

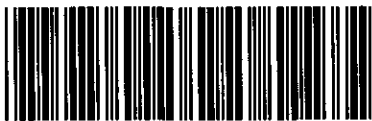
Debenhams Brands Limited

(formerly Debenhams.com Online Limited)

Annual report and financial statements

Registered number 13135555

For the year ended 28 February 2023

THURSDAY		
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	A14 25/01/2024 #60	
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	COMPANIES HOUSE	

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Company Information

Directors

Mahmud Kamani
Carol Kane
John Lyttle
Shaun McCabe

Company secretary

Thomas Kershaw

Registered office

49-51 Dale Street
Manchester
M1 2HF

Registered number

13135555 (England and Wales)

Strategic report

The Directors present their strategic report for the year ended 28 February 2023.

Review of the business

Description of the business model

The company was incorporated on 14 January 2021 and began trading in April 2021.

A digital department store offering fashion, beauty, sport and homeware to our customers. The Debenhams marketplace provides its customers with a unique, differentiated and exclusive mix of brands.

Performance

Revenue for the year amounted to £87,100,000 (2022: £56,958,000). Gross margin was 48.7% (2022: 44.6%).

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.

How we operate

We design, source, market and sell fashion clothing, shoes, accessories and beauty products to 16–45-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, offering 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.

Relationships and Resources

Relationships

Employees

Our employees are our greatest asset, delivering a truly awesome package of skills 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 lifeblood. We engage, listen, learn, create and repeat successfully. Our partners help us reach customers globally.

Resources

Brands

A portfolio of diverse brands, with a rich heritage and consumer loyalty, renewed and developed for today, enables us to grow market share.

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.

Financial

Financial resources from our shareholders have been boosted by retained profits that have enabled us to build a business with the capacity for investment and acquisitions.

Environment

The group's economic health is dependent on the use of our planet's natural resources. The group recognises that managing and maintaining these resources is critical for the long-term sustainable growth.

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, enabling suppliers to participate in our success as we grow and working to improve factory standards. We have invested in building a more visible, more sustainable supply chain of approved partners.

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 Workers' Trust and through the provision of jobs in our offices and distribution centres that benefit the local area and our suppliers.

Environment

We are determined to play our part in reducing the environmental impact of clothing and our operations through our increased focus on sustainability and with the ambitious environmental targets we have set for ourselves.

Financial review

Sales revenue by geographical market

	2023 £000	2022 £000
UK	73,558	52,418
Rest of world	13,542	4,540
	87,100	56,958

Income statement

	2023 £000	2022 £000
Revenue	87,100	56,958
Cost of sales	(44,691)	(31,530)
Gross profit	42,409	25,428
<i>Gross margin</i>	48.7%	44.6%
Distribution costs	(11,443)	(9,102)
Administrative expenses	(31,698)	(28,093)
Loss before taxation	(732)	(11,767)

Taxation

The effective rate of tax for the year was 1.5% (2022: 17.8%), which is lower (2022: lower) than the blended UK statutory rate of tax for the year of 19% (2022: 19%), due to expenditure not deductible for tax purposes.

Statement of financial position

	2023 £000	2022 £000
Intangible assets	42,562	48,527
Non-current assets	42,562	48,527
Working capital	(52,952)	(58,196)
Cash and cash equivalents	-	-
Net liabilities	(52,952)	(9,669)

Trends and factors likely to affect future performance

The global market for online fashion is forecast to continue to grow, which provides a favourable backdrop for the company. Customers throughout the world are seeking a wide choice of quality fashion forward products at value prices, with the convenience of home delivery. The company's target market has a high propensity to spend on fashion and the market has proven to be quite resilient to external macroeconomic factors.

The pandemic has impacted our business and is most significantly seen in the unpredictability of customer demand, the rate of customer returns, the increase in shipping times and the cost of shipping on both inbound and outbound products. Some of these factors, such as the rate of customer returns, have already reverted from the low rates during the pandemic to rates seen before the pandemic. Previous cost increases in relation to inbound freight have moved back towards pre-pandemic levels, with supply chains speeding up, allowing for the company to look to reinforce its USPs and value credentials for its fashion-conscious customers globally.

Outlook and Guidance

For the year ending 28 February 2024, the company continues to plan for a challenging external environment. Revenues are expected to decline as demand factors that impacted performance in the second half of the previous financial year continue to persist. These are anticipated to begin normalising in the second half with the company benefitting from the investments being made across price, product and proposition under our back to growth strategy. Over the medium term the company is targeting continued improvements in profitability building towards a 6% to 8% EBITDA margin through: investing in our product, price and proposition, unlocking input cost deflation, reducing returns, delivering volume growth, leveraging overheads and achieving growth internationally.

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 publicly available.

The following are considered to be the principal risks and uncertainties of both the company and the group as at the year ending 28 February 2023:

Strategic Risks	
Risk Heading (<i>Risk Owner</i>) (<i>Movement in year</i>)	Risk Factors
	Mitigation
Supply chain ethics <i>Director of Responsible Sourcing & Group Product Operations</i> (Level)	<p>As a result of complexity inherent within the supply chain there is a risk that inappropriate, unethical or illegal practices go undetected which could lead to investigations from regulatory bodies and may cause reputational damage.</p> <ul style="list-style-type: none"> UK and EMEA (Turkey, Italy, Paris) sourcing and compliance function now in place and plans in place for sourcing and compliance functions in China and Morocco. Global supply chain published Jan 2022, Aug 2022, Nov 2022 and March 2023. Bureau Veritas nominated audit partner and auditing programme in place, non-compliance correction process managed through UK ethical compliance team. UK manufacturing supply chain under-going Fast Forward audit programme. Responsible Purchasing Practices built by brands and part of brand buying practices. Modern Slavery, Anti-bribery and ethical compliance training programmes and plans in place in all areas of boohoo business. During the financial year the Agenda of Change programme came to a close and was successfully transitioned to in-house teams, overseen by the Governance and Ethical Sourcing Committee and Board.
Competition risk <i>CEO and CFO</i> (Level)	<p>The business operates in a broad and open market, with many competitors. There are many factors that influence customers' choices, including service, fashion, price and brand.</p> <p>As a result of the above factors there is a risk that market share may not grow or could decline.</p> <ul style="list-style-type: none"> 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.

	<ul style="list-style-type: none"> • 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 – Climate Transition <i>Director of Responsible Sourcing & Group Product Operations</i> (Increased)	<p>As a result of the global transition to a lower carbon economy a number of factors cause risk to our business. These are considered in further detail in our TCFD report, but include:</p> <ul style="list-style-type: none"> • Liability risk – The risk of litigation brought by plaintiffs against companies for their liabilities in causing harm from climate change. • Market risk – The risk of market disruption, cost of capital and valuation changes as investors prioritize returns from low carbon companies. • Policy risk – The risk of legislation enacted by national and local governments to price and penalise GHG emissions • Technology risk – The risk of disruptive technology changes in key sectors of the economy responding to changing energy needs • Customer risk – The risk of market disruption, changes in consumer preference trends and demand projections <p>Mitigations are provided in detail with the TCFD report in page 40 of boohoo group plc's annual report.</p>
Sustainability – Climate Physical <i>Director of Responsible Sourcing & Group Product Operations</i> (Level)	<p>As a result of climate change there is a risk of acute perils (such as flood, wind and extreme rainfall) and chronic perils (such as drought, heat stress and water stress). The impact of these is considered in more detail within our TCFD report and include:</p> <ul style="list-style-type: none"> • Risks to own facilities • Risk to raw material availability and cost • Risks to revenue <p>Mitigations are provided in detail with the TCFD report in page 40 of boohoo group plc's annual report.</p>
Governance <i>General Counsel and Company Secretary</i> (Increased)	<p>As a result of operating in an increasingly regulated and international market there is a risk of not meeting stakeholder / shareholder governance expectations resulting in regulatory or market impacts.</p> <ul style="list-style-type: none"> • Increased levels of board oversight have been driven by Agenda for Change and embedded within governance practices. • Governance is a constant board agenda item. • Strong board including suitable mix of non-executive directors. • Panel of external advisors utilised to provide advice on emerging matters and in overseas territories. • Committee structure established including new standalone governance Committees relating to Supplier Compliance, Treasury, Health and Safety and ESG. • See Corporate Governance section on page 70 of boohoo group plc's annual report for further details.
Ethos and Culture <i>Chief People Officer</i> (Level)	<p>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.</p> <ul style="list-style-type: none"> • Board commitment to positive change, increased Senior Leadership presence on the floors of the business and increased communication from Senior Leadership. • Bi-monthly town halls that include a business update at the start of every townhall. Open to each and every employee to dial in or see a recording.

	<ul style="list-style-type: none"> Continued time investment in listening forums including improved exit interview process, new starter focus groups, instant polls and pulse surveys. Investment in Senior Leadership Development. Talent Development programmes now in place for both Director and Head of level. Investment in Management capability – launched Learning Lab – behavioural development for all levels of the business – entry level to Senior Manager. PACCT Organisation Values now weaved through all employee communications. Enhanced Performance review process that enables personal check-ins with every employee. D&I Plan developed for the business. D&I Workshops held for the Board and all Senior Leadership (Top 150). D&I Mission Statement created. D&I Family created – internal committee to enable and drive change. Members of DIR and Inclusive Employers, accredited status. Pride 365 recognition and accreditation. Teambuilding sessions and Away Days. Enhance data capturing has enabled the development of people metrics for the business with a focus on improving e.g., labour turnover, employee stability etc. Employee Appreciation. A calendar of events to recognise and acknowledge our colleague's commitment and hard work in the business.
Regulatory Compliance <i>General Counsel and Company Secretary</i> (Increased)	<p>As a result of operating in many international markets and variations in local regulation in those different markets there is a risk of non-compliance risks.</p> <p>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.</p> <p>As a result of emerging regulations there is a risk that additional compliance costs are incurred in the future.</p> <p>As a result of increased regulation on buy-now-pay-later businesses there is a risk of increased customer friction in this settlement method.</p> <p>As a result of global pricing and promotion regulation and compliance activities there is a risk of increased regulatory focus on the groups promotional strategy.</p> <ul style="list-style-type: none"> Comprehensive and refreshed training of colleagues on the importance of GDPR and data security. Advice sought and acted upon from experts in Data Privacy to provide guidance on mitigating the risk to the group – with regular updates on progress presented to the Executive Risk Group, Risk Committee and Board. Privacy policies and procedures reviewed and updated regularly. Understanding and compliance with legislation and regulatory guidance including in developing areas such as those relating to green claims in the UK, EU and US. Impact reduced by skilled legal team in house and utilising specific expert advice from external lawyers in territories concerned Corporate Affairs team in place which monitors emerging regulations to ensure the business is best placed for any new compliance requirements.
Taxation and duties <i>CFO</i> (Increased)	<p>Governments may impose additional corporation taxes on online businesses.</p> <p>Governments are increasingly reducing duty and tax-free thresholds on imports and imposing tax collection responsibility on sellers, thereby increasing prices to consumers.</p>

	<p>As a result of increased political and trade tension product sourced from China for sale in the US may be subject to increased duties.</p> <ul style="list-style-type: none"> • Impact of potential future corporation tax rates is considered in future plans. • Sales taxes are already imposed in all major markets and the group believes that its products will remain competitive due to its online proposition and with customs warehousing, the impact of duty costs can be minimised. • The group's agile sourcing model allows it to shift production to quickly take advantage of favourable duty rates.
Supply Chain Costs CEO & CFO (Decreased)	<p>Freight costs and delays have broadly returned to pre-covid levels and as such this risk has changed year on year.</p> <p>As a result of increased passenger aircraft flying and therefore capacity for air shipments increasing the group has been able to move back towards air freight for key territories, resulting in reduced lead times.</p> <ul style="list-style-type: none"> • Dedicated sourcing team and inbound team which looks to identify market opportunities for keeping costs down. • Differentiated supply chain mechanisms so as to not be wholly reliant on one form of transport. • Procurement team focused on ensuring cost benefits from falling freight prices are realised. • Approximately 20% of products are sourced from the UK which limits macro exposure. • Work ongoing to establish US Distribution centre to improve market offering in US, including US sourcing opportunities to keep lead times low.

Operational risks	
Risk Heading	
	Mitigation
IT and Cyber Security CTO (Level)	<p>There is a risk of a cyber-attack which could lead to application, system and operational downtime, which may impact trading and operations across the group.</p> <ul style="list-style-type: none"> • Board engagement in cyber risks, mitigations and plans. Regular updates at Executive Risk Group and Risk Committee. • 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 tools and security teams • Investment in replacing the Enterprise Resource Planning (ERP) system and connective infrastructure. • Training of both technical and non-technical teams regarding cyber security • Prioritisation of IT and security controls within the group's controls standardisation and attestation programme.
Change CTO (Increased)	<p>As a result of a high number of critical projects running in parallel, including the new US distribution centre, there is a risk that delivery is not completed in line with proposed timelines and BAU activities are not appropriately established, thereby not meeting the expectations of both internal and external stakeholders, which could lead to reputational damage.</p>

	<ul style="list-style-type: none"> • Growth of projects capability including head of delivery & project function, business analysts and project managers. • The Change Advisory Board (CAB) consisting of senior leadership and executive directors, ensures that approvals are obtained in advance of changes being implemented. • Established project methodology including the right level of governance for each project. • Resourcing managed and reviewed to ensure key projects are prioritised. • Material projects go through full Boohoo risk management methodology.
Third Parties <i>CFO & CTO</i> (Level)	<p>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.</p> <ul style="list-style-type: none"> • A defined supplier framework and governance structure, which outlines the relationship owners. • Supplier security assessments are conducted. • Diversification of the service providers where appropriate to spread risk. • Technology suppliers managed through regular cadence of meetings.
Business Continuity / Disaster Recovery <i>CFO / CTO/ Supply Chain Director</i> (Level)	<p>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 across the group.</p> <p>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 or financial loss.</p> <ul style="list-style-type: none"> • 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 BCP incident occurs at one site. • Business Continuity Plans are in place for all sites. • ITDR covers critical applications and 3rd party contracts with appropriate SLAs. • Investment on monitoring and alerting, governance, change management. • Technology colleagues can work 24/7 as apt from anywhere.
People risk <i>Chief People Officer</i> (Level)	<p>Competitors are inclined to poach key staff and talented individuals.</p> <p>Employees may leave the company for better pay and prospects elsewhere.</p> <p>Macro-environmental changes resulting in increased staff turnover across industries.</p> <p>As a result of these risk factors there is a risk that the group's ability to recruit and retain staff affects its ability to operate as a market leader.</p> <ul style="list-style-type: none"> • A new careers website and Employee Value Proposition developed to showcase the world of boohoo. • Invested in Global Grading Framework. • A new rewards platform that will provide a one stop shop for all things reward. • Evolvement of our employee share scheme incentive schemes. Improved communication practices of said scheme. • Investment in enhanced employee benefits – cycle to work, season ticket loans, life assurance etc. • Best of boohoo – recognition and long service awards introduced

	<ul style="list-style-type: none"> • Listening groups – learning from feedback and taking action on feedback. • Improved People process – evolved policies, interview frameworks, new performance review process and talent mapping. • Enhanced social media presence – Insta; LinkedIn showcasing our people proposition.
Product risk <i>Director of Responsible Sourcing & Group Product Operations</i> (Increased)	<p>As a result of ethical and health and safety regulations in relation to products, there is a risk of product liability costs, shipping delays and potential legal implications. This risk increases as bulk shipments to the US commence due to the introduction of the US distribution centre.</p> <p>As a result of product quality issues there is a risk of a decline in customer satisfaction.</p> <ul style="list-style-type: none"> • boohoo product performance lab opened. • Programme to test suppliers' products and educate suppliers and buying teams on product compliance in place. • Product performance manuals in place, continuous training seminars underway on categories like cosmetics, kids, footwear with buyers and suppliers. • All brands now operating on a 2.5 AQL (Acceptable Quality Level). • Product compliance and quality checks in place within the UK distribution centres. • Product compliance and quality checks have commenced in Turkey, and due to begin in Italy and Morocco and plans in place to roll out in the other international sourcing origins. This increases the efficiency and effectiveness of the check, by bring them closer to product origin.

Financial risks	
Financial risk <i>CFO</i> (Increased)	<p>As a result of macro-economic conditions there is a risk of exchange rate and interest rate fluctuations that may impact margins.</p> <ul style="list-style-type: none"> • Treasury policies are in place to manage both interest rate and exchange rate volatility • The Treasury Committee oversees treasury matters and adherence to the treasury policies. • Regular budgeting and forecasting ensure 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 • Uncertainty due to fluctuating interest rates is managed through monitoring and management of the net interest rate • Investment in expertise within the in-house Treasury function

On behalf of the board



Shaun McCabe
Director

24 November 2023

Directors' report

The directors present their directors' report and the unaudited financial statements for the year ended 28 February 2023.

Principal activities

The principal activity of the company is that of online retail marketplace.

Results and dividends

The company's loss after tax for the year ended 28 February 2023 was £721,000 (2022: £9,148,000). The unaudited financial statements for the year for the company are set out on pages 18 to 31.

The company does not have the distributable reserves to declare a dividend and the directors would not recommend the payment of a dividend (2022: *no 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.

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
Shaun McCabe
Neil Catto (resigned 31 March 2023)

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 2023 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 76-85 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 12 to the financial statements.

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

The board has 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.

Below we have mapped out our key stakeholder groups, the material issues that they have raised throughout the year and how the board has responded.

Full details of these policies can be found in the boohoo group plc Annual Report and Accounts on pages 66 to 69. The boohoo group plc annual report and financial statements are publicly available and can be found at www.boohooplc.com.

Stakeholders	What are their priorities	How boohoo engages	How the board engages
Employees	<ul style="list-style-type: none"> • A fair and inclusive workplace and culture • Opportunities for career growth and development • Fair pay and reward • A strong culture in the workplace which fosters good wellbeing 	<ul style="list-style-type: none"> • We have introduced two leadership programmes for selected senior directors and managers, in conjunction with external training suppliers, as well as a learning lab for our general employee base. • Continued to run townhalls with our employees, to cascade the group's strategy and improve communication across the employee base. • We have introduced a new salary grading structure to ensure greater transparency and understanding of career development. • We have launched a new reward platform, Beyond, which gives our employees benefit options tailored to their lifestyle. • Our people team arrange "listening sessions" with employee groups to discuss topics which are important to them. Previous topics have included supporting mental health at work, personal development and financial wellbeing. 	<ul style="list-style-type: none"> • John Lyttle and Shaun McCabe attended a townhall with employees to discuss the group's strategy for the forthcoming year. • The Board regularly input on remuneration policy and share incentive proposals, which this year included the introduction of a new growth plan to incentivise certain senior management. • The Board received a session from our external training provider, PDT Global, on diversity and inclusion which was also rolled out to senior management.
Suppliers	<ul style="list-style-type: none"> • Fair payment and treatment • A transparent and ethically compliant supply chain • Sustainable sourcing • Future business growth and long-term collaboration 	<ul style="list-style-type: none"> • We have partnered with Reconomy and Yellow Octopus to support our suppliers in upcycling textile waste and diverting it from landfill. • Our teams provided lots of training seminars for suppliers to provide training on product performance and safety as well as sourcing and ethical compliance. • Our product compliance team developed and issued testing manuals consolidating the group's way of working with suppliers. • The group opened an internal product performance lab to test products in order to educate brand teams and suppliers in product testing and performance. 	<ul style="list-style-type: none"> • The board held one of its meetings in Turkey where it engaged with suppliers to the group. • John Lyttle attends bi-weekly meetings to discuss the group's supply chain compliance matters. • The board regularly receives updates on supply chain matters and discusses ways to drive long-term value and relationships with suppliers.

		<ul style="list-style-type: none"> Continuing to review new regions for on-boarding new suppliers, with a particular focus on. Co-funded over 150 NVQ worker qualifications in Leicester with KTL Ltd. We continue to work with our suppliers to improve working conditions through our global ethical auditing programme. 	
Customers	<ul style="list-style-type: none"> Good quality product Affordable and available on-trend fashion Sustainable options Good customer end to end experience 	<ul style="list-style-type: none"> Continued use of customer feedback to formulate product development and improve customer journeys. The group continues to hold 'Voice of the Customer' sessions, across multiple stakeholder groups including supply chain, product and finance. The group held a number of events and competitions aimed at existing and potential new customers. We run customer focus groups, inviting our customers into the business to share their opinions on topics as diverse as sustainability, social media and suiting among others. 	<ul style="list-style-type: none"> The board regularly receives updates on consumer engagement and discusses ways in which it could be improved. The board have been instrumental in the process to opening our Atlantic distribution centre, which aims to service consumers the US, Canada and the surrounding area.
Community	<ul style="list-style-type: none"> Our charitable contributions Fair payment and treatment A transparent and ethically compliant supply chain 	<ul style="list-style-type: none"> Following the group's donation of £1m, the Garment and Textile Workers' Trust (GTWT) published research identifying the needs of garment workers in Leicester and made the first grants to support garment workers in Leicester in April 2023 Launched a group community programme, Be You. The programme is broken into three pillars, show your colours, find your place and charitable giving. We have launched our first schools outreach programme and agreed new partnerships with multiple charities and community organisations. 	<ul style="list-style-type: none"> The board regularly receives updates from the Group's ESG Committee and inputs into the group's ESG strategy. We have incorporated ESG targets into executive remuneration awards and incentive plans.

Planet	<ul style="list-style-type: none"> • Use of sustainable practices • Impacts of our products on the environment 	<ul style="list-style-type: none"> • We continue to invest into the Cotton Connect programme and have expanded investment into another country, in collaboration with other UK based retailers. The programme also ties in with our Be You community programme by educating farm workers about the benefits of more sustainable cotton production and good business practice. • Continued engagement with Textiles 2030, microfibre consortium and sustainable apparel coalition. • We constituted a voluntary employee "Sustainable Champions" programme where employees work together to improve sustainable workplace practices. 	<ul style="list-style-type: none"> • The Board regularly receives updates from the Group's ESG Committee and inputs into the group's ESG strategy. • We have incorporated ESG targets into executive remuneration awards and incentive plans.
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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 12.

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.

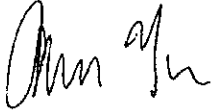
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure 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 year. In preparing the financial statements, the directors are required to:

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

On behalf of the board

A handwritten signature in black ink, appearing to read 'Shaun McCabe', written over a light blue horizontal line.

Shaun McCabe

Director

24 November 2023

Income statement

for the year ended 28 February 2023

	<i>Note</i>	2023 £000	2022 £000
Revenue	2	87,100	56,958
Cost of sales		(44,691)	(31,530)
Gross profit		42,409	25,428
Distribution costs		(11,443)	(9,102)
Administrative expenses		(31,698)	(28,093)
Loss before taxation	3	(732)	(11,767)
Income tax credit	6	11	2,098
Loss for the financial year		(721)	(9,669)

All activities relate to continuing operations.

The company had no other comprehensive income / expense in the year and therefore no separate statement of comprehensive income has been presented.

The comparative income statement was for the period 14 January 2021 to 28 February 2022.

The notes 1 to 14 on pages 21 to 31 are an integral part of these financial statements.

Statement of financial position

As at 28 February 2023

	Note	2023 £000	2022 £000
Fixed assets			
Intangible assets	7	42,562	48,527
Current assets			
Trade and other receivables	8	5	31
Cash and cash equivalents		-	-
Total current assets		5	31
Total assets		42,567	48,558
Creditors – amounts falling due within one year	9	(52,957)	(58,227)
Net current liabilities		(52,952)	(58,196)
Net liabilities		(10,390)	(9,669)
Equity			
Ordinary shares	10	-	-
Accumulated losses		(10,390)	(9,669)
Total equity		(10,390)	(9,669)

The notes 1 to 14 on pages 21 to 31 are an integral of these financial statements.

For the financial year in question the company was entitled to exemption under section 479a of the Companies Act 2006. No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

These financial statements of Debenhams Brands Limited, registered number 1313555, on pages 18 to 31 were authorised for issue by the board of directors on 24 November 2023 and were signed on its behalf by:



Shaun McCabe

Director

Statement of changes in equity

	Share capital (note 10) £000	Accumulated losses £000	Total equity £000
Balance as at 14 January 2021	-	-	-
Loss for the period		(9,669)	(9,669)
Balance as at 28 February 2022	-	(9,669)	(9,669)
Loss for the year		(721)	(721)
Balance as at 28 February 2023	-	(10,390)	(10,390)

The notes 1 to 14 on pages 21 to 31 are an integral of these financial statements.

Notes to the financial statements

1 Accounting policies

General information

Debenhams Brands Limited is incorporated and domiciled in England, registered number 13135555 and is a private company limited by shares. Its registered office is 49-51 Dale Street, Manchester, M1 2HF. It was incorporated on 14 January 2021.

The immediate parent undertaking is Debenhams Holdings Limited incorporated in the UK, registered number 13158650. The immediate parent undertaking of Debenhams Holdings Limited is boohoo Holdings Limited incorporated in the UK, registered number 11941376. Under section 479C of the Companies Act 2006, boohoo Holdings Limited has given a parental guarantee to the company.

Under this parental guarantee boohoo Holdings Limited guarantees all outstanding liabilities to which the company is subject at the end of the financial year to which the guarantee relates, until they are satisfied in full. Furthermore boohoo Holdings Limited affirms that the guarantee is enforceable against the parent undertaking by any person to whom the company is liable in respect of those liabilities.

Under section 479A of the Companies Act 2006 the company is exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts for the financial year ending 28 February 2023.

The ultimate parent undertaking of the group is boohoo group plc, which is a public limited company incorporated and domiciled in Jersey and listed on the Alternative Investment Market (AIM) of the London Stock Exchange. Its registered office address is 12 Castle Street, St Helier, Jersey JE2 3RT.

Basis of preparation

The financial statements of Debenhams Brands 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 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 year).
- 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 company's ultimate parent undertaking is boohoo group plc. The directors of boohoo group plc considered the prospects of the group through an analysis of the markets for the group's product offering online in the UK and overseas and concluded that potential growth rates remain strong as the markets continue to develop as more customers become comfortable with online shopping. This provides great opportunities for future expansion. There is a diverse supply chain with no key dependencies, enabling sourcing to be dynamic. Major expense categories relate to carriage and marketing services, which are widely diversified amongst suppliers. The business model affords a great deal of flexibility in responding to demand and economic changes: the wide range of products and relatively low buy quantities reduce inventory risk; a large customer base across many countries reduces specific economic and fashion dependencies; retail customers pay at the time of order with a small risk of default; and the high marketing expenditure is very controllable over a short time period.

The group operates a regular budgeting, forecasting and long-range planning cycle, which is integrated with strategic plans and objectives. This planning cycle, in which the board is substantively involved, ensures, as far as is possible, that the profitability, cash flow and capital requirements of the business are sufficient to ensure its ongoing viability. Annual budgets, against which performance is compared, are prepared in advance of the next financial year. A cadence of weekly, monthly and quarterly forecasts is operated to monitor, control and report on performance in the current financial year. These forecasts form the basis upon which the board satisfies its requirements to update stakeholders with relevant financial performance and prospects. Twice a year, five-year financial plans are prepared to assess the medium and longer-term prospects of the group and its finance requirements, based on its strategic plans.

The directors have reviewed the group's profitability in the five-year plans, the annual budgets and medium-term forecasts, including assumptions concerning capital expenditure and expenditure commitments and their impact on cash flow. The directors consider that a five-year plan is the appropriate period to project financial plans with a reasonable level of certainty in line with their current strategic objectives.

A sensitivity analysis was performed on the five-year plan in which revenue was assumed to grow at 10% less than the most reasonable base case. The results of this test showed that the facilities and cash generation were sufficient for the group to continue trading with a comfortable margin of error.

Based on their assessment of prospects and viability, the directors confirm that they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due in the five-year period ending February 2028.

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 2022.

- Amendments to IFRS 3: Business Combinations
- Amendments to IAS 16: Property, Plant and Equipment
- Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Assets.

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 for accounting periods beginning after 1 March 2023 but have not been adopted by the UK and have not been early adopted by the company and could have an impact on the company financial statements.

- Amendments to IAS1: Presentation of Financial Statements
- Amendments to IAS 8: Accounting policies, Changes in Accounting Estimates and Errors
- Amendments to IAS 12: Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

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 Holdings Limited and 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.

Intangible assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. Where an impairment is required, the recoverable amount is determined based on value-in-use calculations prepared using management's assumptions and estimates.

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 12.

Trade and other receivables

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

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. A provision for returns, based on historical customer return rates, is deducted from revenue.

Rebates

Retrospective rebates from suppliers are accounted for in the year 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.

Leasing commitments

Rentals paid under low value (less than £100,000 p.a.) and short-term operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

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.

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 year end rate and exchange differences are recognised in the statement of comprehensive income.

Significant estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed 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 year 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 +/- £69,000 on reported revenue and +/- £33,000 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. The provision is included within amounts owed to related parties.

Intangible assets – impairment testing

Acquired trademarks and customer list intangible assets are impaired if the projected cash flows over the expected lives are negative. Sensitivity testing is performed on the cash flow calculations to verify that impairment is not required with a reasonable range of downside scenarios.

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.

	2023	2022
	£000	£000
UK	73,558	52,418
Rest of world	13,542	4,540
	87,100	56,958

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

3 Loss before taxation

Loss before taxation is stated after charging:	2023	2022
	£000	£000
Amortisation of intangible assets	5,965	6,463
Short-term operating lease rentals for buildings	53	19

4 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	
	2023	2022
Administration	115	124

The aggregate payroll costs of these persons were as follows:

	2023	2023
	£000	£000
Wages and salaries	6,263	5,657
Social security costs	758	634
Other pension costs	149	60
	7,170	6,351

5 Directors' remuneration

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

Further details on director's remuneration can be found at www.boohooplc.com and on pages 88-112 of the group's annual report, which does not form part of this report.

6 Income tax credit

	2023 £000	2022 £000
Analysis of credit in year		
Current tax on income for the year	(11)	(2,098)
Tax credit	(11)	(2,098)

The total tax charge differs (2022: differs) as the amount computed by applying the blended UK rate of 19% for the year (2022: 19%) to loss before taxation:

	2023 £000	2022 £000
Loss before taxation	(732)	(11,767)
Loss before taxation multiplied by the standard blended rate of corporation tax of the UK of 19% (2022: 19%)	(139)	(2,236)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	128	138
Tax credit	(11)	(2,098)

No current tax was recognised in other comprehensive income (2022: £nil).

Deferred tax is calculated at 25% as enacted from April 2023 by the UK Government. A deferred tax asset is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

7 Intangible assets

	Trademarks £000	Customer lists £000	Total £000
Cost			
Balance as at 14 January 2021	-	-	-
Additions	52,990	2,000	54,990
Balance as at 28 February 2022	52,990	2,000	54,990
Additions	-	-	-
Balance as at 28 February 2023	52,990	2,000	54,990
Accumulated amortisation			
Balance as at 14 January 2021	-	-	-
Amortisation for period	5,740	723	6,463
Balance as at 28 February 2022	5,740	723	6,463
Amortisation for the year	5,299	666	5,965
Balance as at 28 February 2023	11,039	1,389	12,428
Net book value			
As at 14 January 2021	-	-	-
As at 28 February 2022	47,250	1,277	48,527
As at 28 February 2023	41,951	611	42,562

Within the statement of comprehensive income, amortisation of acquired intangible assets of £5,965,000 (2022: £6,463,000) is included in administrative expenses.

The company tests the carrying amount of trademarks and customer lists annually for impairment or more frequently if there are indications that their carrying value might be impaired. The carrying amounts of other intangible assets are reviewed for impairment if there is an indication of impairment.

Impairment is calculated by comparing the carrying amounts to the value in use derived from discounted cash flow projections for each cash generating unit ("CGU") to which the intangible assets are allocated. A CGU is deemed to be an individual brand.

Value in use calculations are based on ten-year management forecasts with a terminal growth rate applied thereafter, representing management's estimate of the long-term growth rate of the sector served by the CGUs. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

The key assumptions used in the value-in-use calculations are as follows:

Sales growth and forecast contribution margin

This is based on past performance and management's expectations of market development over the five-year forecast period, plus perpetuity. The directors have reviewed the company's profitability in the five-year plans, the annual budgets and medium-term forecasts, including assumptions concerning capital expenditure and expenditure commitments and their impact on cash flow. The directors consider that a five-year plan is the appropriate period to project financial plans with a reasonable level of certainty in line with their current strategic objectives.

Other operating costs

These are the fixed costs of the CGU, which do not vary significantly with sales volumes or prices. Management forecasts these costs based on the current structure of the business, adjusting for inflationary increases, and these do not reflect any future restructurings or cost-saving measures.

Long-term growth rate 2%

This growth rate is based on a prudent assessment of past experience and future estimations of market expectations.

Discount rate 9.5%

The pre-tax discount rate applied to the cash flow forecasts for the CGU is derived from the estimated pre-tax weighted average cost of capital ("WACC") for the company.

Sensitivity to changes in assumptions

There is sufficient headroom for each of the CGUs, such that management believes no reasonable change in any of the above assumptions would cause the carrying value of the intangible asset to exceed its recoverable amount. If the long-term growth rate was reduced to zero, there would still be sufficient headroom. If the discount rate was increased by 25% from a rate of 9.5% to 12%, there would still be sufficient headroom.

8 Trade and other receivables

	2023 £000	2022 £000
Prepayments	5	31

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

9 Creditors – amounts falling due within one year

	2023 £000	2022 £000
Amounts owed to related party undertakings (note 11)	50,214	55,709
Accruals	2,743	2,518
	52,957	58,227

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

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

10 Ordinary shares

	2023 £000	2022 £000
1 authorised and fully paid ordinary shares of £0.01 each	-	-

The company does not have the distributable reserves to declare a dividend and the directors would not recommend the payment of a dividend (2022: *no 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.

11 Related party disclosures

Related party	Nature of relationship	2023 £000	2022 £000
<u>Amounts included in the statement of financial position</u>			
Amounts owed to related party undertakings			
boohoo.com UK Limited	Subsidiary of ultimate parent undertaking	50,214	55,709
<u>Amounts included in the statement of comprehensive income</u>			
Admin costs – central management services			
boohoo.com UK Limited	Subsidiary of ultimate parent undertaking	4,089	3,139

12 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.

Fair values

	2023	2022
	£000	£000
Financial assets		
Cash and cash equivalents	-	-
	2023	2022
	£000	£000
Financial liabilities		
Trade and other payables	52,957	58,227

(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 has no significant concentration of credit risk, as exposure is spread over a large number of counterparties and customers. 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 with which the company has long-standing relationships. 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 and ensuring it has the necessary banking and reserve borrowing facilities available to meet the requirements of the business.

(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 is financed by its parent company which has indicated its willingness to continue to fund the company's operations. 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.

(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.

Foreign currency hedges are managed by a related company on behalf of the company and used to convert foreign currency cash into sterling.

13 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 2023, there are no pending claims or proceedings against the company which are expected to have material adverse effect on its liquidity or operations.

14 Controlling parties

The immediate parent undertaking is Debenhams Holdings Limited incorporated in the UK, registered number 13158650. The immediate parent undertaking of Debenhams Holdings Limited is boohoo Holdings Limited incorporated in the UK, registered number 11941376. Under section 479C of the Companies Act 2006, boohoo Holdings Limited has given a parental guarantee to the company.

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

There is no requirement for Debenhams Brands Limited to produce consolidated financial statements in the UK nor for Debenhams Holdings Limited and so the financial statements of boohoo Holdings Limited are the smallest group and of boohoo group plc are the largest group to consolidate these financial statements.

Copies of boohoo Holdings Limited and 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.