to tan quality leather in Edjersa since 2005, and have consistently upheld standards in sourcing and quality that have led them to become a trusted partner. Pittards holds an ISO 14001 certificate.

Vivobarefoot also made 18,000 pairs of shoes from camel hide, which is another source of Wild Hide! Put simply, leather is one of our oldest resources and it remains to this day an outstanding material for making shoes. It’s light and breathable, malleable yet durable...it gains durability with age, and as a natural material, it doesn’t hang around for thousands of years once you’re finished with it – on average, leather takes just 25-50 years to biodegrade... by contrast, the average pair of (plastic) shoes takes around 1000 years!

We know that the alternatives to leather are still poor quality and contribute to the fossil fuel industry that is guilty for the most widespread animal welfare impacts, to whole communities and ecosystems, so to do the best we can with natural leather is an important part of making the most sustainable shoes that use less materials, less chemicals and last a long time.

VIVOBAREFOOT

HIGHLIGHTS

ANIMAL FREE

In 2018/2019 just under half the shoes we made were animal-free – 242,129 pairs. Our animal-free range continues to grow, offering innovative natural and man-made materials which are mitigated by incorporation of recycled PET bottles and re-constituted algae.

These alternatives are a fantastic option to traditional leather, though they do come with some technical setbacks. Breathability and durability are issues often faced with synthetic materials. What's more, such shoes tend to lose lustre with age and are hard to responsibly dispose of when no longer wearable.

GOLDEN LAST

With the decision to start producing shoes in Vietnam in 2019 we have moved all our products onto an updated even more pure and better feeling barefoot last – the result of years of learning and evolution. By the end of 2019 all our shoes will be on the most perfect version of this barefoot shape providing unparalleled foot health in a shoe.

VIVOBAREFOOT

HIGHLIGHTS

SOUL OF AFRICA

Intertwining three critical domains of living – the Human, the Natural and the Ethical – under the social enterprise Soul of Africa range, we have created an authentic range of shoes made in Ethiopia. Empowering the makers at the ethical production line we set up, using sustainable natural materials (Wild Hide and WFTO certified canvas) and supporting inspiring, life-changing community projects. The Soul of Africa range is unique, genuine and barefoot social innovation done sustainably.

Vivobarefoot Africa shoes (Addis sneaker, Ababa slip on and kids mini-me versions, plus sandals) speak directly to Laetoli footprints, making a connection to our ancestors who walked the Earth with minimum protection to allow maximum freedom of movement.

Made in Ethiopia, an ancient land, which is the birthplace of the human race, motherland of runners, dancers, natural creatives and place of abundant beauty. With a pair of shoes we celebrate people, nature and movement.

The factory in Addis Ababa has passed the initial stage of the Proudly Made in Africa audit, which confirms the quality assurance, ethical sourcing, value add onto local materials, and the products and production is socially beneficial.

The Soul of Africa range supports community projects in 2018/2019, with 10K EUR donated to the Desert Flower Foundation, from the collaboration with Waris Dire, while an additional 20K EUR was generated for local community support. Exciting and authentic product collaborations, such as Waris Dire and the upcoming Jean-Michel Basquiat in 2021, are used to tell a positive story and make a difference.

2018/2019 also saw the launch of the Akaso range co-created with the Kara people of Ethiopia, world-famous for their authentic body painting art, along with the afore mentioned shoes inspired by Waris Dirie, a Somali nomadic born supermodel, triathlon runner and human rights activist who set up the Desert Flower foundation following the release of the book and film “Desert Flower” which became the strongest statement in the fight against FGM (female genital mutilation).

Since the launch of the factory, Soul of Africa has been acknowledged at:

- Winner of Natwest Everywoman award
- Winner of London+Acumen pitch
- Shortlisted for UK Social Enterprise awards category International Impact
- Shortlisted for Deal of the Decade by Pioneers Post, 2018
- NatWest Wise100 List: 2018 Recognising Leading Women in Social Enterprise
- Presenter at TBLI Social Impact Investment Forum 2018, Stockholm
- Participated at the World Economic Forum as part of the UN Global Initiatives in Davos 2019

VIVOBAREFOOT

HIGHLIGHTS

FUTURE FOOTWEAR FOUNDATION

2018/2019 was the fourth year Vivobarefoot have sponsored and worked with the Future Footwear Foundation and Dr Catherine Willems.

Future Footwear Foundation aims to stimulate progress in the understanding of human locomotion and sustainable footwear for body and environment by studying and working with indigenous cobblers. The foundation works on an international level with different cobbler communities around the world, institutes and organisations.

In 2019 Dr Catherine Willems launched the book ‘Do you want your feet back?, with Els Roeland (co-editor) and Thomas Nolf (MA Visual Arts: Photography, KASK). The book presents a refreshing and much-needed vision on anthropology, craftsmanship, and design, clearly depicting the integrated roles of artisans, scientists, and industry partners.

VIVOBAREFOOT

HIGHLIGHTS

PERSISTENTLY HUNTING THE PERSISTENT HUNTERS

Galahad’s and Asher’s family have been cobblers for six generations, but on a trip to Namibia looking for the last persistence hunters in the Kalahari, they were introduced to cobblers making hunting sandals adapted to their environment for many generations. But, due to hunting restrictions they were running out of skins to make their original sandals and were starting to have to use old car tyres and hand-me-downs to make their shoes. And so, the San-Dal project was born to revive the artisan skills and making of the traditional hunting sandals of the Ju’/hoan San people.

Vivobarefoot was already working with the Future Footwear Foundation, an organisation focused on sustainable and indigenous footwear projects, bio-mechanics and foot health, and Dr Catherine Willems of the Royal Academy of Fine Arts (KASK) of University College Ghent. Led by Flora Blommaert at the Future Footwear Foundation, we re-introduced the skins and the local cobblers did the rest!

The Ju’/hoan San community in Namibia are one of the oldest people on the planet. The term Ju/’hoan San means ‘true people’ in the Ju/hoan language. The San, who number around 27,000 people in Namibia, have resided in the northern Kalahari Desert region for thousands of years. The sandals were used for many generations for persistent hunting, but the craft of making this footwear had died out. The how-to knowledge and memories, however, were still preserved in the minds of the oldest village members.

In 2016 a crowdfunding campaign was launched to preserve the ancient art of sandal making and bring the Ju/’hoan San skill to the world. After a tremendous amount of dedication, love and hard work led by a team of inspirational devotees, the full Kickstarter order was completed by August 2018. Since then, we have now delivered the first round of 500 SAN-dals made post-crowdfunding to sustain the craftsmanship in the area.

Vivobarefoot has now committed to bring to the world a very limited amount of 1,000 pairs every year! The idea of building an atelier in the local village started to grow. The cobblers reflected on the future construction of a production unit. Together with the community the implementation of such a centre is one of the goals of the future.

"THE GOOD ASPECT IS THAT PEOPLE HERE NOW HAVE THEIR OWN PROJECT, BESIDES MAYBE TRYING TO GET JOBS IN TOURISM, FROM THE GOVERNMENT, FOR DIFFERENT COMPANIES. MAYBE FOR YOU PEOPLE FROM OVERSEAS, OUR FOOTWEAR LOOKS UNIQUE. FOR US IT IS WHAT OUR ELDERS, OUR ANCESTORS WERE MAKING. TODAY, FOR US, NOW THAT WE HAVE ACCESS TO SKINS AGAIN, IT SEEMS WE HAVE GOT SOMETHING BACK THAT WE THOUGHT WAS IN THE PAST AND LOST."

!UI KUNTA (STEVE KUNTA). JU|'HOAN COBBLER, TRANSLATOR AND LOCAL GUIDE, TSUMKWE

VIVOBAREFOOT

HIGHLIGHTS

3D PRINTED SHOES

In 2018/2019 Vivobarefoot worked closely with Future Footwear Foundation to build out the first 3D printed Vivobarefoot shoes based on the idea that the modern industrial complex is unsustainable. We believe that true sustainable shoe making of the future needs to resemble indigenous shoemaking of the past. Shoes made to individual feet.
Shoe by Shoe, Foot by Foot from local sustainable materials that can easily be repairable or recyclable.

VIVOBAREFOOT

HIGHLIGHTS

SWIMRUN, ÖTILLÖ, THE VVAGON AND OTHER EVENTS

In 2018/2019 Vivobarefoot continued its international sponsorship of ÖtillÖ Swimrun sponsoring 10 events around the world and creating dedicated swimrun shoes.

Perfectly philosophically aligned with joint missions to reconnect people with nature, Vivobarefoot are proud to have inspired many inside and outside our community to participate in these ultimate nature events.

Vivobarefoot has also sponsored another 20 swimrun events and held the second annual Vivobarefoot retreat in Bantham, Devon with the headline being a truly epic swimrun.

VIVOBAREFOOT

FINANCE DIRECTOR - MARC ARNOLD

PERFORMANCE AGAINST OUR 2016 CROWDCUBE PLAN

I am delighted to report that we are well on track to achieve and indeed better the original Crowdcube plan to reach £28m of sales by 2020.
When we wrote to you last year we noted that we would invest more than we originally planned on marketing and product development to support the momentum that we have built up over the last three years. We want to build a platform for much stronger growth in the future.

Whilst this has held back profit growth in the short term when compared to our original Crowdcube plans, we have still achieved record levels of profit.

In the coming year, we are planning to continue to invest more than we originally estimated on marketing and product development and we shall almost certainly spend more again in 2021 but the team are committed to growing profits each year.

REVENUE

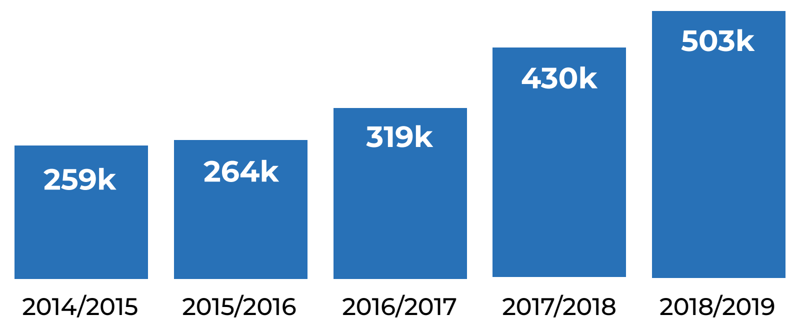
We have two main channels we sell through, direct to consumer and business to business.

Our primary strategy is to grow our direct to consumer business. This channel consists of owned ecommerce, marketplace and our retail store in the heart of London's Covent garden.

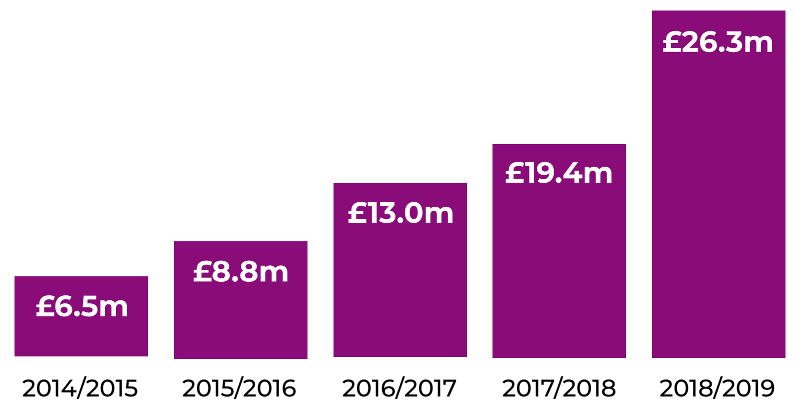
Our second channel is through our wholesale and distribution relationships

In the last 12 months, I am delighted to report that every area of the business grew.

PAIRS OF SHOES SOLD (IN THOUSANDS)



FULL YEAR REVENUE (£M)



VIVOBAREFOOT

FINANCE DIRECTOR - MARC ARNOLD

BUSINESS ENVIRONMENT

There have been challenges, particularly in the second half of the year.

Britain’s potential exit from the European Union continues to drive uncertainty in the business and the wider economy. As the exact terms of any British exit are still unknown, the board has taken steps to mitigate any potential impacts. Including a Brexit risk assessment and establishing an EU warehouse in the Netherlands.

Footwear, as with the wider fashion industry is inherently sensitive to the policies and politics that effect cross border trade. The Board considers the introduction of tariffs between the US and China a strategic risk to the Company.
Given this, we moved productions from China and to Vietnam in March 2019.
In addition to reducing the Company to exposure to potential tariffs in the US, the Board also feels that it offers higher quality products to our customers.
Uncertain geo-political factors mean that the Board continues to explore production options to protect as far as possible from changing tariffs.

Closing the China office lead to a one off cost of £250k in the second half of the year.

It will take time to get fully up and running in Vietnam. Growth in the first half of next year will be impacted by this. In the medium and long term this move will enable us to make healthier, more sustainable barefoot shoes with shorter lead times.

As discussed when I wrote to you at mid year we planned to make increased investments in the second half of the year. In the last 6 month of the year, we increased our investment in marketing, people and product.

The success of Shoespiracy, our most ambitious campaign yet, validated our strategy.

We will continue to invest in these areas in the coming months and years.
We believe this is the best way to support the momentum that we have built.

We will focus on turnover growth in owned channels through high value products, developed with a customer focus.

We aim to deliver profitability whilst investing in the long term growth of the business to deliver shareholder value.

We will ensure we have the right stock, the right volumes in the right areas of the world without putting our ability to pay debts as they fall due at risk.

The majority of the Company’s trade comes from ecommerce platforms, as such it is insulated from factors such as rising rent and rates cost bases, and reduced footfall on the highstreet. It also allows the Company to be more agile and flexible in the face of changing consumer trends and across international markets.

As part of our commitment to be a sustainable company, we will be looking into first measuring our carbon footprint and then looking at ways to reduce this.
We will increase the mix of sustainable materials used in our range from 75% to 100% by 2021.

VIVOBAREFOOT

FINANCE DIRECTOR - MARC ARNOLD

ONE OFF ACCOUNTING CHARGE

In the annual accounts there is a charge of £166k relating to the accounting treatment of the set up of an EMI scheme. The Profit after Tax of £790k includes this charge.

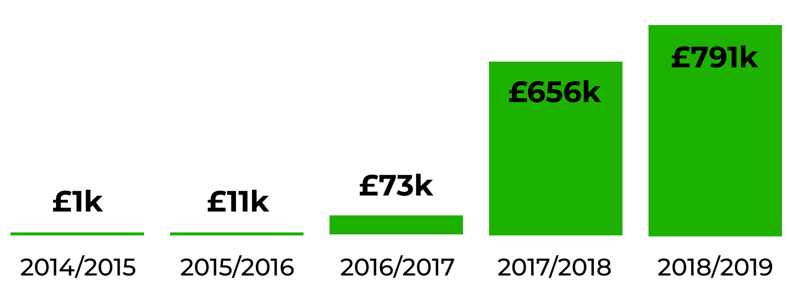
The board is focussed on delivering long term profitability and improving our stakeholder return.

Vivobarefoot believes that that remuneration of the directors should be directly aligned to the long term strategy and plans of the business.

We believe that short term bonuses do not reward the long term goals we have. Despite the performance of the business over the last 12 months we have not offered any performance based bonuses to any directors. However, we do believe that executives should be paid fairly, incentivised to achieve outstanding results and rewarded for doing so.

As such, the remuneration committee set up a Long Term Incentive Plan for all directors excluding the CEO. These options will not vest for 2 to 3 years depending on length of service of the individual.

PROFIT (IN STERLING THOUSANDS)



HALF TWO PERFORMANCE AGAINST HALF ONE

The impact from the £166k accounting charge from the set up of the EMI scheme and the £250k impact in closure costs associated with the China office are the main factors for the softer profit performance in Half Two.

TO OUR SHAREHOLDERS

We know that many current shareholders want to both buy and sell shares in Vivobarefoot.

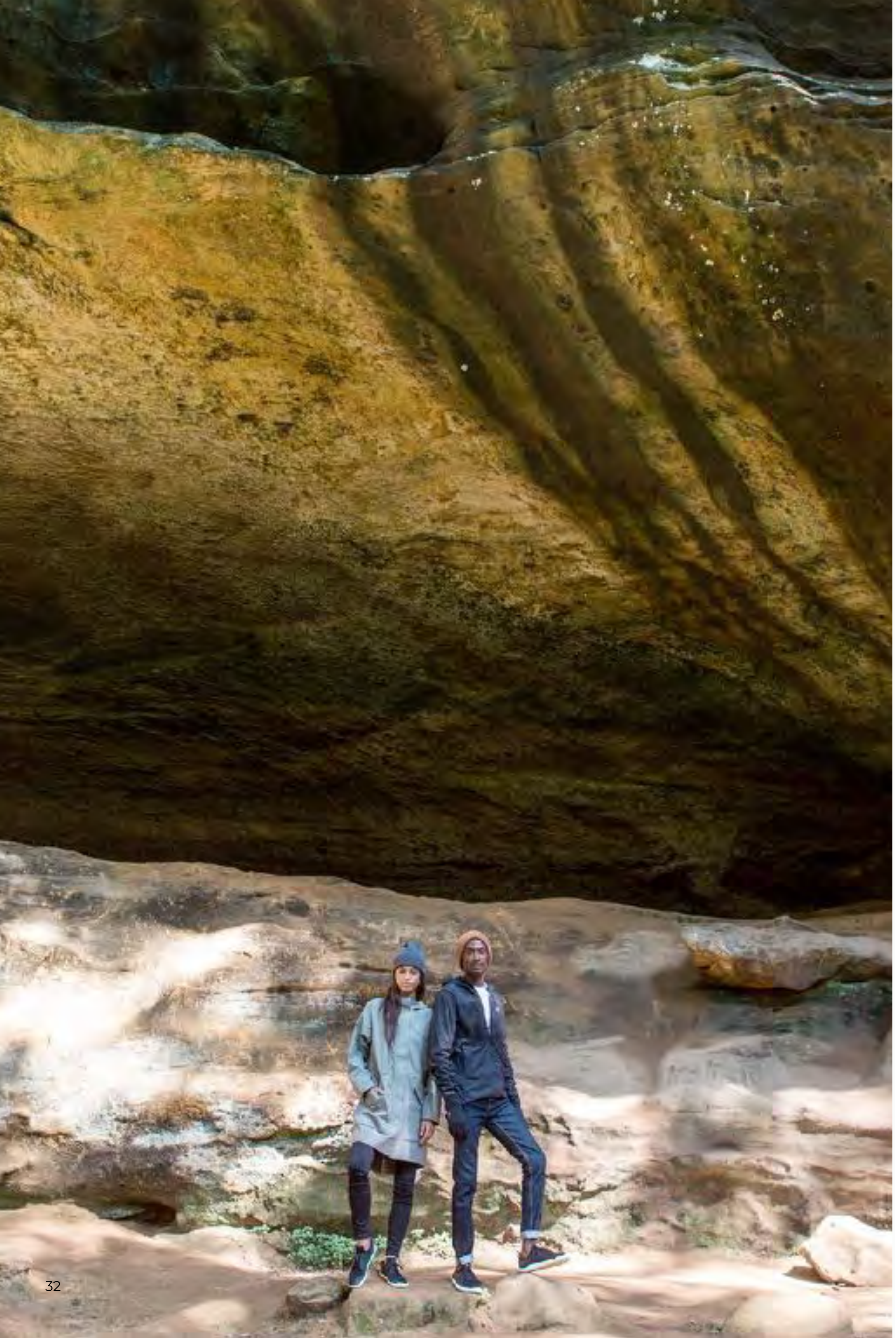
Creating a market-place for shares in a UK Private Company is technically and legally complex but we are currently working on a solution and hope to launch this in the next 24 months.

As soon as we are confident that we can build a fair and transparent platform for buyers and sellers of shares we shall inform all of you, but this may yet take some time.

Many of you have also asked about dividends. Legally we are only allowed to pay out dividends when we have available profits from current and previous financial years. Whilst we are now making profits, this was not the case in the early years of the business.

At the start of last year we had (£11.7m) of historic loss to work through. The profits in 2018/19 reduced this to (£10.9m). At this rate it would take many years to be in a position to start paying dividends.

The capital reduction we completed after year end offsets the share premium against some of the historic losses. This means that the losses we need to work through will be reduced from nearly (£12m) 12 months ago to less than (£4m) once the capital reduction has taken place. This will far reduce the amount of time it takes to be in a position to start paying dividends.



VIVOBAREFOOT

FINANCE DIRECTOR - MARC ARNOLD

RISK MANAGEMENT

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls.

All policies are subject to Board approval and ongoing review by the Board and management.

Compliance with regulation, legal and ethical standards is a high priority for the Company and the Board take on an important oversight role in this regard, with input from expert third parties where necessary.

The principal risks for our business arise from falling consumer demand, production delays, insufficient or inaccurate stock ordering, poor control of overheads and trading issues arising from inadequate cash flow monitoring. The economic environment will continue to evolve at a rapid pace over the next two to three years, making a return to the relative stability and certainty unlikely, at least in the short term. We plan to actively review our product range, cost base and supply chain to seek to ensure profitability is maintained in potentially difficult market conditions.

Overall in the coming year we aim to continue to focus on owned channels such as our ecommerce platforms and move further into marketplace platforms especially globally. This whilst increasing revenue will also drive further profitability for the Company.

We will ensure that our product range is developed with the consumer in mind and concentrate on high value products.

In line with our core values we will continue to focus on sustainability. Ensuring that by 2021 100% of the materials used in our shoes are sustainable.

REGISTERED NUMBER: 03474829

VIVOBAREFOOT LIMITED
Annual report and financial statements for the 52 weeks ended 29 June 2019

VIVOBAREFOOT LIMITED

COMPANY INFORMATION

EXECUTIVE DIRECTORS
Mr G J D Clark
Mr A M Clark
Mr L M Chen
Mr D Peat
Mr P R Walker
Mr N A Beart
Mr M A Arnold
Ms A R Sumra (appointed 1 July 2018)
Ms L Ashton (appointed 28 February 2019)

COMPANY SECRETARY
Mr M A Arnold

REGISTERED NUMBER
03474829

REGISTERED OFFICE
Vivobarefoot Ltd, 28 Britton Street,
London, EC1M 5UE

INDEPENDENT AUDITOR
Blick Rothenberg Chartered Accountants LLP
Chartered Accountants & Statutory Audior
1st Floor, 7-10 Chandos Street
London. W1G 9DQ

VIVOBAREFOOT LIMITED

CONTENTS

05. ANNUAL REPORT AND FINANCIAL REPORT

VIVOBAREFOOT LIMITED

STRATEGIC REPORT

FOR THE 52 WEEKS ENDED 29 JUNE 2019

INTRODUCTION

The directors present their strategic report for the 52 weeks ended 29 June 2019.

BUSINESS REVIEW

The principal activity of the Company continued to be the design, production and sale of footwear in the United Kingdom and internationally via ecommerce platforms and through a network of wholesale distributors.

RESULTS AND PERFORMANCE

The results of the Company for the year, as set out on pages 44, shows profit after taxation of £791,008 (2018 - £655,535). The performance of the Company during the 52 week period has produced encouraging results. Turnover has increased 35% from the prior accounting period to £26.2m, with 60% increases in turnover noted in the United Kingdom and 52% in the Rest of the World. This has been driven by increased investment in marketing, product and people.

BUSINESS ENVIRONMENT

Footwear companies have to manage not only the tougher economic environment but also to changing consumer trends and shifts in the fashion. A potential turn in the economic cycle is of concern, following a prolonged period of growth and rising costs, strategic priorities for the subsequent period with a focus on being nimble and boosting productivity.

Britain's potential exit from the European Union continues to drive uncertainty in the business and the wider economy. As the exact terms of any British exit are still unknown, the board has taken steps to mitigate any potential impacts. Including a Brexit risk assessment and establishing an EU warehouse in the Netherlands.

Footwear, as with the wider fashion industry is inherently sensitive to the policies and politics that effect cross border trade. Trade shifts between the United States and China have impacted the industry in the year with a number of companies moving production from China to avoid tariffs.
The Board considers these tariffs a strategic risk to the Company and as such moved productions to factories in Vietnam. In addition to reducing the Company to exposure to potential tariffs in the US the Board also feels that it offers higher quality products to our customers. Uncertain geo-political factors mean that the Board continues to explore production options to protect as far as possible from changing tariffs.

Younger consumers are seriously concerned with social and environmental causes, which many regard as the defining issues of our time.
They increasingly back their beliefs with their shopping habits, favouring brands that are aligned with their values and avoiding those that aren't.
Brands are responding by integrating social and environmental themes into their products and services.

VIVOBAREFOOT LIMITED

STRATEGIC REPORT

FOR THE 52 WEEKS ENDED 29 JUNE 2019

STRATEGY

The Company's success is dependent on the development, sourcing and pricing of its product range along with monitoring and management of its costs and cash flow. We will focus on turnover growth in owned channels through high value products, developed with a customer focus. We aim to deliver profitability whilst investing in the long term growth of the business to deliver shareholder value.

We will ensure we have the right stock, the right volumes in the right areas of the world without putting our ability to pay debts as they fall due at risk.

The majority of the Company's trade comes from ecommerce platforms, as such it is insulated from factors such as rising rent and rates cost bases, and reduced footfall on the Highstreet. It also allows the Company to be more agile and flexible in the face of changing consumer trends and across international markets.

As part of our commitment to be a sustainable company, we will be looking into first measuring our carbon footprint and then looking at ways to reduce this. We will increase the mix of sustainable materials used in our range from 75% to 100% by 2021. We are developing 3 material 'buckets', Natural, Recycled and Biosynthetic.

KEY PERFORMANCE INDICATORS ('KPIs')

We have made significant progress throughout the year in relation to key elements of our strategy. The Board monitors the progress of the Company by reference to the following KPIs:

KPI	2019	2018	VARIANCE	VARIANCE %
Turnover (£'000)	26,176	19,422	6,754	34.8%
Gross Profit £'000)	11,956	8,648	3,308	38.3%
Pairs ('000)	503	430	73	17.0%

Turnover has seen a 35% increase on the prior accounting period, this has outweighed the 17% increase in unit sales in the same period. This is due to the Board's strategic decision to focus on owned sales channels, resulting in higher average selling prices and revenue from the prior period.

In addition to this the gross margin achieved in the 52 weeks grew faster than revenue, showing movements towards the strategic focus on high value products which generate stronger margins.

PRINCIPLE RISKS AND UNCERTAINCIES

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by the Board and management. Compliance with regulation, legal and ethical standards is a high priority for the Company and the Board take on an important oversight role in this regard, with input from expert third parties where necessary.

The principal risks for our business arise from falling consumer demand, production delays, insufficient or inaccurate stock ordering, poor control of overheads and trading issues arising from inadequate cash flow monitoring.

VIVOBAREFOOT LIMITED

STRATEGIC REPORT

FOR THE 52 WEEKS ENDED 29 JUNE 2019

FUTURE DEVELOPMENTS

The economic environment will continue to evolve at a rapid pace over the next two to three years, making a return to the relative stability and certainty unlikely, at least in the short term. We plan to actively review our product range, cost base and supply chain to seek to ensure profitability is maintained in potentially difficult market conditions.

Overall in the coming year we aim to continue to focus on owned channels such as our ecommerce platforms and move further into marketplace platforms especially globally. We will ensure that our product range is developed with the consumer in mind and concentrate on high value products.

In line with our core values we will continue to focus on sustainability. Ensuring that by 2021, 100% of the materials used in our shoes are sustainable.

This report was approved by the board and signed on its behalf.

....

Mr G J D Clark
Director

Date: 29 November 2019

VIVOBAREFOOT LIMITED

DIRECTORS' REPORT

FOR THE 52 WEEKS ENDED 29 JUNE 2019

The directors present their report and the financial statements for the 52 weeks ended 29 June 2019.

PRINCIPAL ACTIVITY

The principal activity of the Company continued to be that of the design, production and sale of footwear.

RESULTS AND DIVIDENDS

The profit for the 52 weeks, after taxation, amounted to £791,008 (2018 - £655,535). The directors do not recommend a final dividend.

DIRECTORS

The directors who served during the 52 weeks were:

Mr G J D Clark
Mr A M Clark
Mr L C Li-Ming
Mr D Peat
Mr P R Walker
Mr N A Beart
Mr M A Arnold
Ms A R Sumra (appointed 1 July 2018)
Ms L Ashton (appointed 28 February 2019)

MATTERS COVERED IN THE STRATEGIC REPORT

As permitted by s414c(11) of the Companies Act 2006, the directors have elected to disclose information, required to be in the directors' report by Schedule 7 of the 'Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008', in the strategic report.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

POST BALANCE SHEET EVENTS

On 6th November 2019 the Company undertook a capital reduction whereby £6,892,644 of share premium was cancelled against the retained earnings of the business. Following this capital reduction the Company had share premium totalling £0.

AUDITOR

The auditor, Blick Rothenberg Audit LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

....

Mr G J D Clark
Director

Date: 29 November 2019

VIVOBAREFOOT LIMITED

DIRECTORS’ RESPONSIBILITIES STATEMENT

FOR THE 52 WEEKS ENDED 29 JUNE 2019

The directors are responsible for preparing the strategic report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting 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 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 to 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

VIVOBAREFOOT LIMITED

INDEPENDENT AUDITORS REPORT

FOR THE 52 WEEKS ENDED 29 JUNE 2019

OPINION

We have audited the financial statements of Vivobarefoot Limited (the 'Company') for the 52 weeks ended 29 June 2019, which comprise the statement of comprehensive income, the balance sheet, the statement of cash flows, the statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:
- give a true and fair view of the state of the Company's affairs as at 29 June 2019 and of its profit for the 52 weeks 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.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

VIVOBAREFOOT LIMITED

INDEPENDENT AUDITORS REPORT

FOR THE 52 WEEKS ENDED 29 JUNE 2019

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:
- the information given in the strategic report and the directors' report for the financial 52 weeks for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

VIVOBAREFOOT LIMITED

INDEPENDENT AUDITORS REPORT

FOR THE 52 WEEKS ENDED 29 JUNE 2019

AUDITORS RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.
Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

OTHER MATTERS

In the previous accounting period the directors of the Company took advantage of audit exemption under s477 of the Companies Act. Therefore the prior period financial statements were not subject to audit.

USE OF OUR REPORT

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.

Richard Churchill (Senior Statutory Auditor) for and on behalf of
Blick Rothenberg Audit LLP
Chartered Accountants Statutory Auditor
1st Floor, 7 - 10 Chandos Street London
W1G 9DQ

Date: 29 November 2019

VIVOBAREFOOT LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE 52 WEEKS ENDED 29 JUNE 2019

	NOTE	52 weeks 29 June £	Unaudited 52 weeks 30 June £
Turnover	4	26,175,858	19,422,081
Cost of sales		(14,219,721)	(10,773,898)
Gross profit		11,956,137	8,648,183
Administrative expense		(11,390,565)	(7,855,211)
Other operating income	5	159,847	132,565
Other operating changes		-	(206,102)
Operating profit	6	725,419	719,435
Interest receivable and similar income	10	35	13
Interest payable and expenses	11	(15,439)	(63,913)
Profit before tax		710,015	655,535
Tax on profit	12	80,993	-
Profit for the financial 52 weeks		791,008	655,535

There are no items of other comprehensive income for either the year or the prior year other than the profit for the year. Accordingly, no statement of other comprehensive income has been presented.

The notes on pages 44 to 56 form part of these financial statements

BALANCE SHEET

FOR THE 52 WEEKS ENDED 29 JUNE 2019

	NOTE		52 weeks 29 June £		Unaudited 52 weeks 30 June £
Fixed assets					
Intangible assets	13		34,508		5,702
Tangible assets	14		356,349		264, 119
Investments	15		101		101
			390,958		269,922
Current assets					
Stocks	16	2,521,79		1,602,022	
Debtors: amounts falling due within one year	17	1,165,490		1,542,546	
Cash at bank and in hand	18	1,972,120		1,660,219	
		5,659,403		4,804,787	
Creditors: amounts falling due within one year	19	(3,450,649)		(3,086,657)	
Net current assets			2,208,754		1,718,130
Total assets less current liabilities			2,599,712		1,988,052
Other provisions	23	(56,114)		(168,342)	
			(56,114)		(168,342)
Total assets less current liabilities and provisions			2,543,598		1,819,710
Capital and reserves					
Called up share capital	24		4,595,795		4,595,795
Share premium account	25		6,892,644		6,892,644
Other reserve	25		166,882		-
Profit and loss account	25		(10,877,721)		(11,668,729)
Shareholders' funds			777,600		(180,290)
Creditors falling due in more than one year					
Shareholder loans	20		1,765,988		2,000,000
			2,543,598		1,819,710

VIVOBAREFOOT LIMITED

BALANCE SHEET CONTINUED

FOR THE 52 WEEKS ENDED 29 JUNE 2019

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

....

Mr G J D Clark
Director

Date: 29 November 2019

VIVOBAREFOOT LIMITED

STATEMENT OF CHANGES ON EQUITY

FOR THE 52 WEEKS ENDED 29 JUNE 2019

	Called up share capital £	Share premium account £	Share option reserve £	Profit and loss account £	Total equity £
At 02 July 2017	4,595,795	6,892,644	-	**(12,324,264)**	**(835,825)**
Comprehensive income for the 52 weeks					
Profit for the 52 weeks	-	-	-	**655,535**	**655,535**
Total comprehensive income for the 52 weeks	-	-	-	**655,535**	**655,535**
At 01 July 2018	4,595,795	6,892,644	-	**(11,668,729)**	**(180,290)**
Comprehensive income for the 52 weeks					
Profit for the 52 weeks	-	-	-	**791,008**	**791,008**
Total comprehensive income for the 52 weeks	-	-	-	**791,008**	**791,008**
Share options issued in the period	-	-	166,882	**-**	**166,882**
At 29 June 2019	4,595,795	6,892,644	166,882	**(10,877,721)**	**777,600**

Movements on the share option reserve relate to the issue of share options during the period. Further details of this can be found in note 26.

The notes on pages 46 to 56 form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE 52 WEEKS ENDED 29 JUNE 2019

	52 weeks 29 June £	Unaudited 52 weeks 30 June £
Cash flows from operating activities		
Profit for the financial 52 weeks	**791,008**	655,535
Adjustments for:		
Amortisation of intangible assets	**1,656**	938
Depreciation of tangible assets	**140,641**	69,441
Loss on disposal of tangible assets	**42,191**	-
Interest paid	**15,439**	63,913
Interest received	**(35)**	(13)
Taxation charge	**(80,993)**	-
(Increase) in stocks	**(919,771)**	(220,853)
Decrease/(increase) in debtors	**458,049**	(394,828)
Increase in creditors	**363,992**	643,718
(Decrease)/increase in provisions	**(112,228)**	133,342
Share-based payments expense	**166,882**	-
Net cash generated from operating activities	**866,831**	951,193
Cash flows from investing activities		
Purchase of intangible fixed assets	**(30,462)**	-
Purchase of tangible fixed assets	**(275,062)**	(230,295)
Interest received	**35**	13
Net cash from investing activities	**(305,489)**	(230,282)
Cash flows from financing activities		
Repayment of other loans	**(234,002)**	-
Interest paid	**(15,439)**	(63,913)
Net cash used in financing activities	**(249,441)**	(63,913)
Net increase in cash and cash equivalents	**311,901**	656,998
Cash and cash equivalents at beginning of the 52 weeks	**1,660,219**	1,003,221
Cash and cash equivalents at the end of the 52 weeks	**1,972,120**	1,660,219
Cash and cash equivalents at the end of the 52 weeks comprise:	**1,972,120**	1,660,219
Cash at bank and in hand	**1,972,120**	1,660,219

VIVOBAREFOOT LIMITED

NOTE TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 29 JUNE 2019

01. GENERAL INFORMATION
Vivobarefoot Limited is a private company limited by shares and registered in England and Wales. The Company's registered number is 03474829 and the Company's registered office is 28 Britton Street, London, EC1M 5UE.

02. ACCOUNTING POLICIES
2.1 Basis of preparation of financial statements
The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.
The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:
2.2 Going concern
After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date these financial statements were approved. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

2.3. Foreign currency translation
Functional and present currency. The Company's functional and presentational currency is GBP.

Transactions and balances
Foreign currency transactions are translated into the functional currency using regularly reviewed system rates, and are subsequently converted at spot rates on a monthly basis.
At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

All foreign exchange gains and losses are presented in the statement of comprehensive income within administrative expenses.

2.4 Revenue
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods
Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5. Operating leases: the Company as lessee
Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.
Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Interest income
Interest income is recognised in the statement of comprehensive income using the effective interest method.

2.7 Finance costs
Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Borrowing costs
All borrowing costs are recognised in the statement of comprehensive income in the 52 weeks in which they are incurred.

2.9 Pensions
Defined contribution pension plan
The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.
The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

VIVOBAREFOOT LIMITED

NOTE TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 29 JUNE 2019

2.10 Taxation
Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

2.11 Intangible assets
Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite us a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten year

2.12 Tangible fixed assets
Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property	- Straight line over the lease term
Plant and machinery	- 3 years straight line
Motor vehicles	- 5 years straight line
Fixtures and fittings	- 3 years straight line
Office equipment	- 3 years straight line
Computer equipment	- 3 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.
Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

2.13 Valuation of investments
Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on re-measurement are recognised in the statement of comprehensive income to the period. Where market value cannot be reliably determined, such investments are stated at historic costs impairment

2.14 Stocks
Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.
At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.15 Financial investments
The Company has elected to apply Sections 11 and 12 of FRS 102 in respect of financial instruments.
Financial assets and financial liabilities are recognised when the Company becomes party to the contractual provisions of the instrument.
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.
The component parts of compound instruments issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. On initial recognition the financial liability component is recorded at its fair value. The fair value of the liability component is estimated using the prevailing market interest rate for a similar instrument without equity features. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised in equity and not subsequently remeasured.
The Company's policies for its major classes of financial assets and financial liabilities are set out below.

Financial assets
Basic financial assets, including trade and other debtors, cash and bank balances, inter-company working capital balances, and inter-company financing are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument.
Financing transactions are those in which payment is beyond normal business terms or is financed at a rate of interest that is not a market rate.

Such assets are subsequently carried at amortised cost19using12:20the effective interest method, less any impairment.

VIVOBAREFOOT LIMITED

NOTE TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 29 JUNE 2019

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price, which excludes transaction costs for those financial assets that are subsequently measured at fair value through profit and loss.

Such financial assets are subsequently measured at fair value through profit or loss, where they are publicly traded, or fair value can be measured reliably, for example by using a valuation technique. Where fair value cannot be measured reliably, the financial asset is measured at cost less impairment.

Financial liabilities
Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.
Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Impairment of financial assets
Financial assets measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.
For financial assets measured at cost less impairment, the impairment loss is measured as the difference between the asset's carrying amount and the best estimate of the amount the company would receive for the asset if it were to be sold at the reporting date.
For financial assets measured at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

De-recognition of financial assets and financial liabilities
Financial assets are de-recognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.
If a transfer does not result in de-recognition because the Company has retained significant risks and rewards of ownership of the transferred asset, the Company continues to recognise the transferred asset in its entirety and recognises a financial liability for the consideration received. The asset and liability are not offset. In subsequent periods, the Company recognises any income on the transferred asset and any expense incurred on the financial liability.
Financial liabilities are de-recognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting of financial assets and financial liabilities
Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously

2.16 Cash and cash equivalents
on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.
In the statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.17 Provisions for liberties
Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

2.18 Taxation
The tax expense for the year comprises current tax. Tax is recognised in the profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

Current tax is the amount of income tax payable in respect of taxable profit for the year or prior years.

VIVOBAREFOOT LIMITED

NOTE TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 29 JUNE 2019

2.18 Taxation continued
The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognise differences between the fair values of the assets acquired and the future tax deductions available and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or subs enacted by the balance sheet date.

03. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTANTITY

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.
In the application of the Company's accounting policies, which are described in note 2, the following judgements and key estimates have been made by the directors:

Stock provisioning
The carrying value of stock, at the lower of cost and net realisable value, is dependent on key judgements and estimates that are made by management. The judgements relating to stock include an estimation of future expected average sales prices and volume of sales based on the ageing of stock. A provision is made to stock based on historical data and future expectations. Actual outcomes could be different to the assumptions used in determining the estimates.

Sales with right of return
It is the Company's policy to sell goods to customers with a right of return. Accumulated experience is used to estimate and provide for returns at the time of sale.

04. TURNOVER

	52 weeks 29 June £	Unaudited 52 weeks 30 June £
Sale of goods	26,175,858	19,422,081
	26,175,858	19,422,081

Analysis of turnover by country of destination:

	52 weeks 29 June £	Unaudited 52 weeks 30 June £
United Kingdom	6,452,147	4,035,288
Rest of Europe	9,245,635	8,,484,369
Rest of World	10,478,076	6,902,425
	26,175,858	19,422,081

05. OTHER OPERATING INCOME

	52 weeks 29 June £	Unaudited 52 weeks 30 June £
Other operating income	42,638	48,565
Net rents receivable	117,209	84,000
	159,847	132,565

06. OPERATING PROFIT

The operating profit is stated after charging	52 weeks 29 June £	Unaudited 52 weeks 30 June £
Exchange differences	44,269	174,153
Other operating lease rentals	127,350	148,620

VIVOBAREFOOT LIMITED

NOTE TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 29 JUNE 2019

07. AUDITORS RENUMERATION

	52 weeks 29 June £	Unaudited 52 weeks 30 June £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	18,500	-
Fees payable to the Company's auditor and its associates in respect of:		
All other services	4,608	14,126
	4,608	14,126

08. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	52 weeks 29 June £	Unaudited 52 weeks 30 June £
Wages and saleries	3,021,610	1,995,814
Social security costs	268,094	183,173
Cost of defined contribution scheme	73,195	34,396
	3,362,899	2,213,383

The average monthly number of employees, including the directors, during the 52 weeks was as follows:

	52 weeks 29 June No.	Unaudited 52 weeks 30 June No.
Administration	43	33
Directors	7	5
	50	38

09. DIRECTORS RENUMERATION

	52 weeks 29 June £	Unaudited 52 weeks 30 June £
Directors' emoluments	707,286	440,374
Company contributions to defined contribution pension schemes	22,815	9,750
	730,101	450,124

During the 52 weeks retirement benefits were accruing to 7 directors (2018 - 5) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £101,688 (2018 - £100,103).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £3,747 (2018 - £2,583).

Other than the directors there were no other key management personnel of the business during the current or preceding period.

10. INTEREST RECEIVABLE

	52 weeks 29 June £	Unaudited 52 weeks 30 June £
Other interest receivable	35	13
	35	13

10. INTEREST PAYABLE AND SIMILAR EXPENSES

	52 weeks 29 June £	Unaudited 52 weeks 30 June £
Other loan interest payable	15,439	63,913
	15,439	63,913

VIVOBAREFOOT LIMITED

NOTE TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 29 JUNE 2019

12. TAXATION

	52 weeks 29 June £	Unaudited 52 weeks 30 June £
Corporation tax		
Current tax on profits for the year	(80,993)	-
	(80,993)	-
Total current tax	(80,993)	-
Deferred tax	-	-
Total deferred tax	-	-
Taxation on (loss)/profit on ordinary activities	(80,993)	

Factors affecting tax charge for the 52 weeks/period

The tax assessed for the 52 weeks/period is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	52 weeks 29 June £	Unaudited 52 weeks 30 June £
Profit on ordinary activities before tax	710,015	655,535
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	134,903	124,552
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	46,160	9,361
Capital allowances for 52 weeks in excess of depreciation	(12,009)	7,081
Utilisation of tax losses	(80,993)	(140,994)
Unrelieved tax losses carried forward	(169,054)	-
Total tax charge for the 52 weeks/period	(80,993)	-

12. TAXATION (CONTINUED)

Factors that may affect future tax charges

It was announced during the 2016 Budget that the corporation tax rate will fall to 17% from 1 April 2020.

Deferred tax

The Company has carried forward tax losses of £7,238,766 (2018: £7,238,766) resulting in a potential deferred tax asset (at the April 2020 corporation tax rate of 17%) of £1,230,590). Considering the potential uncertainties facing the Company as set out in the Strategic Report on pages 36-38, the directors do not consider the relief of these losses against future profits probably the near futures, and as such consider it prudent for the amounts not to be recognised in the current period financial statements.

VIVOBAREFOOT LIMITED

NOTE TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 29 JUNE 2019

13. INTANGIBLE ASSETS

	Trademarks £
Cost	
At 01 July 2018	9,375
Additions - internal	30,462
At 29 June 2019	39,837
Amortistaion	
At 01 July 2018	3,673
Charge for the year	1,656
At 29 June 2019	5,329
Net book value	
At 29 June 2019	34,508
At 30 June 2018	5,702

14. TANGIBLE FIXED ASSETS

	Short term leasehold property £	Other fixed costs £	Total £
Cost			
At 01 July 2018	23,900	353,196	377,096
Additions	-	275,062	275,062
Dsiposals	-	(46,240)	(46,240)
At 29 June 2019	23,900	582,018	605,918
Amortistaion			
At 01 July 2018	-	112,977	112,977
Charge for the 52 weeks on owned assets	2,390	138,251	140,641
Disposals	-	(4,049)	(4,049)
At 29 June 2019	2,390	247,179	249,569
Net book value			
At 29 June 2019	21,510	334,839	356,349
At 30 June 2018	23,900	240,219	264,119

VIVOBAREFOOT LIMITED

NOTE TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 29 JUNE 2019

15. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £	Unlisted investments £	Total £
Cost or valuation			
At 01 July 2018	1	100	101
At 29 June 2019	1	100	101

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Class of shares	Holding
Terra Plana International Limited	Ordinary	100%

The aggregate of the share capital and reserves as at 29 June 2019 and the profit or loss for the 52 weeks ended on that date for the subsidiary undertaking were as follows:

Name	Aggregate of share capital and reserves	Profit/(Loss)
Terra Plana International Limited	(1,393,234)	-

16. STOCKS

	29 June £	Unaudited 30 June £
Finished goods for resale	2,521,793	1,602,022
	2,521,793	1,602,022

17. DEBATORS

	29 June £	Unaudited 30 June £
Trade debtors	386,062	1,186,806
Other debtors	513,659	60,313
Prepayments and accursed income	265,769	295,427
	1,165,490	1,542,546

18. CASH AND CASH EQUIVALENTS

	29 June £	Unaudited 30 June £
Cash at bank and in hand	1,972,120	1,660,219
	1,972,120	1,660,219

19. CREDITORS: AMOUNTS FALLING WITHIN ONE YEAR

	29 June £	Unaudited 30 June £
Trade creditors	224,410	531,997
Other taxation and social security	251,459	502,342
Other creditors	628,962	468,026
Accruals and deferred income	2,345,818	1,584,292
	3,450,649	3,086,657

19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	29 June £	Unaudited 30 June £
Shareholder items	1,765,998	2,000,000
	1,765,998	2,000,000

VIVOBAREFOOT LIMITED

NOTE TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 29 JUNE 2019

21. LOANS

Analysis of the maturity of loans is given below:

	29 June £	Unaudited 30 June £
Amounts falling 1-2 years		
Shareholder loans	1,765,998	2,000,000
	1,765,998	2,000,000

All loans are repayable at the Company's discretion. Of the loans in issue £1,116,994 (2018: £1,265,000) are interest free. The remainder incur interest at a rate of LIBOR +2% per annum.

22. FINANCIAL INSTRUMENTS

	29 June £	Unaudited 30 June £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	2,398,871	2,907,438
Financial liabilities		
Financial liabilities measured at amortised cost	(835, 372)	(1,000,023)

Financial assets measured at amortised cost comprise trade and other debtors.

Financial liabilities measured at amortised cost trade and other creditors.

23. PROVISIONS

	Onerous Lease £
At 01 July 2018	168,342
Charged to profit or loss	(112,228)
At 29 June 2019	56,114

The above provision of £56,114 (£168,342) is in respect of an onerous lease commitment which ceases December 2019.

24. SHARE CAPITAL

	29 June £	Unaudited 30 June £
Allotted, called up and fully paid		
2,421,423 (2018 - 2,421,423) Ordinary shares of £1.000 each	2,421,423	2,421,423
8,681,687 (2018 - 8,681,688) B Ordinary shares of £0.250 each	2,170,422	2,170,422
3,950,000 (2018 - 3,950,000) C Ordinary shares of £0.001 each	3,950	3,950
	4,595,795	4,595,795

25. RESERVES

The holders of the Ordinary shares have the right to vote and to participate in the distribution of dividends.

The holders of the Ordinary B shares have the right to vote and to participate in the distribution of dividends.

The holders of the Ordinary C shares have the right to vote and to participate in the distribution of dividends only after the company has recorded profit before tax equal to or exceeding £500,000, and turnover for the same period is equal to or exceeds £20,000,000.

VIVOBAREFOOT LIMITED

NOTE TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 29 JUNE 2019

26. SHARE BASED PAYMENTS

Vivobarefoot Limited, has a share option scheme for key employees. The vesting period is either 2 or 3 years. Options are exercisable at a price equal to £0.54 for options vesting over 2 years, and £0.73 for options vesting over 3 years. Vesting of the options is subject to continued employment by the Company. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the company before the options vest.

The fair value of the options at the grant date was calculated using the Black-Scholes model, which is considered to be the most appropriate generally accepted valuation method of measuring fair value.

Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

	29 June Weighted average exercise price (pence) 2019	**29 June**	30 June Weighted average exercise price (pence) 2019	30 June £
Granted during the year	59	337,263		-
Outstanding at the end of the year	59	337,263		-

There were no (2018: no) share options exercisable at the end of the year.

	29 June £	Unaudited 30 June £
Share-based payment expense	166,882	-
	166,882	-

27. PENSION COMMITMENTS

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund.
The pension cost charge represents contributions payable by the Company to the fund and amounted to £73,195 (2018: £34,396). Contributions totalling £3,440 (2018: £7,093) were payable to the fund at the balance sheet date and are included in creditors.

28. COMMITMENTS UNDER OPERATING LEASES

At 29 June 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	29 June £	Unaudited 30 June £
Not later than 1 year	186,250	141,000
Later than 1 year and not later than 5 years	565,000	73,2500
Later than 5 years	480,250	-
	1,231,500	241,250

29. RELATED PARTY TRANSACTIONS

At the balance sheet date, directors and shareholders of the Company were owed £1,765,998 (2018: £2,000,000) by Vivobarefoot Limited. These loans are unsecured and repayable at the discretion of the Board of Directors. Of the loans in issue £1,116,994 (2018: £1,265,000) are interest free. The remainder incur interest at a rate of LIBOR +2% per annum.

During the period costs were incurred by the Company totalling £22,141 (2018: £12,982) in respect of the directors personal expenses. These amounts were reimbursed by the directors during the period. There were no (2018: no) amounts to be reimbursed at the balance sheet date.

During the period the Company paid royalties to a charity of which a director and shareholder of Vivobarefoot Limited is also a trustee. These royalties totalled £104,521 (2018: £40,066). In addition, during the period expenses totalling £1,165 (2018: £nil) were incurred by the Charity on behalf of Vivobarefoot Limited and were reimbursed by the Company. At the balance sheet date the Company owed £72,949 (2018: £nil) to the Charity.

30. POST BALANCE SHEET EVENTS

On 6th November 2019 the Company undertook a capital reduction whereby £6,892,644 of share premium was cancelled against the retained earnings of the business. Following this capital reduction the Company had share premium totalling £0.

31. CONTROLLING PARTY

In the opinion of the directors there is no ultimate controlling party.

VIVOBAREFOOT LIMITED

DETAILED ACCOUNTS FOR THE 52 WEEKS ENDED 29 JUNE 2019

DETAILED PROFIT AND LOSS ACCOUNT

	52 weeks 29 June £	Unaudited 52 weeks 30 June £
Turnover	**26,175,858**	19,422,081
Cost of sales	**(14,219,721)**	(10,773,898)
Gross profit	**11,956,137**	8,648,183
Gross profit %	**45.7%**	44,5%
Other operating income	**159,847**	132,565
Less: overheads		
Administrative expense	**(11,390,565)**	(7,855,211)
Other operating changes	**725,419**	(206,102)
Operating profit	**35**	13
Interest receivable	**(15,439)**	(63,913)
Interest payable	**710,015**	655,535
Tax on profit	**80,993**	-
Profit for the financial 52 weeks	**791,008**	655,535

SCHEDULE TO THE DETAILED ACCOUNTS

	52 weeks 29 June £	Unaudited 52 weeks 30 June £
Turnover	**6,452,147**	4,035,288
Sales - Domestic	**9,245,635**	8,484,368
Sales - Other EU	**10,478,076**	6,902,425
Sales - Rest of World	**26,175,858**	19,422,081

	52 weeks 29 June £	Unaudited 52 weeks 30 June £
Cost of sales	**1,602,022**	1,381,169
Opening stocks - finished goods	**(2,521,793)**	(1,602,022)
Closing stocks - finished goods	**11,475,398**	8,649,484
Purchases - finished goods	**3,664,094**	2,345,267
Carriage and import duty	**14,219,721**	10,773,898

	52 weeks 29 June £	Unaudited 52 weeks 30 June £
Other operating income		
Other operating income	**42,638**	48, 565
Net rents receivable	**117,209**	84,000
	159, 847	132,565

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VIVOBAREFOOT LIMITED

DETAILED ACCOUNTS FOR THE 52 WEEKS ENDED 29 JUNE 2019

SCHEDULE TO THE DETAILED ACCOUNTS

	52 weeks 29 June £	Unaudited 52 weeks 30 June £
Administration expenses	702,517	440,000
Directors salaries	88,368	54,941
Directors national insurance	22,815	9,750
Directors pension costs - defined contribution schemes	2,147,442	1,555,440
Staff salaries	179,726	128,232
Staff national insurance	50,380	24,646
Staff pension costs - defined contribution schemes	15,684	5,263
Staff private health insurance	51,533	6,999
Staff training	160,001	128,308
Commissions payable	4,601	2,992
Motor running costs	140,549	53,357
Entertainment	468,005	284,009
Hotels, travel and subsistence	303,632	202,027
Consultancy	17,018	13,198
Printing and stationery	3,885	23,495
Postage	35,823	34,832
Telephone and fax	734,271	699,711
Computer costs	4,627,306	3,019,879
Advertising and promotion	944	13,219
Trade subscriptions	7,692	-
Charity donations	346,479	201,223
Legal and professional	18,500	-
Auditors' remuneration	35,303	(1,294)
Accountancy fees	38,412	32,668
Bank charges	35,238	166,179
Bad debts	44,269	174,153
Difference on foreign exchange	12,165	9,797
Sundry expenses		

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SCHEDULE TO THE DETAILED ACCOUNTS CONTINUED.

	52 weeks 29 June £	Unaudited 52 weeks 30 June £
Rent - operating leases	127,350	148,620
Rates	73,250	59,935
Light and heat	5,590	17,700
Cleaning	11,879	10,413
Service charges	25,420	18,499
Insurances	72,326	70,199
Repairs and maintenance	187,562	17,143
Depreciation - plant and machinery	23,789	15,741
Depreciation - motor vehicles	3,405	-
Depreciation - office equipment	48,950	2,601
Depreciation - computer equipment	51,571	28,293
Depreciation - fixtures and fittings	12,926	22,806
Amortisation - intangible fixed assets	1,656	938
Profit/loss on sale of tangible assets	42,191	-
China - taxation	25,580	24,174
Recruitment	217,680	135,125
Share-based payment expense	166,882	-
	11,390,565	7,855,211

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VIVOBAREFOOT LIMITED

DETAILED ACCOUNTS FOR THE 52 WEEKS ENDED 29 JUNE 2019

SCHEDULE TO THE DETAILED ACCOUNTS

	52 weeks 29 June £	Unaudited 52 weeks 30 June £
Operating charges		
Rent - expenses	-	206,102
	-	206,102

	52 weeks 29 June £	Unaudited 52 weeks 30 June £
Interest receivable		
Other interest receivable	35	13
	35	13

	52 weeks 29 June £	Unaudited 52 weeks 30 June £
Interest payable		
Other loan interest payable	15,439	63,913
	15,439	63,913

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