boohoo.com UK Limited

Annual report and financial statements

Registered number 05723154

For the year ended 28 February 2021

Contents

Company Information

Directors
Mahmud Kamani
Carol Kane
John Lyttle
Neil Catto

Company secretary
Thomas Kershaw

Registered office
49-51 Dale Street
Manchester
M1 2HF

Registered number
05723154 (England and Wales)

Independent auditors
PKF Littlejohn LLP
15 Westferry Circus
London
E14 4HD
United Kingdom

Strategic report

The Directors present their strategic report for the year ended 28 February 2021.

Review of the business

Description of the business model

boohoo.com UK Limited owns the brands boohoo and boohooMAN and designs, sources, markets and sells clothing, shoes, accessories and beauty products targeted at consumers globally.

boohoo

boohoo is the young girl's fashion best friend, offering the most up-to-date fashion at incredible prices with unbeatable choice, great quality and excellent service. The brand's core values are fun, fashion, social and inclusive. This translates into a product range for every young woman around the world.

boohooMAN

Combining cutting-edge design with an affordable price tag, boohooMAN brings young men the latest styles and looks in a youthful package, 24/7.

Performance

The company has achieved a strong performance. Revenue amounted to £807,351,000 for the year. Gross margin was 52.3%.

The company is a subsidiary of boohoo group plc and has benefitted from access to a formidable suite of relationships and resources and combined this with our insight and understanding of changing consumer demands to build a business platform that delivers value to all our stakeholders.

Relationships

Employees

Our employees are our greatest asset, delivering a truly awesome package of skill and knowledge that enables us to tackle the most challenging feats

Suppliers

We have developed a comprehensive network of suppliers from all corners of the world and we continue to work with them to bring us the product and services that drive our success

Customers and partners

Our customers and partners are our life-blood. We engage, listen, learn, create and repeat successfully. Our partners help us reach customers globally.

Resources

Infrastructure

We have invested millions in state-of-the-art, automated distribution centres and great office facilities for our talented teams

Technology

Our formidable technology platform comprises best-of-kind systems and enables us to operate a huge volume business with efficiency and accuracy

How we operate

We design, source, market and sell fashion clothing, shoes, accessories and beauty products to 16 to 45 year-old consumers globally. We implement a "test and repeat" model that brings the latest trends and fashion inspiration in a matter of days or weeks to our consumers across the world

Design and inspiration

Our skilled designers and buyers have their fingers on the pulse of fashion around the world to spot the latest trends

Sourcing and production

Buyers tap into a global network of approved suppliers to find the best mix of quality and price to deliver outstanding value to our customers

Marketing and customer engagement

We connect with our consumers through social media and innovative advertising, supported by influencers and celebrities, and through our engaging websites and apps, offer the customer the very best online shopping experience

Delivery and customer care

Great customer service is provided by a comprehensive choice of delivery options, payment methods and a highly-rated customer service centre takes care of the entire customer journey

Engagement and repeat

Sophisticated monitoring of marketing and product success enables us to respond rapidly to consumer demand and optimise customer reach

Value generated for stakeholders

Employees

We provide our employees with the opportunity to develop their skills and experience in a dynamic business and give them a share in its success through share ownership plans and bonuses

Suppliers

We operate with our suppliers in a transparent way and enable suppliers to participate in our success as we grow and we work to improve factory standards where required

Customers

We provide our customers with great product and value at prices below those of the high street and with a service that is convenient and safe at home

Community

We engage with the wider community through our charitable work, the Leicester Garment and Textile Worker's Trust and through the provision of jobs in our offices and distribution centres that benefit the local area

Planet

We are determined to play or part in reducing the environmental impact of clothing and our operations through our greatly increased focus on sustainability

Financial review

The company has achieved a strong performance with revenues increasing in key territories.

Sales revenue by geographical market

	2021	2020	Change
	£000	£000	
UK	**461,428**	338,279	36%
Rest of Europe	**133,991**	109,517	22%
USA	**151,375**	91,973	65%
Rest of world	**60,557**	60,964	-1%
	807,351	600,733	34%

Income statement

	2021	2020	**Change**
	£000	£000	
Revenue	**807,351**	600,733	**34%**
Cost of sales	**(385,096)**	(284,937)	**35%**
Gross profit	**422,255**	315,796	**34%**
Gross margin	***52.3%***	*52.6%*	***-30 bps***
Distribution costs	**(191,691)**	(130,093)	
Administrative expenses	**(198,138)**	(147,896)	
Other income	**14,453**	10,691	
Operating profit	**46,879**	48,498	**-3%**
Finance expense (net)	**(1,120)**	(451)	
Profit before taxation	**45,759**	48,047	**-5%**

Taxation

The effective rate of tax for the year was 21.8% *(2020: 21.7%)*, which is higher *(2019: higher)* than the blended UK statutory rate of tax for the year of 19% *(2020: 19%)*, due to expenditure not deductible for tax purposes, the increase this year being principally depreciation on buildings and fit-out.

Statement of financial position

	2021	2020
	£000	£000
Intangible assets	**13,750**	5,789
Property, plant and equipment	**122,135**	103,084
Right-of-use assets	**8,763**	4,993
Financial assets	**13,081**	4,467
Deferred tax asset	**2,102**	5,115
Non-current assets	**159,831**	123,448
Working capital	**(93,106)**	(58,470)
Lease liabilities	**(9,258)**	(5,442)
Net financial assets/(liabilities)	**12,582**	(9,001)
Cash and cash equivalents	**168,480**	122,216
Interest bearing loans and borrowings	-	(4,764)
Deferred tax liability	**(3,175)**	(2,430)
Current tax asset/(liability)	**2,945**	(970)
Net assets	**238,299**	164,587

The right-of-use-assets are the capitalised value of property leases. The lease liability is the discounted value of future lease payments. The company has repaid all its borrowings.

Trends and factors likely to affect future performance

The market for online fashion is forecast to continue to grow and, along with the increasing use of the internet globally, provides a favourable backdrop for the company with much opportunity for further growth. Customers throughout the world are seeking a wide choice of quality products at value prices lower than those available on the high street, with the convenience of home delivery. The company's target market has a high propensity to spend on fashion and the market is quite resilient to external macroeconomic factors.

Outlook

As always, our focus is to maintain an outstanding customer proposition, with the latest fashion at great prices, combined with excellent customer service. To this end, we have a plan of continuous investment in our systems, infrastructure and technology to ensure we offer an optimal online shopping experience as we look to further cement our position as a leader in global fashion e-commerce. We are focused on building the business for the future and continued investment in our brand, infrastructure, people and technology will drive this growth and further economies of scale. We are also committed to continuing to make improvements across our environmental responsibilities and to accelerate our sustainability journey.

Risk management

The company's ultimate parent undertaking, boohoo group plc manages the liquidity and risks associated with the whole group as disclosed in the financial statements of that company, which are publically available.

On a twice-yearly basis, the board reviews the strategic risks facing the company. Below this level, functional risk groups across the business assess the mitigating factors, reviews emerging risks, performs deep dives on key risks, and assist the board in setting the risk appetite of the company, against which risks are evaluated. Each risk is assigned to a senior executive, through which ongoing activities and any actions related to that risk are updated.

Both functional and strategic risk registers are prepared using consistent risk factors and evaluate business impact and likelihood ratings, both before (inherent) and after (residual) the effect of any mitigating activities or controls.

Our risk management process is an ongoing assessment of the key risks facing our business, such that it is updated whenever there is a major change in the principal risks and uncertainties.

The following are considered to be the principal risks and uncertainties as at the year-end.

Strategic Risks

Risk Heading *(Risk Owner)*	Risk Factors	Mitigation
Supply chain ethics *Director of Responsible Sourcing & Group Product Operations*	• As a result of complexity inherent within the supply chain, there is a risk that inappropriate, unethical and illegal non-compliance with required supply chain practices go undetected which could lead to investigations from regulatory bodies and may cause reputational damage.	• Agenda for Change outputs defining current and future policy, with actions rigorously monitored and reported • Establishing the right structure and team by building out the sourcing and ethical compliance team, across the UK and regional offices • Mapping the supply chain ready for reporting in 2021 • Scheduling regular audits against company code of conduct • Transparency systems and tools are in place for UK manufacturing • Creating a series of behaviours which align with company values
Competition risk *CEO and CFO*	• The business operates in a broad and open market, with many competitors. There are many factors that influence customers' choice, including service, fashion, price and brand. As a result of the above factors there is a risk that market share may not grow or could decline • European customers may be deterred from purchasing from a UK company following the UK's decision to leave the EU	• Operating a differentiated business model, across brand and geographies insulates against specific brand competitors as a group • Investment in brands, both at an individual level and through acquisition • Competitor activity and offerings are reviewed regularly to remain abreast of market developments and identify competitive advantages • Consumers' changing preferences are monitored internally and by market research to ensure product and service is relevant to demand • Developments in e-commerce trends are monitored to keep abreast of the latest developments and innovations • Performance targets control key deliverables (product quality, customer service and traffic)
Sustainability *Director of Responsible Sourcing & Group*	• As a result of sustainability and environmental factors, there is a risk that customer perception is	• Sustainability strategy and targets in place • First sustainability strategy published in March 2021 on group website

Product Operations	damaged which could negatively impact the brand • Longer term, consumers may reduce consumption of fast fashion due to environmental concerns	• Recruitment of key roles to deliver the strategy
Governance *CFO*	• As a result of governance issues there is a risk of the business not meeting the best interests of its stakeholders.	• Sustainable change is being driven by Agenda for Change and embedded within business practices • Governance is a constant board agenda item • New non-executive directors have been recruited, which improves governance • New committee structure established
Ethos and Culture *Chief People Officer*	• As a result of business change, developing and implementing new systems, controls and significant acquisitions, there is a risk that culture is impacted, which could lead to a decrease in brand ethos and morale, impacting operations	• Board commitment to positive change, led from within the business • Investment in colleague engagement, including regular town hall meetings • Investment in colleague training to support change
Regulatory Compliance *Group Legal Counsel*	• As a result of complex data privacy regulations and continuous increase in threats to data, there is a risk of a regulatory breach which could lead to regulatory investigation and financial penalties. • As a result of operating in many international markets and variations in local regulation in those different markets, compliance risks are increased. Specifically, those where websites are located, pricing and promotion restrictions are in place and any countries with complex legal marketplace compliance (e.g. US) laws, there is a risk of non-compliance and regulatory-related investigations which could lead to financial penalties and reputational damage.	• Training of colleagues on GDPR and data security • Additional resource relating to data privacy • Privacy policies and procedures reviewed and updated • Understanding and compliance to key laws and regulations • Impact reduced by skilled legal team in house and utilising specific expert advice from external lawyers in territories concerned • Monitoring of emerging regulations to ensure the business is best placed for any new compliance requirements – e.g. buy-now-pay-later • Expert counsel taken to fully understand M&A risks prior to acquisitions

	• As a result of emerging regulations there is a risk that additional compliance costs are incurred in the future. • As a result of a large or high-profile acquisitions and the associated market share implementation there is a risk of investigation and review by the competition authority which may lead to financial costs and delays to processing of the deal.	
Taxation and duties *CFO*	• Governments may impose additional corporation taxes on online businesses • Governments are increasingly reducing duty and tax-free thresholds on imports and imposing tax collection responsibility on sellers, thereby increasing prices to consumers	• Impact of potential future corporation tax rates is considered in future plans • Sales taxes are already imposed in all major markets and the company believes that its products will remain competitive due to its online proposition and with customs warehousing, the impact of duty costs can be minimised
Brexit *CFO*	• As a result of required operational changes caused by the Brexit agreement, specifically in relation to trading costs and regulation, there is a risk of unplanned operational and financial impact, which could lead to unexpected trading levels and/or downtime in operations.	• Impacts are understood and additional costs are factored in to future plans and budgets, together with mitigating actions and cost savings • Consideration being given to the availability of staffing and potential increase in labour costs

Operational risks		
Risk Heading	**Risk Factors**	**Mitigation**
IT and Cyber Security *CIO*	• There is a risk of a cyber-attack which could lead to application, system and operational downtime, which may impact trading and operations	• Board engagement in cyber risks, mitigations and plans • Perimeter security regularly updated and tested • Industry leading tooling to prevent and detect attacks • 24/7 security operations centre. • Continued and expanding investment in IT and security teams • Training of both technical and non-technical teams regarding cyber security
Change *CIO*	• As a result of a high number of critical projects running in parallel, there is a risk that delivery is not completed in line with proposed timelines and business as usual activities are not appropriately established, thereby not meeting the expectations of both internal and external stakeholders, which could lead to reputational damage	• Growth of projects capability including head of delivery & project function, business analysts and project managers • Change Advisory Board (CAB) ensures that approvals are obtained in advance of changes being implemented • Project Prioritisation Group (PPG) - Assesses and agrees the need for changes/ projects • IT team includes appropriate skillset and talent within the team to deliver what is required • Established project methodology including the right level of governance for each project
Third Parties *CFO / CIO / Supply Chain Director*	• As a result of reliance placed on third parties, there is a risk that key third parties are not performing in line with expectations, which could lead to operational and technological disruption	• A defined supplier framework and governance structure, which outlines the relationship owners, exists • Supplier security assessments are conducted • Diversification of the service providers, where appropriate to spread risk

Business Continuity / Disaster Recovery *CFO / CIO / Supply Chain Director*	• As a result of an unplanned business continuity incident/event there is a risk that warehouses and key operations facilities are required to close, which could lead to reduced productivity and operations • As a result of a critical IT failure, when enforcement of disaster recovery is required, there is a risk that key recovery objectives are not met, which could lead to data and financial loss	• Warehouses are protected by 24-hour security, access control, fire protection and sprinkler systems • Head office is protected by security alarm, access control, fire protection and sprinkler systems • Electric power continuity is protected by back-up generators • Consideration has been given to location diversification, resulting in more options to move sites in the event that a major incident occurs at one site • IT disaster recovery covers critical applications and third party contracts with appropriate service level agreements • Investment in monitoring and alerting, governance, change management
People risk *Chief People Officer*	• Competitors are inclined to poach key staff and talented individuals • Employees may leave the company for better pay and prospects elsewhere	• Incentive schemes across all levels of staff are operated, including share ownership, bonus and incentive schemes linked to business and personal performance • Succession planning aims to reduce key person dependencies • Training, development and progression opportunities to retain staff
Product risk *Director of Responsible Sourcing & Group Product Operations*	• As a result of health and safety regulations in relation to products, there is a risk of product liability costs and potential legal implications • As a result of product quality issues there is a risk of a decline in customer satisfaction	• Head of product compliance joined in early 2021 • Quality control teams check the products at distribution centres and within factories • Policies and procedures in place for suppliers to follow • Testing of products for chemical components to legal limits

Financial risks		
Financial risk *CFO*	• Poor business performance or lack of appetite for the sector may impede raising of capital • Exchange rate fluctuations may erode margins	• Regular budgeting and forecasting ensures working capital is sufficient for business requirements and rapid reaction to adverse business performance • Uncertainty due to fluctuating exchange rates is reduced by appropriate forward looking hedging policies

On behalf of the board

Neil Catto
Director

17 August 2021

Directors' report

The directors present their directors' report and the audited financial statements for the year ended 28 February 2021.

Principal activities

The principal activity of the company is that of internet clothing retailer.

Results and dividends

The company's profit after tax for the year to 28 February 2021 was £35,803,000 *(2020: £37,603,000)*. The audited financial statements for the year for the company are set out on pages 20 to 47.

The directors do not recommend the payment of a dividend so that cash is retained in the company for capital expenditure projects that are required for the rapid growth and efficiency improvements of the business and for suitable business acquisitions.

Directors

The directors who held office during the year and up to the date of signing these financial statements were as follows:

Mahmud Kamani
Carol Kane
John Lyttle
Neil Catto

The company maintains directors' and officers' liability insurance which gives appropriate cover for any legal action brought against the directors. The company has also provided an indemnity for its directors, which is a qualifying third party indemnity provision for the purposes of section 234 of the Companies Act 2006 and was in place during the year and up to the date of approval of the financial statements.

Corporate governance

For the year ended 28 February 2021 boohoo group plc, of which the company is a member, has adopted the 2018 Quoted Companies Alliance Corporate Governance Code ("QCA Code"). Further details of the group's approach to corporate governance can be found at www.boohooplc.com and on pages 56-63 of the group's annual report, which does not form part of this report.

Going concern
The directors considered it appropriate to prepare the financial statements on a going concern basis, as explained in the basis of preparation in note 1 to the financial statements.

Financial risk management

Financial risk management is detailed in note 22 to the financial statements.

Engagement with stakeholders – employees, suppliers and customers and community and environment

The board's responsibilities to promote the success of the company under section 172 of the Companies Act 2006, as modified by the Companies (Miscellaneous Reporting) Regulations 2018 are outlined as follows:

a. Employee engagement

The quality, commitment and effectiveness of the company's employees are crucial to its continued success. Employee policies and programmes are designed to encourage employees to become interested in the company's activities and to reward employees according to their contribution and capability and the company's financial performance. Employee communications are a priority and regular briefings are used to disseminate relevant information. Employee surveys are undertaken to allow employees to express their views anonymously on many aspects of their work lives. Suggestion boxes are used to allow employees to voice their opinions for improvements and change. Employee share ownership is encouraged through free share schemes and employee share option plans.

Employment policies do not discriminate between employees or potential employees on the grounds of colour, race, ethnic or natural origin, sex, marital status, sexual orientation, religious beliefs or disability. If an employee were to become disabled whilst in employment and as a result was unable to perform his or her duties, every effort would be made to offer suitable alternative employment and assistance with retraining.

b. Suppliers and customers

The boohoo group plc, of which the company is a member, maintains an ongoing dialogue with its customers and suppliers through news announcements on the group's website and through the group's regulated market announcements. In addition, the company engages in supplier face-to-face meetings, email and telephone conversations with directors and senior management and annual social events for key suppliers. Engagement with customers is a major part of the company's communication activities performed through social media sites and via email where customers have opted in to receive such communication

c. Community and environment

As part of the boohoo group plc we have active community and environmental policies in place. Full details of these policies can be found in the boohoo group plc Annual Report and Accounts on pages 38 to 50. The boohoo group plc annual report and financial statements are publicly available and can be found at www.boohooplc.com.

Health and safety

The company is committed to providing a safe place of work for employees. Company policies are reviewed on a regular basis to ensure that policies regarding training, risk assessment, safe working and accident management are appropriate. There are designated officers responsible for health and safety and issues are reported at each board and executive meeting.

Matters covered elsewhere in the annual report

Information on the company's business review, financial review, financial performance and position, key performance indicators, financial risk management, principal risks and uncertainties and future outlook are included in the strategic report on pages 4 to 13.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

select suitable accounting policies and then apply them consistently;

- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 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.

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 enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Statement on disclosure of information to auditors

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

Independent auditors

The auditors, PKF Littlejohn LLP, have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed at the Annual General Meeting.

On behalf of the board

Neil Catto
Director

17 August 2021

Independent auditor's report to the members of boohoo.com UK Limited

Opinion

We have audited the financial statements of boohoo.com UK Limited (the 'company') for the year ended 28 February 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 Reduced Disclosure Framework (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 28 February 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 UK, including the FRC'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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included a review of forecast financial information for a minimum period of 12 months from the date of approval of the financial statements, providing challenge to key assumptions used and considering the impact of reasonably possible changes in circumstances.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report[12]. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinions 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 year 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, 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.

Auditor's responsibilities for the audit of the 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management and the internal legal team. We also selected a specific audit team based on experience with auditing entities within this industry facing similar audit and business risks.
- We determined the principal laws and regulations relevant to the company in this regard to be those arising from:
    - UK employment law

  - UK tax laws and regulations
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included, but were not limited to:
  - Making enquiries of management;
  - A review of board minutes;
  - A review of legal ledger accounts;
  - Discussions with internal legal personnel, and liaising with external legal consultants;
  - Review of internal and external reports on key practices, including supply chain and payroll reviews.
- We also identified the risks of material misstatement of the financial statements due to fraud. Aside from the non-rebuttable presumption of a risk of fraud arising from management override of controls, we did not identify any significant fraud risks.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

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.

Joseph Archer

Joseph Archer (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

17 August 2021

Statement of comprehensive income

for the year ended 28 February 2021

	Note	**2021**	2020
		£000	£000
Revenue	*2*	**807,351**	600,733
Cost of sales		**(385,096)**	(284,937)
Gross profit		**422,255**	315,796
Distribution costs		**(191,691)**	(130,093)
Administrative expenses		**(198,138)**	(147,896)
Other income	*3*	**14,453**	10,691
Operating profit		**46,879**	48,498
Finance income	*4*	**350**	838
Finance costs	*4*	**(1,470)**	(1,289)
Finance costs – net	*4*	**(1,120)**	(451)
Profit before taxation	*6*	**45,759**	48,047
Taxation	*9*	**(9,956)**	(10,444)
Profit for the financial year		**35,803**	37,603
Total other comprehensive (expense)/income for the year			
Impact of adoption of IFRS16		-	(440)
Loss reclassified to profit and loss during the year		**9,097**	1,280
Fair value gain/(loss) on cash flow hedges during the year [1]		**21,100**	(13,617)
Total comprehensive income for the year		**66,000**	24,826

1. Net fair value gains on cash flow hedges will be reclassified to profit or loss during the three years to 28 February 2023.

All activities relate to continuing operations.

The notes 1 to 27 on pages 23 to 47 are an integral part of these financial statements.

Statement of financial position

As at 28 February 2021

	Note	**2021**	2020
		£000	£000
Fixed assets			
Intangible assets	*10*	**13,750**	5,789
Property, plant and equipment	*11*	**122,135**	103,084
Right-of-use assets	*12*	**8,763**	4,993
Financial assets	*22*	**13,081**	4,467
Deferred tax	*14*	**2,102**	5,115
		159,831	123,448
Current assets			
Inventories	*15*	**99,895**	64,602
Trade and other receivables	*16*	**127,201**	58,708
Financial assets	*22*	**17,071**	6,599
Current tax asset		**2,945**	-
Cash and cash equivalents		**168,480**	122,216
Total current assets		**415,592**	252,125
Total assets		**575,423**	375,573
Creditors – amounts falling due within one year			
Trade and other payables	*17*	**(320,202)**	(181,780)
Interest bearing loans and borrowings	*18*	**-**	(2,382)
Lease liabilities	*19*	**(2,695)**	(1,409)
Financial liabilities	*22*	**(2,540)**	(8,678)
Current tax liability		**-**	(970)
Total current liabilities		**(325,437)**	(195,219)
Creditors – amounts falling due after more than one year			
Interest bearing loans and borrowings	*18*	**-**	(2,382)
Lease liabilities	*19*	**(6,563)**	(4,033)
Financial liabilities	*22*	**(1,949)**	(6,922)
Deferred tax	*14*	**(3,175)**	(2,430)
Total non-current liabilities		**(11,687)**	(15,767)
Total liabilities		**(337,124)**	(210,986)
Net assets		**238,299**	164,587
Equity			
Ordinary shares	*20*	**-**	-
Share premium	*20*	**28**	28
Capital redemption reserve		**100**	100
Hedging reserve		**25,663**	(4,534)
Retained earnings		**212,508**	168,993
Total equity		**238,299**	164,587

The notes 1 to 27 on pages 23 to 47 are an integral part of these financial statements.

These financial statements of boohoo.com UK Limited, registered number 05723154, on pages 20 to 47 were approved by the board of directors on 17 August 2021 and were signed on its behalf by:

Neil Catto
Director

Statement of changes in equity

	Share capital (note 20)	Share premium (note 20)	Capital redemption reserve	Hedging reserve	Retained earnings	Total equity
	£000	£000	£000	£000	£000	£000
Balance as at 28 February 2019	-	28	100	7,803	123,791	131,722
Impact of the adoption of IFRS16	-	-	-	-	(440)	(440)
Profit for the year	-	-	-	-	37,603	37,603
Loss reclassified to profit and loss	-	-	-	1,280	-	1,280
Fair value loss on cash flow hedges	-	-	-	(13,617)	-	(13,617)
Total comprehensive income for the year	-	-	-	*(12,337)*	*37,163*	*24,826*
Dividend paid to former immediate parent	-	-	-	-	(496)	(496)
Share-based payments credit	-	-	-	-	6,442	6,442
Excess tax on share-based payments	-	-	-	-	2,093	2,093
Balance as at 29 February 2020	-	28	100	(4,534)	168,993	164,587
Profit for the year	-	-	-	-	35,803	35,803
Loss reclassified to profit and loss	-	-	-	9,097	-	9,097
Fair value gain on cash flow hedges	-	-	-	21,100	-	21,100
Total comprehensive income for the year	-	-	-	*30,197*	*35,803*	*66,000*
Share-based payments credit	-	-	-	-	7,466	7,466
Excess tax on share-based payments	-	-	-	-	246	246
Balance as at 28 February 2021	**-**	**28**	**100**	**25,663**	**212,508**	**238,299**

The capital redemption reserve arose from a capital reconstruction in 2014.

The notes 1 to 27 on pages 23 to 47 are an integral part of these financial statements.

Notes to the financial statements

1 Accounting policies

General information

boohoo.com UK Limited is incorporated and domiciled in England, registered number 05723154 and is a private company limited by shares. Its registered office is 49-51 Dale Street, Manchester, M1 2HF. It was incorporated on 27 February 2006.

Basis of preparation

The financial statements of boohoo.com UK Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:
  - iii. Paragraph 79(a)(iv) of IAS 1;
  - iv. Paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
  - v. Paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B–D (additional comparative information);
  - 111 (statement of cash flows information); and
  - 134–136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

Going concern

Having given consideration to the financial performance and position of the company, as well as the outlook for future financial years, the directors consider there to be sufficient resources within the business to remain in operation for a period of at least 12 months from the date of approving these financial statements.

The continued impact of the COVID-19 crisis on the company is not expected to change materially over the next year, provided that governments' actions in controlling the virus continue to be effective. Trading during the year to February 2021 has shown that on-line sales have been resilient during lockdowns in many countries. The company has access to substantial cash resources and undrawn credit facilities sufficient to continue solvent trading in the face of an unforeseen downturn in demand. As of the date of this report, we are continuing to operate, with the warehouses functioning under government-compliant safe working conditions and many office staff working from home.

New and amended standards adopted by the company

The following new standards, and amendments to standards, have been adopted by the company for the first time during the year commencing 1 March 2020:

- Amendments to References to the Conceptual Framework in IFRS Standards;
- Amendments to IFRS 3: Business Combinations;
- Amendments to IAS 1 and IAS 8: Definition of Material.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the company.

The following standards have been published and are mandatory for accounting periods beginning after 1 March 2020 but have not been early adopted by the company and could have an impact on the company financial statements:

- Amendments to IAS 1: Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Amendments to IAS 1: Classification of Liabilities as Current or Non-current – Deferral of Effective Date – effective 1 January 2023;
- Amendments to IFRS 3: Business Combinations – Reference to the Conceptual Framework – effective 1 January 2022;
- Amendments to IAS 16: Property, Plant and Equipment – effective 1 January 2022;
- Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Assets – effective 1 January 2022;
- Annual Improvements to IFRS Standards 2018-2020 Cycle – 1 January 2022.

Consolidation

The company is a wholly owned subsidiary of boohoo Holdings Limited and of its ultimate parent, boohoo group plc. It is included in the consolidated financial statements of boohoo group plc, which are publicly available. Therefore, the company is exempt, by virtue of section 400 of the Companies Act 2006, from the requirement to prepare consolidated financial statements. The address of the ultimate parent's registered office is 49-51 Dale Street, Manchester, M1 2HF.

These financial statements are separate financial statements.

Intangible assets

Trademark and licences are stated at cost less accumulated amortisation and impairment losses and are amortised over their expected lives of ten years and charged to administrative expenses. Customer lists are amortised over expected customer lifetime value of three years.

The costs of acquiring or developing software are recorded as intangible assets and stated at cost less accumulated amortisation and impairment losses. The costs include the payroll costs of employees directly associated with the project and other direct external material and service costs. Costs are capitalised only where there is an identifiable project that will bring future economic benefit. Other website development and maintenance costs are expensed in the statement of comprehensive income. Software costs are amortised over three to five years based on their estimated useful lives and charged to administrative expenses in the statement of comprehensive income.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate property, plant and equipment. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of each item of property, plant and equipment is written off evenly over its estimated remaining useful life. Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, as follows: short leasehold alterations over the life of the lease or 2% if it is likely the lease is extended; buildings 2%; motor vehicles and computer equipment 33%; and fixtures and fittings 33%, 20%, 10% or 7%. The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

Financial instruments

Financial instruments are recognised at fair value and subsequently re-measured at fair value at the end of each reporting date or at amortised cost. Further details are shown in note 22.

Derivative financial instruments and cash flow hedges

The company holds derivative financial instruments to hedge its foreign currency exposures. These derivatives, classified as cash flow hedges, are initially recognised at fair value and then re-measured at fair value at the end of each reporting date. Hedging instruments are documented at inception and effectiveness is tested throughout their duration. Changes in the value of cash flow hedges are recognised in other comprehensive income and any ineffective portion is immediately recognised in the income statement. If the firm commitment or forecast transaction that is the subject of a cash flow hedge results in the recognition of a non-financial asset or liability, then at the time the asset is recognised, the associated gains or losses on the derivative that had been previously recognised in other comprehensive income are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or liability, amounts deferred in other comprehensive income are recognised in the statement of comprehensive income in the same period in which the hedged item affects net profit.

To qualify for hedge accounting, the hedging relationship must meet all of the following requirements:

- There is an economic relationship between the hedged item and the hedging instrument
- The effect of credit risk does not dominate the value changes that result from that hedging relationship
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually uses to hedge that quantity of hedged item.

At inception of the hedge relationship, the company documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The company documents its risk management objective and strategy for undertaking its hedge transactions.

Hedge ineffectiveness may occur due to:

- Fluctuation in volume of hedged item caused due to operational changes
- Index basis risk of hedged item vs hedging instrument
- Credit risk as a result of deterioration of credit profile of the counterparties

Hedge ineffectiveness in relation to all designated hedges was negligible during 2021 and 2020.

Further details of derivative financial instruments including fair value measurements are disclosed in note 22.

Trade and other receivables

Trade receivables (including supplier advances) are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Under IFRS 9, the company elected to use the simplified approach to measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables and contract assets that result from transactions that are within the scope of IFRS 15, irrespective of whether they contain a significant financing component or not. The company establishes a provision for impairment of trade receivables when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in or delinquency in payments are considered indicators that the trade receivable is impaired. In addition, IFRS 9 requires the company to consider forward looking information and the probability of default when calculating expected credit losses. The measurement of expected credit losses reflects an unbiased and probability-weighted amount that is determined by evaluating the range of possible outcomes as well as incorporating the time value of money. The company considers reasonable and supportable customer-specific and market information about past events, current conditions and forecasts of future economic conditions when measuring expected credit losses. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows of the asset, discounted, where material, at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement within administrative expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the income statement.

Trade and other payables

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

Provisions

Provisions are accounted for where there is a liability of uncertain timing or amount, such a legal or constructive obligations, where it is probable that an outflow of cash or other economic resource will be required to settle the provision.

Inventories

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

Cash and cash equivalents

Cash and cash equivalents, for the purpose of the statement of financial position, comprises cash in bank.

Revenue

Revenue is attributable to the one principal activity of the business. Revenue represents net invoiced sales of goods including carriage receipts, excluding value added tax. Revenue from the sale of goods is recognised when the customer has received the products, which is when it is considered that the performance obligations have been met, and is adjusted for actual returns and a provision for expected returns. Internet sales are paid by customers at the time of ordering using a variety of payment methods. Wholesale sales are paid in accordance with agreed credit terms with business customers. A provision for returns, based on historical customer return rates, is deducted from revenue and included in provisions within trade and other payables.

Rebates

Retrospective rebates from suppliers are accounted for in the period to which the rebate relates to the extent that it is reasonably certain that the rebate will be received. Early settlement discounts are taken when payment is made.

Leases

The company assesses whether a contract is or contains a lease, at inception of the contract. The company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (less than £100,000 p.a.), which fall out of IFRS 16 scope and are charged to the statement of comprehensive income on a straight-line basis over the period of the lease. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate. The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability based on the effective interest method and by reducing the carrying amount to reflect the lease payments made.

Right-of-use assets

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Where the company has an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. The right-of-use asset is presented as a separate line in the balance sheet. For subsequent measurement, right-of-use assets are depreciated over the shorter of the lease term and useful life of the underlying asset.

Finance costs

Interest payable is recognised in the statement of comprehensive income as it accrues in respect of the effective interest rate method.

Finance income

Interest receivable is recognised in the statement of comprehensive income as it is earned.

Pension costs

The company contributes to a Group Personal Pension Scheme for certain employees under a defined contribution scheme. The costs of these contributions are charged to the statement of comprehensive income on an accruals basis as they become payable under the scheme rules.

Share-based payments

The company issues equity-settled share-based payments in the parent company to certain employees in exchange for services rendered. These awards are measured at fair value on the date of the grant using an option pricing model and expensed in the statement of comprehensive income on a straight-line basis over the vesting period after making an allowance for the estimated number of shares that are estimated will not vest. The level of vesting is reviewed and adjusted annually. Free shares awarded are expensed immediately.

Taxation

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

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

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

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

Foreign currency translation

Transactions denominated in foreign currencies are translated into the functional currency at the exchange rates on the day of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the yearend rate and exchange differences are recognised in the statement of comprehensive income.

Significant estimates and judgements

The preparation of financial statements in conformity with IFRS as adopted by the EU requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. The estimates and assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances. Actual results could differ from these estimates and any subsequent changes are accounted for when such information becomes available. The judgements, estimates and assumptions that are the most subjective or complex are discussed below:

Returns provision

The provision for sales returns is estimated based on recent historical returns and management's best estimates and is allocated to the period in which the revenue is recorded. Actual returns could differ from these estimates. The historic difference between the provision estimate and the actual results, known at a later stage, has never been, nor is expected to be, material. A difference of 1%pt in the percentage of sales returns rate would have an impact of +/- £1.1 million on reported revenue and +/- £0.6 million on operating profit. The choice of a 1pt% change for the determination of sensitivity represents a reasonable, but not extreme variation in the return rate.

Inventory valuation

Inventory is carried at the lower of cost or net realisable value. The judgement of net realisable value may be different from the future actual value realised, but that difference is not expected ever to be material. A difference of 1%pt in the provision as a percentage of gross inventory would give rise to a difference of +/- £0.5m in gross margin. The choice of a 1pt% change for the determination of sensitivity represents a reasonable, but not extreme variation in the provision.

2 Revenue

The revenue is attributable to the one principal activity of the company. An analysis of the revenue by geographical market is shown below.

	2021	2020
	£000	£000
UK	**461,428**	338,279
Rest of Europe	**133,991**	109,517
USA	**151,375**	91,973
Rest of world	**60,557**	60,964
	807,351	600,733

Due to the nature of its activities, the company is not reliant on any individual customers.

3 Other income

	2021 £000	2020 £000
Income from warehouse management services (note 21)	-	7,555
Income from central management services (note 21)	**13,480**	2,898
Rental income	**973**	238
	14,453	10,691

4 Finance income and costs

	2021 £000	2020 £000
Interest expense:		
- Interest paid on loans from related parties (note 21)	**(1,304)**	(1,056)
- Loan interest paid	**(62)**	(128)
- IFRS 16 lease interest	**(104)**	(105)
Finance costs	**(1,470)**	(1,289)
Finance income:		
- Interest income on short-term bank deposits	**350**	838
Finance income	**350**	838
Net finance costs	**(1,120)**	(451)

5 Auditors' remuneration

	2021 £000	2020 £000
Audit of these financial statements	**140**	96
Disclosure below based on amounts receivable in respect of services to the company		
Amounts receivable by auditors and their associates in respect of:		
Other services relating to taxation	-	141
Other advisory services	-	13
	140	250

The auditors' remuneration in 2021 is payable to PKF Littlejohn LLP, whereas that in 2020 was payable to PricewaterhouseCoopers LLP.

6 Profit before taxation

Profit before taxation is stated after charging:	2021 £000	2020 £000
Short-term operating lease rentals for buildings	**81**	-
Equity-settled share-based payment charges	**7,466**	6,442
Depreciation of property, plant and equipment	**10,826**	8,590
Depreciation of right-of-use assets	**1,686**	1,105
Amortisation of intangible assets	**3,775**	2,647

7 Staff numbers and costs

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

	Number of employees	
	2021	2020
Administration	**1,174**	1,054
Distribution	**1,275**	1,020
	2,449	2,074

The aggregate payroll costs of these persons were as follows:

	2021	2020
	£000	£000
Wages and salaries	**75,818**	58,264
Social security costs	**5,852**	5,766
Other pension costs	**1,285**	1,058
Equity-settled share-based payment charges	**7,466**	6,442
	90.421	71,530

8 Directors' remuneration

Directors' and key management compensation are borne by the ultimate parent undertaking of the company, boohoo group plc. The directors' remuneration in respect of services to the parent company are shown below. No element of directors' pay is directly attributable to the company.

	2021	2020
	£000	£000
Wages and salaries	**4,900**	4,848
Long-term incentives	**435**	1,670
Other pension costs	**80**	57
	5,415	6,575

The aggregate emoluments including share-based payments of the highest paid director were £1,578,264 *(2020: £2,702,191)*. The value of share-based payments granted to directors was £435,155 *(2020: £1,669,779)*. The number of share options exercised by directors was 0 *(2020: 0)*. The contributions to money purchase pension scheme in respect of the highest paid director were £33,388 *(2020: £19,267)*. The number of directors contributing to money purchase pension schemes was 3 *(2020: 3)*.

Further details on director's remuneration can be found at www.boohooplc.com and on pages 71-94 of the group's annual report, which does not form part of this report.

9 Taxation

	2021	2020
	£000	£000
Analysis of charge in year		
Current tax on income for the year	**5,936**	8,789
Adjustments in respect of prior year taxes	**773**	719
Deferred taxation	**3,247**	936
Tax on profit	**9,956**	10,444

The total tax charge differs *(2020: differs)* from the amount computed by applying the blended UK rate of 19% *(2020: 19%)* for the year to (loss)/profit before taxation as a result of the following:

	2021	2020
	£000	£000
Profit before taxation	**45,759**	48,047
Profit before taxation multiplied by the standard blended rate of corporation tax of the UK of 19% (*2019: 19%*)	**8,694**	9,129
Effects of:		
Expenses not deductible for tax purposes	**11**	5
Change in deferred tax rate	**-**	49
Adjustments in respect of prior year taxes	**773**	719
Depreciation on ineligible assets	**478**	542
Tax on profit	**9,956**	10,444

No current tax was recognised in other comprehensive income *(2020: £nil).*

There have been no changes in corporation tax rates substantively enacted in the period. Therefore, the closing deferred tax assets have been measured at 19%.

10 Intangible assets

	Patents and licences £000	Computer software £000	Total £000
Cost			
Balance at 28 February 2019	626	10,887	11,513
Additions	-	3,569	3,569
Disposals	(12)	(1,118)	(1,130)
Balance at 29 February 2020	614	13,338	13,952
Additions	53	11,683	11,736
Disposals	(20)	(3,377)	(3,397)
Balance at 28 February 2021	**647**	**21,644**	**22,291**
Accumulated amortisation			
Balance at 28 February 2019	284	6,362	6,646
Amortisation for year	133	2,514	2,647
Disposals	(12)	(1,118)	(1,130)
Balance at 29 February 2020	405	7,758	8,163
Amortisation for year	173	3,602	3,775
Disposals	(20)	(3,377)	(3,397)
Balance at 28 February 2021	**558**	**7,983**	**8,541**
Net book value			
At 28 February 2019	342	4,525	4,867
At 29 February 2020	209	5,580	5,789
At 28 February 2021	**89**	**13,661**	**13,750**

The amount of amortisation included in distribution costs is £171,000 *(2020: £393,000)* and in administrative expenses is £3,604,000 *(2020: £2,254,000)*.

11 Property, plant and equipment

	Short leasehold	Fixtures and fittings	Computer equipment	Motor vehicles	Land & buildings	Total
	£000	£000	£000	£000	£000	£000
Cost						
Balance at 28 February 2019	2,428	68,520	2,665	188	37,531	111,332
Additions	2,637	7,957	1,546	197	542	12,879
Disposals	(267)	(618)	(330)	-	-	(1,215)
Balance at 29 February 2020	4,798	75,859	3,881	385	38,073	122,996
Additions	6,550	13,944	2,558	-	6,837	29,889
Disposals	(8)	(660)	(758)	-	-	(1,426)
Balance at 28 February 2021	**11,340**	**89,143**	**5,681**	**385**	**44,910**	**151,459**
Accumulated depreciation						
Balance at 28 February 2019	640	8,811	1,530	131	1,370	12,482
Depreciation charge for the year	391	6,487	932	59	721	8,590
Disposals	(267)	(563)	(330)	-	-	(1,160)
Balance at 29 February 2020	764	14,735	2,132	190	2,091	19,912
Depreciation charge for the year	979	7,632	1,266	109	840	10,826
Disposals	(8)	(648)	(758)	-	-	(1,414)
Balance at 28 February 2021	**1,735**	**21,719**	**2,640**	**299**	**2,931**	**29,324**
Net book value						
At 28 February 2019	1,788	59,709	1,135	57	36,161	98,850
At 29 February 2020	4,034	61,124	1,749	195	35,982	103,084
At 28 February 2021	**9,605**	**67,424**	**3,041**	**86**	**41,979**	**122,135**

The amount of depreciation included in distribution costs is £6,746,000 *(2020: £5,870,000)* and in administrative expenses is £4,080,000 *(2020: £2,720,000).*

12 Right-of-use assets

	Short leasehold £000
Cost	
Transition on adoption of IFRS 16 on 1 March 2019	6,613
Additions	3,052
Balance at 29 February 2020	9,665
Additions	5,456
Disposals	-
Balance at 28 February 2021	**15,121**
Accumulated depreciation	
Transition on adoption of IFRS 16 on 1 March 2019	3,567
Depreciation for year	1,105
Balance at 29 February 2020	4,672
Depreciation for year	1,686
Balance at 28 February 2021	**6,358**
Net book value	
At 1 March 2019	3,046
At 29 February 2020	4,993
At 28 February 2021	**8,763**

The amount of depreciation included in distribution costs is £249,000 *(2020: £nil)* and in administrative expenses is £1,437,000 *(2020: £1,105,000).*

13 Investments

Name of company	**Principal activity**	**Country of incorporation**	**Address**	**Percentage ownership of ordinary shares**
Boo Who Limited	Dormant	UK	49-51 Dale St, Manchester	100%
boohoo France SAS	Marketing office	France	15, Rue Bachaumont, Paris	100%
boohoo Germany GmbH	Marketing office	Germany	Tucholskystrasse 13, Berlin	100%
boohoo Italy srl	Admin office	Italy	Via Sant'Antonio n. 30, Prato	100%
boohoo.com Australia Pty Ltd	Marketing office	Australia	468 St Kilda Road, Melbourne	100%
boohoo.com USA Inc	Marketing office	USA	8431 Melrose Pl, Los Angeles	100%
boohoo.com USA Limited	Dormant	UK	49-51 Dale St, Manchester	100%
Shanghal Wasabi Frog Trading Co Limited	Dormant	China	49-51 Dale St, Manchester	100%

14 Deferred tax

	Share-based payments £000	Total £000
Asset at 28 February 2019	3,816	3,816
Recognised in statement of comprehensive income	999	999
Debit in equity	300	300
Asset at 29 February 2020	5,115	5,115
Recognised in statement of comprehensive income	(2,502)	(2,502)
Credit in equity	(511)	(511)
Asset at 28 February 2021	**2,102**	**2,102**

	Capital allowances in excess of depreciation £000	Total £000
Liability at 28 February 2019	(495)	(495)
Recognised in statement of comprehensive income	(1,935)	(1,935)
Liability at 29 February 2020	(2,430)	(2,430)
Recognised in statement of comprehensive income	(745)	(745)
Liability at 28 February 2021	**(3,175)**	**(3,175)**

Recognition of the deferred tax assets is based upon the expected generation of future taxable profits. The deferred tax asset is expected to be recovered in more than one year's time and the deferred tax liability will reverse in more than one year's time. Deferred tax is likely to increase from 19% as enacted to 25% from April 2023 as announced by the UK Government.

15 Inventories

	2021 £000	2020 £000
Finished goods	**92,992**	59,977
Finished goods - returns	**6,903**	4,625
	99,895	64,602

The value of inventories included within cost of sales for the year was £381,397,000 *(2020: £284,668,000).* An impairment provision of £6,549,000 *(2020: £2,850,000)* was charged to the statement of comprehensive income. There were no write-backs of prior period provisions during the year.

16 Trade and other receivables

	2021	2020
	£000	£000
Amounts due from related party undertakings (note 21)	**99,637**	36,284
Trade and other receivables	**16,746**	17,275
Prepayments and accrued income	**5,278**	5,149
Taxes and social security receivable	**5,540**	-
	127,201	58,708

Trade receivables represent amounts due from wholesale customers and advance payments to suppliers.

The fair value of trade and other receivables is not materially different from the carrying value.

Amounts due from related party undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Where specific trade receivables are not considered to be at risk and requiring a provision, the trade receivables impairment provision is calculated using the simplified approach to the expected credit loss model, based on the following percentages:

	2021	2020
Age of trade receivable	**%**	%
60 - 90 days past due	**1**	1
91 - 120 days past due	**5**	5
Over 121 days past due	**90**	90

The provision for impairment of receivables is charged to administrative expenses in the statement of comprehensive income. The maturing profile of unsecured trade receivables and the provisions for impairment are as follows:

	2021	2020
	£000	£000
Due within 30 days	**14,422**	7,437
Provision for impairment	**-**	-
Due in 31 to 90 days	**3,579**	9,971
Provision for impairment	**(1,325)**	(1,010)
Past due	**170**	877
Provision for impairment	**(100)**	-
Total amounts due and past due	**18,171**	18,285
Total provision for impairment	**(1,425)**	(1,010)
	16,746	17,275

17 Trade and other payables

	2021	2020
	£000	£000
Trade payables	**31,908**	22,933
Amounts owed to related party undertakings (note 21)	**180,349**	75,060
Other creditors	**3,841**	738
Accruals	**74,752**	50,647
Provision for liabilities	**15,483**	14,224
Deferred income	**6,156**	7,455
Taxes and social security payable	**7,713**	10,723
	320,202	181,780

The fair value of trade payables is not materially different from the carrying value.

Interest on the company's loan balance with its ultimate parent undertaking is charged at commercial rates. All other amounts owed to related party undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

The provision for liabilities comprises:

	Dilapidations	**Returns**	**Total**
	£000	**£000**	**£000**
Provision at 29 February 2020	1,700	12,524	14,224
Movements in provision (credited)/charged to income statement:			
Prior year provision utilised	-	(12,524)	(12,524)
Increase in provision in current year	-	13,783	13,783
Provision at 28 February 2021	**1,700**	**13,783**	**15,483**

18 Interest bearing loans and borrowings

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

	2021	2020
	£000	£000
Non-current liabilities		
Secured bank loans	-	2,382
Current liabilities		
Current portion of secured bank loans	-	2,382

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	2021 £000	2020 £000
Secured bank loan	GB£	LIBOR + 0.95%	2022	-	4,764

The bank loan was repaid during the period in advance of its maturity date in 2022.

Movement in interest-bearing loans and borrowings

	2021	2020
	£000	£000
Opening balance	**4,764**	7,146
Additions	**-**	-
Interest accrued	**62**	128
Interest paid	**(62)**	(128)
Capital paid	**(4,764)**	(2,382)
Closing balance	-	4,764

19 Lease liabilities

Minimum lease payments due:

	Within 1 year £000	1-2 years £000	2-5 years £000	5-10 years £000	More than 10 years £000	Total £000
As at 28 February 2021						
Lease payments	2,833	3,025	3,675	-	-	**9,533**
Finance charges	(138)	(93)	(44)	-	-	**(275)**
Net present value	**2,695**	**2,932**	**3,631**	**-**	**-**	**9,258**

	2021 £000	2020 £000
Current lease liability	**2,695**	1,409
Non-current lease liability	**6,563**	4,033
Total	**9,258**	5,442

Movement in lease liabilities:

	2021 £000	2020 £000
Opening balance	**5,442**	-
Transition on adoption of IFRS 16	**-**	3,589
Interest accrued	**95**	94
Cash flow lease payments	**(1,735)**	(1,293)
Additions	**5,456**	3,052
Closing balance	**9,258**	5,442

20 Ordinary shares and reserves

	2021 £000	2020 £000
22,686 authorised and fully paid ordinary shares of 1p each *(2020: 22,686)*	**-**	-
Share premium	**28**	28
	28	28

The directors do not recommend the payment of a dividend so that cash is retained in the company for capital expenditure projects that are required for the rapid growth and efficiency improvements of the business and for suitable business acquisitions *(2020: £nil)*.

21 Related party disclosures

Related party	Nature of relationship	2021 £000	2020 £000
Amounts included in the statement of financial position			
Amounts due from related parties			
Debenhams.com Online Limited	Subsidiary of ultimate parent undertaking	**55,014**	-
Miss Pap UK Limited	Subsidiary of ultimate parent undertaking	**7,300**	4,460
KarenMillen.com Limited	Subsidiary of ultimate parent undertaking	**7,722**	15,028
Dorothy Perkins Online Limited	Subsidiary of ultimate parent undertaking	**7,262**	-
Nasty Gal Limited	Subsidiary of ultimate parent undertaking	**6,071**	10,473
CoastLondon.com Limited	Subsidiary of ultimate parent undertaking	**4,610**	3,950
Oasis Fashions Online Limited	Subsidiary of ultimate parent undertaking	**3,023**	-
Burton Online Limited	Subsidiary of ultimate parent undertaking	**2,259**	-
Warehouse Fashions Online Limited	Subsidiary of ultimate parent undertaking	**2,211**	-
Wallis Online Limited	Subsidiary of ultimate parent undertaking	**2,139**	-
Nasty Gal USA Inc	Subsidiary of ultimate parent undertaking	**1,255**	1,463
boohoo.com USA Inc	Subsidiary	**732**	859
boohoo France SAS	Subsidiary	**-**	33
boohoo Germany GmbH	Subsidiary	**39**	18
Amounts owed to related parties			
boohoo Holdings Limited	Immediate parent undertaking	**112,699**	6,949
boohoo group plc	Ultimate parent undertaking	**62,634**	56,209
PrettyLittleThing.com Limited	Subsidiary of ultimate parent undertaking	**4,789**	11,783
boohoo.com Australia Pty Ltd	Subsidiary	**194**	117
boohoo France SAS	Subsidiary	**33**	-
Kamani Commercial Property Limited	Common directors and shareholders	**-**	2
Amounts included in the statement of comprehensive income			
Other income			
PrettyLittleThing.com Limited	Subsidiary of ultimate parent undertaking	**7,776**	8,163
Nasty Gal Limited	Subsidiary of ultimate parent undertaking	**5,148**	1,993
Miss Pap UK Limited	Subsidiary of ultimate parent undertaking	**393**	192
KarenMillen.com UK Limited	Subsidiary of ultimate parent undertaking	**(305)**	71
CoastLondon.com Limited	Subsidiary of ultimate parent undertaking	**155**	34
Warehouse Fashions Online Limited	Subsidiary of ultimate parent undertaking	**152**	-
Oasis Fashions Online Limited	Subsidiary of ultimate parent undertaking	**161**	-
Admin costs – acquiring fees			
boohoo.com Australia Pty Ltd	Subsidiary	**818**	835
Admin costs - marketing			
The White Cube Creative Limited	Director of supplier is the husband of director	**-**	65
Kamani Global Investments Limited	Common directors and shareholders	**9**	8
boohoo.com USA Inc	Subsidiary	**1,193**	1,241
boohoo France SAS	Subsidiary	**793**	550
boohoo.com Australia Pty Ltd	Subsidiary	**441**	382
boohoo Germany GmbH	Subsidiary	**349**	111
Admin costs – office expenses			
Pinstripe Hong Kong Limited	Common directors and shareholders	**59**	60
The Pinstripe Property Investment Company	Common directors and shareholders	**83**	1
Depreciation – right of use assets			
Kamani Commercial Property Limited	Common directors and shareholders	**699**	710
Interest – lease liabilities			
Kamani Commercial Property Limited	Common directors and shareholders	**49**	63
Loan interest			
ABK Limited	Former immediate parent undertaking	**-**	10
boohoo Holdings Limited	Immediate parent undertaking	**186**	99
boohoo group plc	Ultimate parent undertaking	**1,118**	946

22 Financial instruments

(a) Fair values of financial instruments

Trade and other receivables

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

Trade and other payables

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

Cash and cash equivalents

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

Interest-bearing borrowings

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

Cash flow hedges

Fair value is calculated using forward interest rate points to restate the hedge to fair market value.

Fair values

	2021 £000	2020 £000
Financial assets		
Cash and cash equivalents	**168,480**	122,216
Cash flow hedges	**30,152**	11,066
Trade and other receivables	**116,684**	53,727
	315,316	187,009

	2021 £000	2020 £000
Financial liabilities		
Cash flow hedges	**4,489**	15,600
Trade and other payables	**312,489**	174,325
Interest bearing loans and borrowings	**-**	4,764
	316,978	194,689

Fair Value Hierarchy

Financial instruments carried at fair value are required to be measured by reference to the following levels under IFRS 13 "Fair value measurement":

Hierarchy level	Inputs	Financial instruments	Valuation methodology
Level 1	Quoted prices in active markets for identical assets or liabilities	Corporate bonds	Market value includes accrued interest and change in credit risk and interest rate risk and is therefore different to the reported carrying amounts

Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)	Derivative financial instruments	Valuation techniques include forward pricing and swap models using net present value calculation of future cash flows. The model inputs include the foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies and interest rate curves

(b) Credit risk

Financial risk management

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's receivables from customers and hedging and other financial activities.

The company faces minimal credit risk from trade receivables as customers pay for their orders in full at the time of purchase and third-party sales are to a small number of large established corporations. The risk of default from related party undertakings is considered low.

(c) Liquidity risk

Financial risk management

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

The company's approach to managing liquidity is to use both short-term and long-term cash forecasts to assist in monitoring cash flow requirements.

(d) Capital risk

Financial risk management

Capital risk is the risk that the company will not be able to continue as a going concern.

The company's approach to managing capital risk is to safeguard the company's ability to continue as a going concern by securing an appropriate mix of debt and equity funding, a strong credit rating and sufficient headroom. The capital structure is regularly reviewed to ensure it is appropriate to the company's strategic objectives. The funding requirements of the company are ascertained by regular cash flow forecasts and projections. At 28 February 2021 the company had capital of £406.8 million *(2020: £282.1 million)*, comprising equity of £238.3 million (*2020: £164.6 million*) and net cash of £168.5 million (*2020: £117.5 million*).

(e) Foreign currency risk

Financial risk management

The company trades internationally and is exposed to exchange rate risk on purchases and sales, primarily in Australian dollars, euros and US dollars. The company's results are presented in sterling and are exposed to exchange rate risk on translation of foreign currency assets and liabilities.

The company's approach to managing foreign currency risk is to use financial instruments in the form of forward foreign exchange contracts to hedge foreign currency cash flows.

The fair value of forward foreign exchange contracts recognised in the statement of financial position within financial assets at 28 February 2021 was £30,152,000 (2020: £11,066,000) and within financial liabilities was

£4,489,000 (2020: £15,600,000). The non-current element of the financial assets is £13,081,000 (2020: £4,467,000) and of financial liabilities is £1,949,000 (2020: £6,922,000). Cash flows related to these contracts will occur during the three years to 28 February 2024 and gains or losses will be recognised in the statement of comprehensive income during those periods. The amount recognised in other comprehensive income during the year is a loss of £9,097,000 (2020: £13,617,000 loss) and the amount reclassified from other comprehensive income to profit and loss in revenue during the year is a gain of £21,100,000 (2020: £1,280,000 loss).

23 Share-based payments

Summary of movements in awards

Number of shares	ESOP	LTIP	SIP	SAYE	Total	Weighted average exercise price pence
Outstanding at 28 February 2019	13,692,527	2,934,813	2,677,334	4,128,552	23,433,226	116.54
Granted during the year	9,122,834	1,956,479	1,791,868	1,860,384	14,731,565	163.09
Lapsed during the year	(1,092,392)	-	(84,855)	(487,698)	(1,664,945)	187.69
Exercised during the year	(2,294,250)	(845,465)	(413,251)	(1,556,512)	(5,109,478)	46.22
Outstanding at 29 February 2020	19,428,719	4,045,827	3,971,096	3,944,726	31,390,368	146.04
Exercisable at 29 February 2020	2,195,821	434,971	654,910	525,535	3,811,237	35.97
Granted during the year	11,635,016	1,931,635	2,737,914	1,635,999	17,940,564	201.65
Lapsed during the year	(2,707,018)	(419,822)	(544,131)	(590,152)	(4,261,123)	165.93
Exercised during the year	(2,239,203)	(476,826)	(300,535)	(998,435)	(4,014,999)	129.40
Outstanding at 28 February 2021	**26,117,514**	**5,080,814**	**5,864,344**	**3,992,138**	**41,054,810**	**169.95**
Exercisable at 28 February 2021	**2,763,409**	**716,151**	**478,580**	**284,417**	**4,242,557**	**105.28**

The company recognised a total expense of £7,466,000 during the year *(2020: £6,442,000)* relating to equity settled share-based payment transactions.

Employee Stock Ownership Plan (ESOP)

The 2014 ESOP allowed the grant of options to selected employees and executive directors of the company, based on a predetermined aggregate EBITDA target for the three financial years 2015 to 2017. The 2015 ESOP allowed the grant of options to selected employees and executive directors of the company. With the exception of Neil Catto (Director) there were no performance criteria. Neil Catto's options were subject to achieving performance criteria based on a predetermined aggregate EBITDA target and a measure of Total Shareholder Return for the four financial years ending 2016 to 2019. The 2016 to 2020 ESOPs allow the grant of options to selected employees of the company, without any performance criteria. Options may be granted by either the board or the trustees of the Employee Benefit Trust.

Date of grant	29 February 2020 no. of shares	Granted during the year no. of shares	Lapsed during the year no. of shares	Exercised during the year no. of shares	28 February 2021 no. of shares	Exercise price pence	Exercise period
14/03/14	612,070	-	(16,840)	(88,240)	506,990	50.00	14/03/17 – 13/03/24
22/05/15	837,836	-	(10,000)	(374,900)	452,936	25.75	22/05/18 – 21/05/25
09/06/16	745,915	-	(45,000)	(272,038)	428,877	57.75	09/06/19 – 08/06/26
13/06/17	3,147,500	-	(367,877)	(1,405,017)	1,374,606	244.50	13/06/20 – 12/06/27
28/06/18	5,877,559	-	(859,593)	(61,480)	4,956,486	201.95	28/06/21 – 27/06/28
30/04/19	102,834	-	(17,150)	(5,326)	80,358	266.95	30/04/22 – 29/04/29
23/07/19	8,105,005	-	(1,255,558)	(32,202)	6,817,245	219.65	23/07/22 – 22/07/29
03/11/20	-	11,635,016	(135,000)	-	11,500,016	272.95	03/11/20 – 03/11/30
	19,428,719	**11,635,016**	**(2,707,018)**	**(2,239,203)**	**26,117,514**		

The ESOP options were valued using a Black-Scholes model. The inputs into the model were as follows:

Grant date	14/03/14	22/05/15	09/06/16	13/06/17	28/06/18	30/04/19	23/07/19	03/11/20
Share price at grant date	50.00	25.75	57.75	244.50	201.95	245.70	219.65	272.95
Exercise price	50.00	25.75	57.75	244.50	201.95	266.95	219.65	272.95
Number of employees	14	25	28	72	227	11	263	377
Shares under option	506,990	452,936	428,877	1,374,606	4,956,486	80,358	6,817,245	11,500,016
Vesting period (years)	3	3	3	3	3	3	3	3
Expected volatility	33.33%	36.33%	36.75%	40.85%	44.17%	43.14%	41.85%	36.56%
Option life (years)	10	10	10	10	10	10	10	10
Expected life (years)	3	3	3	3.5	3.5	3.5	3.5	3.5
Risk free rate	0.976%	0.966%	0.523%	0.192%	0.723%	0.787%	0.434%	0.075%
Expected dividends expressed as a dividend yield	0%	0%	0%	0%	0%	0%	0%	0%
Possibility of ceasing employment before vesting	26%	16%	30%	31%	30%	30%	30%	30%
Expectations of meeting performance criteria	78%	100%	100%	100%	100%	100%	100%	100%
Fair value per option (pence)	11.93	6.64	14.76	73.35	66.47	72.39	68.06	73.31

Long Term Incentive Plan (LTIP)

The LTIPs allow the grant of options to executive directors and senior management of the company, based on predetermined aggregate Earnings per Share and Total Shareholder Return targets for three financial years. Options may be granted by either the board or the trustees of the Employee Benefit Trust.

Date of grant	29 February 2020 no. of shares	Granted during the year no. of shares	Lapsed during the year no. of shares	Exercised during the year no. of shares	28 February 2021 no. of shares	Exercise price pence	Exercise period
30/06/16	434,971	-	-	-	434,971	1.00	30/06/19 – 30/06/26
13/06/17	660,362	-	(83,872)	(295,310)	281,180	1.00	13/06/20 – 13/06/27
28/06/18	791,280	-	(13,409)	(55,915)	721,956	1.00	28/06/21 – 28/06/28
03/10/18	202,735	-	(68,061)	(47,788)	86,886	1.00	03/10/21 – 03/10/28
30/04/19	1,956,479	-	(254,480)	(77,813)	1,624,186	1.00	30/04/22 – 30/04/29
03/11/20	-	1,931,635	-	-	1,931,635	1.00	03/11/20 – 03/11/30
	4,045,827	**1,931,635**	**(419,822)**	**(476,826)**	**5,080,814**		

The LTIP options were valued using a Black-Scholes model. The inputs into the model were as follows:

Grant date	30/06/16	13/06/17	28/06/18	03/10/18	30/04/19	03/11/20
Share price at grant date	57.25	244.50	201.95	239.00	245.70	272.95
Exercise price	1.00	1.00	1.00	1.00	1.00	1.00
Number of employees	2	5	10	2	18	21
Shares under option	434,971	281,180	721,956	86,886	1,624,186	1,931,635
Vesting period (years)	3	3	3	3	3	3
Expected volatility	37.06%	40.85%	44.17%	43.37%	43.14%	36.56%
Option life (years)	10	10	10	10	10	10
Expected life (years)	3	3.5	3.5	3.5	3.5	3.5
Risk free rate	0.173%	0.192%	0.723%	0.869%	0.787%	0.075%
Expected dividends expressed as a dividend yield	0%	0%	0%	0%	0%	0%
Possibility of ceasing employment before vesting	42%	36%	35%	35%	35%	35%
Expectations of meeting performance criteria	100%	67%	75%	75%	85%	75%
Fair value per option (pence)	56.26	243.51	200.97	238.03	244.73	271.95

Share Incentive Plan (SIP)

Under the terms of the SIP, the board or the trustees of the Employee Benefit Trust grant free shares to every employee under an HMRC approved SIP. Awards must be held in trust for a period of at least three years after grant date and become exercisable at this date. There are no performance criteria.

Date of grant	29 February 2020 no. of shares	Granted during the year no. of shares	Lapsed during the year no. of shares	Exercised during the year no. of shares	28 February 2021 no. of shares	Exercise price pence	Exercise period
14/03/14	200,083	-	-	(57,150)	142,933	nil	14/03/17 – 14/03/24
02/04/14	5,479	-	-	-	5,479	nil	02/04/17 – 02/04/24
19/06/15	449,348	-	(3,571)	(115,609)	330,168	nil	19/06/18 – 19/06/25
27/09/18	1,556,142	-	(253,260)	(54,404)	1,248,478	nil	27/09/21 – 27/09/28
25/07/19	1,760,044	-	(287,300)	(73,372)	1,399,372	nil	25/07/22 – 25/07/29
18/02/21	-	2,737,914	-	-	2,737,914	nil	18/02/24 – 18/02031
	3,971,096	**2,737,914**	**(544,131)**	**(300,535)**	**5,864,344**		

The SIP options were valued using a Black-Scholes model. The inputs into the model were as follows:

Grant date	14/03/14	02/04/14	19/06/15	27/09/18	27/09/19	18/02/21
Share price at grant date	50.00	54.75	28.00	213.10	226.00	369.40
Exercise price	nil	nil	nil	nil	nil	nil
Number of employees	27	1	99	1,331	1,583	2,811
Shares under option	142,933	5,479	330,168	1,248,478	1,399,372	2,737,914
Vesting period (years)	3	3	3	3	3	3
Expected volatility	33.33%	33.20%	35.89%	42.75%	41.77%	36.56%
Option life (years)	10	10	10	10	10	10
Expected life (years)	3	3	3	3.5	3.5	3.5
Risk free rate	0.976%	1.143%	0.979%	0.883%	0.462%	0.004%
Expected dividends expressed as a dividend yield	0%	0%	0%	0%	0%	0%
Possibility of ceasing employment before vesting	44%	37%	31%	35%	35%	35%
Expectations of meeting performance criteria	100%	100%	100%	100%	100%	100%
Fair value per option (pence)	50.00	54.75	28.00	213.10	226.00	369.40

Save As You Earn (SAYE) scheme

Under the terms of the SAYE scheme, the board or the trustees of the Employee Benefit Trust grants options to purchase ordinary shares in the company to employees who enter into an HMRC-approved SAYE scheme for a term of three years. Options are granted at up to a 20% discount to the market price of the shares on the day preceding the date of offer and are exercisable for a period of six months after completion of the SAYE contract.

Date of grant	29 February 2020 no. of shares	Granted during the year no. of shares	Lapsed during the year no. of shares	Exercised during the year no. of shares	28 February 2021 no. of shares	Exercise price pence	Exercise period
25/10/16	525,535	-	(23,250)	(502,285)	-	78.80	25/10/19 – 25/04/20
06/11/17	774,034	-	(37,230)	(452,387)	284,417	169.00	06/11/20 – 06/05/21
31/10/18	866,903	-	(120,892)	(25,736)	720,275	189.88	31/10/21 – 30/04/22
30/10/19	1,778,254	-	(362,346)	(18,027)	1,397,881	216.92	30/10/22 – 30/04/23
03/11/20	-	1,635,999	(46,434)	-	1,589,565	268.96	03/11/23 – 03/05/24
	3,944,726	**1,635,999**	**(590,152)**	**(998,435)**	**3,992,138**		

The SAYE options were valued using a Black-Scholes model. The inputs into the model were as follows:

Grant date	06/11/17	31/10/18	30/10/19	03/11/20
Share price at grant date	209.25	212.90	265.00	272.95
Exercise price	169.00	189.88	216.92	268.96
Number of employees	99	310	540	716
Shares under option	284,417	720,275	1,397,881	1,589,565
Vesting period (years)	3	3	3	3
Expected volatility	41.67%	43.36%	40.39%	36.56%
Option life (years)	3.5	3.5	3.5	3.5
Expected life (years)	3	3	3	3
Risk free rate	0.513%	0.760%	0.463%	0.075%
Expected dividends expressed as a dividend yield	0%	0%	0%	0%
Possibility of ceasing employment before vesting	47%	50%	50%	50%
Expectations of meeting performance criteria	100%	100%	100%	100%
Fair value per option (pence)	76.86	72.90	93.94	69.56

Expected volatility was found using a historical volatility calculator with reference to the share price of competitors over a three-year period for grant dates up to 2016 and from the company's share price volatility from 2017.

24 Capital commitments

Capital expenditure contracted for at the end of the reporting year but not yet incurred is as follows:

	2021	2020
	£000	£000
Property, plant and equipment	**230**	8,169

25 Operating leases

The company has no material lease agreements in respect of any assets.

26 Contingent liabilities

From time to time, the company can be subject to various legal proceedings and claims that arise in the ordinary course of business which may include cases relating to the company's brand and trading name. All such cases brought against the company are robustly defended and a liability is recorded only when it is probable that the case will result in a future economic outflow and that the outflow can be reliably measured.

As at 28 February 2021, there are no pending claims or proceedings against the company which are expected to have material adverse effect on its liquidity or operations.

27 Ultimate parent undertaking and controlling party

The immediate parent undertaking is boohoo Holdings Limited incorporated in the UK, registered number 11941376.

The ultimate parent undertaking and controlling party is boohoo group plc incorporated in Jersey, registered number 114397.

There is no requirement for boohoo.com UK Limited to produce consolidated financial statements in the UK nor for boohoo Holdings Limited and so the financial statements of boohoo group plc are the smallest and largest group to consolidate these financial statements. Copies of boohoo group plc consolidated financial statements can be obtained from the website www.boohooplc.com or from the Company Secretary at 49-51 Dale Street, Manchester, M1 2HF.