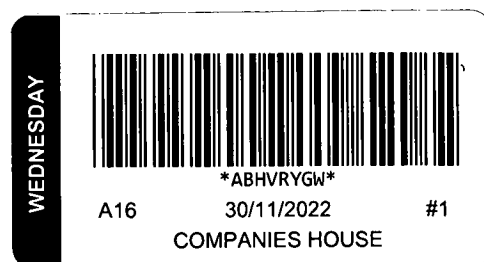


Prettylittlething.com Limited

Annual report and financial statements

Registered number 07352417

For the year ended 28 February 2022



Contents

	Page
Company information	3
Strategic report	4
Directors' report	9
Independent auditors' report to the members of Prettylittlething.com Limited	11
Income statement for the year ended 28 February 2022	15
Statement of financial position as at 28 February 2022	16
Statement of changes in equity for the year ended 28 February 2022	17
Notes to the financial statements	18

Company Information

Directors

Umar Kamani
Paul Papworth
Mahmud Kamani
Carol Kane
Neil Catto
John Lyttle
Shaun McCabe (appointed 3 October 2022)

Company Secretary

Thomas Kershaw

Registered Office

49-51 Dale Street
Manchester
M1 2HF

Registered number

07352417 (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 2022.

Review of the business

Description of the business model

Prettylittlething.com Limited sells own-brand clothing, shoes and accessories through the Prettylittlething.com websites to a core market of 16 to 28 year old consumers in the UK and internationally. Combining cutting-edge, celebrity inspired aspirational design with an affordable price tag, Prettylittlething.com has grown rapidly since 2010, developing a brand identity and an international online proposition for consumers, and has 6.9 million (28 February 2021: 7.2 million) active customers.

Prettylittlething.com is a well-established brand in the UK, Ireland, USA, France and Australia and currently sells products into over 100 countries. The Company operates through 12 websites.

Products are designed, sourced and subsequently distributed globally from a central UK warehouse. Marketing activity is performed through a variety of media including TV advertising, billboards, social media, digital media and via the websites. Hundreds of products are added to the website each week through our on-site photography and art studio and displayed in gallery photos. The speed and agility of the Company enables it to be first to market with the latest on-trend styles and fashion.

Strategy and objectives

The Company's strategy is to continue to develop the UK customer base but to also grow overseas revenue. In addition to developing sales internationally, the product range is being further developed, offering more categories of clothing to broaden the appeal to more consumers. In the year the business has also continued to develop its position as a lifestyle brand. Prettylittlething.com ensure that their stock holding is tightly controlled whilst ensuring they offer the latest fashion trending products.

The business has invested significantly in marketing to develop its customer base, and continues to focus on being a social media led fashion site.

IT development is the cornerstone of the Company's strategy and significant expenditure has been incurred to ensure each territory's website is available 24/7, 365 days a year, whilst ensuring the consumer can transact in a safe environment.

The average number of staff employed increased from 409 to 455 in the year, and at the end of February headcount was 464.

Sheffield Automation Project

During the year work continued on the project to automate the Sheffield Warehouse operated by the Company. The £125m automation project has been designed to increase stock holding capacity and unit throughput, while bringing significant efficiencies in the operations of the Sheffield site. Phase 1 of the automation project went live in September 2022 in line with the project timeline with phase 2, the final phase of the automation planned to go live in the first half of the 2024 financial year.

Strategic report (continued)

Performance and Key Performance Indicators for the year

Revenue for the year increased to £712.3 million, up 0.3% on the previous year. Gross margin decreased to £393.4 million (55.2%) versus £397.8 million (56.0%) in the prior year.

We continue to refine the mix of marketing expenditure and price and delivery promotions to optimise profitability and sales growth. Profit before tax was £75.1 million, down 24.1% on the previous year. Profit before tax has been impacted in the year by £11.6m of exceptional costs related to the automation of the Sheffield warehouse, additional details can be found in note 4 of these accounts.

	Year ended 28 February 2022	Year ended 28 February 2021	Change
Active customers (m)	6.9	7.2	(4.2%)
Number of orders (m)	22.5	21.8	3.2%
Order frequency (order per annum per active customer)	3.26	3.03	7.6%
Conversion rate to sale	3.4%	3.3%	0.1%
Average order value	£48.17	£45.28	6.4%
Number of items per basket	3.18	3.36	(5.4%)

Fashion

Our customers are offered the very latest fashion trends through our “new in” updates on our websites, with 150 new styles launched every day. The combination of high fashion, great value prices and effective marketing encourages customers to shop for every occasion on a regular basis. Our test-and-repeat model allows us to react quickly to changes in trends and customer demands by initially buying small quantities of new in lines and following up with larger repeat orders where lines are successful as well as minimising mark down risk on lines which fail through the smaller initial buy. The test and repeat model is complimented by a core product offering which is stocked and sells throughout the financial year. Inventories have increased year on year as the core product offering was held on longer cover due to supplier lead times, as well as more goods in transit and returns goods in transit linked to the year on year increase in customer returns rates.

Financial review

The Company has achieved a good performance with revenues increasing in the UK and USA while revenues have declined in rest of Europe and Rest of World. Revenues in the UK and USA have remained resilient despite the easing of lock down restrictions in the second half of the financial year, and despite returns rates in the second half of the year returning to pre Covid 19 levels. Consumer demand in Europe and rest of world has remained subdued as lock down restrictions eased and we saw returns rates continue to increase.

Sales revenue by geographical market

	Year ended 28 February 2022 £000	Year ended 28 February 2021 £000	Change
UK	391,790	368,161	6.4%
Rest of Europe	74,352	86,240	(13.8%)
USA	210,075	209,916	0.1%
Rest of world	36,052	45,800	(21.3%)
	712,269	710,117	0.3%

The Company had net assets of £116.6m (28 February 2021: £58.9m) as at 28 February 2022. The year on year increase has resulted from profit after tax of £55.2m (Year ended February 2021: £78.0m).

Strategic report (continued)

Trends and factors likely to affect future performance

The market for online fashion is forecast to continue to grow in the medium term. The current economic climate of high inflation and cost pressures on consumers may impact consumer demand in the short term. Customers throughout the world are expected to continue to seek quality product that represent value for money. The company's business model allows it to react quickly to changes in consumer demand and the business continues to focus on offering customers the latest fashion trends at market leading prices, developing its product offering with a greater focus on value proposition to maximise its share of what is likely to be overall reduced consumer spending.

Health and safety

The Company places great importance on health and safety at work and has policies to enforce best practice.

Number of employees of each gender at the year end

	Male	Female
Directors of the Company	5	1
Senior managers	11	13
Other employees	128	306
	144	320

Directors of the Company include all statutory Directors however the Chief Executive (Umar Mahmud Kaman) and Chief Operating Officer (Paul Gary Papworth) are the only Directors actively involved in the day to day running of the business.

Outlook

The market for online fashion is forecast to continue to grow in the medium term. We have built a brand and infrastructure to capitalise upon this opportunity and we will continue to grow our market share globally by focusing on key markets. As mentioned above the Covid-19 Pandemic saw a shift in consumer behaviour with more customers shopping online as a result of the closure of high street retail locations. It is expected that this shift in consumer behaviour may continue in the coming years. As lock down restrictions have eased we have continued to see good levels of demand with a shift in consumer demand back into more going out fashion, compared with more casual products purchased during lockdown. While demand has remained strong we have also seen an increase in returns levels back to pre-pandemic levels.

Our strategy will be to use a combination of marketing to drive new customer acquisition and promotions to secure sales, all the while supported by the most convenient delivery and return options and high level of customer service. We will continue to broaden the range of products and to refine the online shopping experience with the latest technologies to ensure we provide the most user-friendly website possible.

The current economic climate of high inflation and cost pressures on consumers creates potential challenges for all retailers. The business takes continued actions to ensure we have the most relevant product offering for our customers with a focus on value and quality which should allow the business to be a go to destination for consumers even at a time where their spending power has been compromised by current economic conditions.

Principal risks and uncertainties

The board reviews annually, and additionally whenever there is a perceived major change in, the principal risks and uncertainties facing the Company together with an assessment of mitigating factors.

The business relies on the continued availability of its territory websites being able to take customer orders and then in turn to fulfil these orders in a timely and efficient manner, using the core ERP systems and relevant interfaces with 3rd party carriers. To this end, the Company ensures use of best in class hosting facilities, complimented by the latest security and payment processing software, in addition to having robust disaster recovery plans in the event a problem is encountered.

Strategic report (continued)

Principal risks and uncertainties (continued)

As noted above, the current global economic climate of high inflation and cost pressures on consumers will impact all retailers as customers look to reduce discretionary spending during this challenging time. As consumers seek to reduce discretionary spending this could have an impact on consumer demand. The business takes continual actions to ensure our product offering is aligned with consumer needs and demand with a key focus on price and offering our customers a strong value proposition to maximise the demand that consumers will still have to shop for the latest fashions.

Financial risk management

The main financial instruments of the Company are cash, trade creditors and trade debtors and forward currency contracts managed via Inter Company relationship with boohoo group plc.

Trade creditors are paid to agreed contractual terms. Customers pay in advance of goods being shipped and no orders are accepted without stringent fraud checks being applied. There are some credit terms to a small number of blue chip High Street retailers who pay to terms and don't pose any credit risk.

Liquidity risk

The business is self-funding from generating operating profits and there are no external bank borrowings. No significant asset investment programme is planned which can't be met from internally generated funds and or from raising longer term finance.

Cash flow and foreign exchange risk

The Company is exposed to foreign exchange rates from selling to consumers overseas. These are managed by taking appropriate forward currency positions to ensure the Company isn't exposed to any major changes in the key traded currencies.

Engagement with stakeholders – Employees, suppliers and customers, Community and environment and shareholders

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.

Strategic report (continued)

Engagement with stakeholders – Employees, suppliers and customers, Community and environment and shareholders (continued)

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 34 to 66. 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.

Carbon reporting

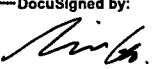
In the calendar year 2021, the boohoo group plc's market-based carbon footprint has increased from 791,252 tCO₂e to 1,018,964 tCO₂e since the previous reporting year. This 29% increase in emissions is largely due to business growth, industry-wide international freight challenges and response to the COVID-19 pandemic.

The focus for this year has been laying the foundations for our carbon management programme, improving data quality, having our targets validated by the SBTi, identifying the hotspot emissions areas and kick starting our product sustainability programme. Achieving our targets will be very challenging, but we recognise the importance of understanding, managing and disclosing our carbon impact.

We are aware of the reporting obligations under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. As such, we will continue to calculate and publish our energy and carbon reporting transparently to our stakeholders in line with these guidelines. We have calculated our emissions across all three scopes for every calendar reporting year from 2019 onwards and have made the results publicly available.

Full details of these disclosures can be found in the boohoo group plc Annual Report and Accounts on pages 48 to 51. The boohoo group plc annual report and financial statements are publicly available and can be found at www.boohooplc.com.

Approved on behalf of the board

DocuSigned by:

8B8086722180449...

Neil Catto

28 November 2022

Directors' report

The Directors present their Directors' report and audited financial statements for the year ended 28 February 2022. The financial statements have been prepared in accordance with FRS 101 with approval of the shareholders.

Principal activities

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

Results and dividends

Profit for the year ended 28 February 2022 was £55.2 million (year ended 28 February 2021: profit £78.0 million). Profit for the year is after exceptional costs of £11.6m, more detail can be found in note 4 of these financial statements.

During the year ended 28 February 2022 the Directors recommend no Dividend be paid (year ended 28 February 2021: £105,000,000, £105,000 per share).

Directors

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

Umar Kamani

Paul Papworth

Mahmud Kamani

Carol Kane

Neil Catto

John Lyttle

Shaun McCabe (appointed 3 October 2022)

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.

Employee policies

The quality, commitment and effectiveness of the Company's employees are crucial to its continued success. Regular communication of the business performance is delivered to the team through internal meetings and by email. The HR team are continually developing improved methods of communication to ensure our staff are challenged and can develop and progress within the business. Regular meetings with staff and Company surveys are completed so the views of staff can be taken into account on key business matters. The Company continues to operate a SAYE scheme which is available to all employees to continue to engage and offer staff benefits from the success of the business.

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.

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, Carbon Reporting and future outlook are included in the strategic report on pages 4 to 8.

Directors' report (continued)

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.

Going concern

Based on their assessment of prospects and viability, having considered the outlook for future financial years, the Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due for a period of at least 12 months from the date of approving these financial statements and therefore continue to adopt the going concern basis of preparation. The assessment completed by the Directors gave specific consideration to the impact of the Covid-19 pandemic and the impact this could have on the operations and future trading of the Company.

Independent 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.

Statement of Directors' responsibilities in respect of the annual report and financial statements

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

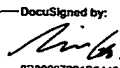
Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure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

Approved on behalf of the board

DocuSigned by:

Neil Catto

28 November 2022

Independent auditors' report to the members of Prettylittlething.com Limited

Opinion

We have audited the financial statements of prettylittlething.com Limited (the 'company') for the year ended 28 February 2022 which comprise the Income Statement, 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 2022 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. 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.

Independent auditors' report to the members of Prettylittlething.com Limited (continued)

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.

Independent auditors' report to the members of Prettylittlething.com Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

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.

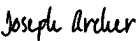
Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed 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.

Independent auditors' report to the members of Prettylittlething.com Limited (continued)

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.

DocuSigned by:

880AA0B62CF3429...

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

28 November 2022

15 Westferry Circus
Canary Wharf
London E14 4HD

Income statement

for the year ended 28 February 2022

	<i>Note</i>	Year ended 28 February 2022 £000	Year ended 28 February 2021 £000
Revenue	2	712,269	710,117
Cost of sales		(318,880)	(312,277)
Gross profit		393,389	397,840
Distribution costs		(180,338)	(181,764)
Exceptional costs	4	(11,579)	-
Total Distribution costs		(191,917)	(181,764)
Administrative expenses		(126,324)	(117,286)
Operating profit	4	75,148	98,790
Finance income		9	371
Finance Cost		(68)	(121)
Profit before taxation		75,089	99,040
Tax on profit	7	(19,935)	(21,025)
Profit for the financial year		55,154	78,015

All activities relate to continuing operations.

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

Notes 1 to 20 on pages 18 to 36 form an integral part of these financial statements.

Statement of financial position
at 28 February 2022

	<i>Note</i>	28 February 2022 £000	28 February 2021 £000
Assets			
Non-current assets			
Intangible assets	8	3,330	861
Property, plant and equipment	9	100,297	16,928
Right of use assets	10	3,519	5,398
Deferred tax asset	11	-	1,098
Total non-current assets		107,146	24,285
Current assets			
Inventories	12	82,228	45,030
Trade and other receivables	13	33,822	16,147
Corporation tax receivable		3,729	40
Cash and cash equivalents		31,837	99,776
Total current assets		151,616	160,993
Total assets		258,762	185,278
Liabilities			
Current liabilities			
Trade and other payables	14	(123,560)	(122,965)
Deferred tax liability	11	(17,588)	-
Total current liabilities		(141,148)	(122,965)
Net current Assets		10,468	38,028
Total assets less current liabilities		117,614	62,313
Non-current liabilities			
Trade and other payables	10	(1,013)	(3,459)
Net assets		116,601	58,854
Equity			
Called up share capital	15	-	-
Retained earnings		116,601	58,854
Total equity		116,601	58,854

Notes 1 to 20 on pages 18 to 36 form an integral part of these financial statements.

These financial statements of Prettylittlething.com Limited, registered number 07352417, on pages 15 to 36 were approved by the board of Directors on 28 November 2022.

DocuSigned by:

 8B80887221B0449...

Neil Catto
Director

Statement of changes in equity for the year ended 28 February 2022

	<i>Note</i>	Called up share capital £000	Retained earnings £000	Total equity £000
Balance at 1 March 2020		-	81,460	81,460
Share based payments credit		-	3,974	3,974
Dividend	15	-	(105,000)	(105,000)
Deferred tax on share based payments	11	-	279	279
Current tax on share-based payments	7	-	126	126
Profit for the financial year		-	78,015	78,015
Balance at 28 February 2021		-	58,854	58,854
Share based payments credit		-	2,853	2,853
Current tax on share-based payments	7	-	(260)	(260)
Profit for the financial year		-	55,154	55,154
Balance at 28 February 2022		-	116,601	116,601

Notes 1 to 20 on pages 18 to 36 form an integral part of these financial statements.

Purpose of reserves

Share capital represents the nominal value of called up share capital in the Company and is non-distributable. Retained earnings represents the financial results for cumulative years less dividend payments as well as amounts charged to the income statement in respect of share based payment arrangements.

Notes to the financial statements

1 Accounting policies

General information

Prettylittlething.com Limited is incorporated and domiciled in England, United Kingdom, registered number 07352417 and is a private Company limited by shares. Its registered office is 49-51 Dale Street, Manchester, M1 2HF. The financial statements are prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds except when otherwise indicated. All accounting policies have been applied consistently year on year other than where new policies or standards have been applied.

Prettylittlething.com Limited is a UK based online retailer selling women's fashion. Details of the Company's subsidiaries can be found in note 20 of these Financial Statements.

The Company is controlled by boohoo group plc and is included in the consolidated financial statements of boohoo group plc which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

Basis of preparation

The financial statements are prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and under the historical cost convention. The financial statements are prepared in accordance with the Companies act 2006 as applicable to companies using FRS 101 and have been prepared on a going concern basis.

- In accordance with FRS 101, the Company has taken advantage of the exemptions from the following disclosure requirements:
- 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.

Notes to the financial statements (continued)

1 Accounting policies (continued)

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 2021:

- Amendments to IFRS 3 business combinations

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 2021 but have not been early adopted by the company and could have an impact on the company financial statements:

- Amendments to IAS 16 property, plant and equipment
- Amendments to IAS 37 provisions, contingent liabilities and contingent assets

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.

As part of the going concern assessment the Directors have prepared trading and cashflow forecasts which cover a period of 18 months from the date of these financial statements being approved. These forecasts represent the Directors current assessment of likely trading and cashflows over the 18 month period and these forecasts demonstrate that the business will have sufficient resources to continue operations throughout that 18 month period.

The current global economic environment of high inflation, increasing interest rates and continued high energy prices are expected to continue to put increased pressure on consumers and their spending and there is therefore a risk that consumers will need to cut back on spending in discretionary areas, such as fashion. Taking this into account the Directors have stress tested the trading and cashflow models to reflect the potential impact of a downturn in performance should these economic conditions impact on consumer spending and demand. These stress tests included a sensitised sales assessment with expected sales reduced by an amount the Directors believe could reasonably possible to happen given the current economic conditions. This sensitised view continued to demonstrate that the business will have sufficient resources to continue operations throughout that 18 month period.

In addition to this the Directors also stress tested the forecasts to review what level of sales reduction would need to be seen from the initial forecasts for the business to have insufficient resources to continue in operation. In the opinion of the Directors, the change in trading performance required to have insufficient resources to continue in operations is not reasonably possible, and furthermore the Directors consider that actions could be taken if such a change in trading performance took place that would enable the business to have sufficient resources to continue operations.

Intangible assets

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 Income Statement. Software costs are amortised over three to five years based on their estimated useful lives and charged to administrative expenses in the income statement.

Notes to the financial statements (continued)

1 Accounting policies (continued)

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 income statement on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment, as follows: motor vehicles and computer equipment 33%; and short leasehold and fixtures and fittings 33%, 20% or 10%. The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

Assets under construction are held at cost until they are brought into use, whereupon depreciation is charged.

Financial instruments

Financial instruments are recognised at fair value and subsequently held at amortised cost using the effective interest method.

Trade and other receivables

Trade receivables 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 continues to establish 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 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 uncollectible, 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.

Cash and cash equivalents

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

Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Provision for impairment of inventories is made where there is evidence that the realisable value of inventory has fallen below the cost of inventories and all provisions are charged to cost of sales.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Revenue

Revenue is attributable to the one principal activity of the business. Revenue represents net invoiced sales of goods including postage and packing 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.

Pension costs

The Company contributes to a Company Personal Pension Scheme for certain employees under a defined contribution scheme. The costs of these contributions are charged to the income statement 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 Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, 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.

Leases

The Company leases various offices and warehouses. Rental contracts are typically made for fixed periods of 6 months to 5 years but may have extension options.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee and for which it has major leases, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Until the 2019 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 March 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Leases (continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Company under residual value guarantees;
- The exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the Company as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Foreign currency translation

Transactions denominated in foreign currencies are translated into the functional currency using the exchange rates at the start of the month. Furthermore, exchange rates are reviewed on at least a weekly basis and updated for any material movement in rates. 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 income statement.

Employee benefits

Short term employee benefits include wages and salaries, bonuses and accrued holiday pay. Wages and salary costs are recognised in the period over which the services are provided. Bonuses are provided for at each reporting date based on the Directors best estimates of amounts to be paid at that date. Holiday pay accrued and not taken at the reporting date is provided for at each reporting date.

Impairment of non-financial assets

Provision for impairment of non-financial assets is made where there is objective evidence that the value of non-financial assets has diminished below the cost, less accumulated depreciation / amortisation, of the assets. Provision is made to write down the cost of assets to the higher of their value in use or fair value less to dispose. Where in subsequent periods assets are no longer considered to be impaired the impairment provision is reversed to bring the asset back to an amount not higher than that which would have been stated had the provision for impairment not been recognised.

Classification of financial instruments

All the Company's financial assets are classified as loans and receivables in the Financial Statements.

All the Company's financial liabilities are classified as financial liabilities at amortised cost.

Exceptional items

Exceptional items are those of significant size and of a non-recurring nature that require disclosure in order that the underlying business performance can be identified. The exceptional costs in these financial statements include disruption costs associated with the installation of the automation in the Sheffield facility and irrecoverable sales taxes on customer returns from the EU during the period after Brexit and before simplified procedures (IOSS) in the EU became operational. See note 4 for additional detail.

Share based payments

The Company participates in share based payment arrangements operated by its ultimate parent, Boohoo group plc. Certain employees of the Company are granted equity settled share based payments in the Company's parent Company Boohoo group plc, 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 Income Statement on a straight line basis over the vesting period after making an allowance for the estimated number of shares that will not vest. The level of vesting is reviewed and adjusted annually. Free shares awarded are expensed immediately.

Notes to the financial statements (continued)

1 Accounting policies (continued)

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 +/- £1.3 million on reported revenue and +/- £0.8 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.

Exceptional items

Exceptional items are those of significant size and of a non-recurring nature that require disclosure in order that the underlying business performance can be identified. The exceptional costs in these financial statements include additional disruption costs associated with the installation of the automation in the Sheffield facility (£10.6m) and irrecoverable sales taxes on customer returns from the EU during the period after Brexit and before simplified procedures (IOSS) in the EU became operational (£1.0m).

2 Revenue

The revenue is attributable to the one principle activity of the Company. An analysis of the revenue by geographical origin is given below.

	Year ended 28 February 2022 £000	Year ended 28 February 2021 £000
UK	391,790	368,161
Rest of Europe	74,352	86,240
USA	210,075	209,916
Rest of world	36,052	45,800
	712,269	710,117

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

Notes to the financial statements (continued)

3 Auditors' remuneration

	Year ended 28 February 2022 £000	Year ended 28 February 2021 £000
Audit of these financial statements	-	78
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	-	-
Other advisory services	-	-
Total remuneration	-	78

The auditors' remuneration in 2021 was paid to PKF Littlejohn LLP. The auditors' remuneration for 2022 was paid by the Companies parent company and was not recharged.

4 Operating profit

Operating profit is stated after charging:	Year ended 28 February 2022 £000	Year ended 28 February 2021 £000
Depreciation of property, plant and equipment	3,281	2,888
Depreciation of right of use assets	4,083	2,668
Amortisation of intangible assets	932	421
Loss on disposal of property, plant and equipment	-	-
Foreign exchange (gains) / losses	(7,371)	3,043
Inventories charged to cost of sales	310,480	307,771

Exceptional costs reported within these financial statements total £11.6m, additional detail on these costs can be found in note 1 of these financial statements.

5 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	
	Year ended 28 February 2022	Year ended 28 February 2021
Administration	448	401
Distribution	7	8
	455	409

The aggregate payroll costs of these persons were as follows:

	Year ended 28 February 2022 £000	Year ended 28 February 2021 £000
Wages and salaries	17,295	17,271
Social security costs	1,806	2,435
Other pension costs	1,187	1,029
Share based payment charges	2,853	3,974
	23,141	24,709

Notes to the financial statements (continued)

5 Staff numbers and costs (continued)

Included within wages and salaries costs are £2,768,000 (2021: £2,337,000) of costs which have been capitalised in the year. These costs relate to IT development costs which have been included in Intangible Assets and labour costs related to the Sheffield automation which have been included in property, plant and equipment.

6 Directors' remuneration

	Year ended 28 February 2022 £000	Year ended 28 February 2021 £000
Directors		
Short-term employee benefits	1,230	1,727
Post-employment benefits	34	15
	1,264	1,742

The aggregate of emoluments of the highest paid Director was £803,000 (Year ended 28 February 2021: £1,183,000). The contributions to a money purchase pension scheme in respect of the highest paid Director were £34,000 (Year ended 28 February 2021: £15,000). The number of Directors contributing to a money purchase pension scheme was 2 (year ended 28 February 2021: 1). The highest paid Director did not exercise any share options in the year or prior year.

7 Tax on profit

	Year ended 28 February 2022 £000	Year ended 28 February 2021 £000
Analysis of charge in year		
Current tax on income for the year	1,205	21,346
Adjustments in respect of prior year taxes	114	(108)
Total current taxation	1,319	21,328
Deferred taxation		
Origination and reversal of timing differences	18,616	(213)
Total deferred tax charge	18,616	(213)
Tax on profit	19,935	21,025

The total tax charge differs from (2021: differs from) the amount computed by applying the blended UK rate of 19.0% for the year (Year ended 28 February 2021: 19.0%) to profit before taxation as a result of the following:

	Year ended 28 February 2022 £000	Year ended 28 February 2021 £000
Profit before taxation	75,089	99,040
Profit before taxation multiplied by the standard rate of corporation tax on the UK of 19.0% (Year ended 28 February 2021: 19.0%)	14,267	18,818
<i>Effects of:</i>		
Expenses not deductible for tax purposes	1,319	2,315
Impact of changes in tax rates	4,235	-
Adjustments in respect of prior year taxes	114	(108)
Tax on profit	19,935	21,025

Notes to the financial statements (continued)

7 Tax on profit (continued)

Deferred tax is calculated at 25% as enacted from April 2023 by the UK Government. See further detail in note 11.

Current tax Charge of £260,000 (year ended 28 February 2021: Credit £279,000) has been recognised directly in equity related to excess corporation tax deductible on share-based payments.

8 Intangible assets

	Computer software £000	Total £000
Cost		
Balance at 1 March 2020	1,203	1,203
Additions	630	630
Balance at 28 February 2021 and 1 March 2021	1,833	1,833
Additions	3,401	3,401
Balance at 28 February 2022	5,234	5,234
Accumulated amortisation		
Balance at 1 March 2020	551	551
Amortisation charge for year	421	421
Balance at 28 February 2021 and 1 March 2021	972	972
Amortisation charge for year	932	932
Balance at 28 February 2022	1,904	1,904
Net book value		
At 29 February 2020	652	652
At 28 February 2021	861	861
At 28 February 2022	3,330	3,330

Amortisation is charged within administrative expenses in the Income Statement. Additions in the year include £2,768k of internal wages and salaries incurred related to ongoing development of the Company's core systems.

Notes to the financial statements (continued)

9 Property, plant and equipment

	Short leasehold £000	Fixtures and fittings £000	Computer equipment £000	Motor vehicles £000	Total £000
Cost					
Balance at 1 March 2020	3,554	10,603	2,444	214	16,815
Additions	3,655	2,461	961	85	7,162
Balance at 28 February 2021 and 1 March 2021	7,209	13,064	3,405	299	23,977
Additions	450	85,599	581	20	86,650
Balance at 28 February 2022	7,659	98,663	3,986	319	110,627
Accumulated depreciation					
Balance at 1 March 2020	1,588	1,071	1,405	97	4,161
Depreciation charge for year	670	1,373	802	43	2,888
Balance at 28 February 2021 and 1 March 2021	2,258	2,444	2,207	140	7,049
Depreciation charge for year	228	2,226	772	55	3,281
Balance at 28 February 2022	2,486	4,670	2,979	195	10,330
Net book value					
At 28 February 2020	1,966	9,532	1,039	117	12,654
At 28 February 2021	4,951	10,620	1,198	159	16,928
At 28 February 2022	5,173	93,993	1,007	124	100,297

Depreciation is charged within cost of sales and administrative expenses in the Income Statement.

As at 28 February 2022 the Company had capital commitments totalling £21,830k (28 February 2021: £5,209k).

As at 28 February 2022 assets totalling £87.9m relating to the Sheffield Automation project have been treated as assets under construction and have not been depreciated. These assets are included within Fixtures and Fittings.

Notes to the financial statements (continued)

10 Right of use assets and leases liabilities

The Company has lease contracts for various offices and warehouses. The amounts recognised in the financial statements in relation to the leases are as follows:

(i) Amounts recognised in the statement of financial position

The balance sheet shows the following amounts relating to leases:

	28 February 2022 £000	28 February 2021 £000
Right of use assets		
Buildings	3,519	5,398
Lease Liability		
Current	3,256	3,004
Non-current	1,013	3,459
Total lease liability	4,269	6,463

(ii) Amounts recognised in the income statement

	28 February 2022 £000	28 February 2021 £000
Depreciation charge		
Buildings	4,083	2,668
Interest expense (recognised in finance costs)	68	121
Future minimum lease payments are as follows:		
Not later than one year	3,197	3,066
Later than one year but not later than five years	1,112	3,483
Total gross payments	4,309	6,549
Impact of finance expense	(40)	(86)
Carrying amount of liability	4,269	6,463

The total cash outflow for leases in 2022 was £3,192,000 (2021: £3,204,000).

Notes to the financial statements (continued)

11 Deferred tax asset / (liability)

	Total £000
At 28 February 2020 and 1 March 2020	606
Origination and reversal of timing differences recognised in the Income Statement	213
Recognised directly in equity	279
At 28 February 2021 and 1 March 2021	1,098
Origination and reversal of timing differences recognised in the Income Statement	(14,381)
Impact of changes rate change recognised in the income statement	(4,235)
Recognised directly in equity	(70)
At 28 February 2022	(17,588)

The deferred tax asset can be analysed as follows:

	2022 £000	2021 £000
Fixed asset timing differences	(17,942)	674
Share based payments	354	424
	(17,588)	1,098

The long term tax rate is 25% as enacted. The increase in the deferred tax liability in the Year in part relates to the change in the long term tax rate to 25% and also the Company claiming the 130% super allowance on the investment made in the Sheffield Automation project.

12 Inventories

	2022 £000	2021 £000
Finished goods	82,228	45,030

The value of inventories included within cost of sales for the year was £310,480k (2021: £307,771k). Inventory is stated after an impairment provision of £4,600k (2021: £4,600k). There is no significant difference between the replacement cost goods for resale and their carrying amounts.

13 Trade and other receivables

	2022 £000	2021 £000
Trade and other receivables	8,220	1,525
Amounts owed by related undertakings	11,446	4,788
Taxes and social security receivable	4,162	6,054
Prepayments and accrued income	9,994	3,780
	33,822	16,147

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.

Notes to the financial statements (continued)

13 Trade and other receivables (continued)

The trade receivables impairment provision is calculated using the simplified approach to the expected credit loss model, based on the following percentages:

	2022	2021
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

Trade and other receivables are stated after provisions for impairment of £92k (2021: £2,392k). Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

14 Trade and other payables

	2022 £000	2021 £000
Trade payables	30,953	16,035
Amounts owed to related undertakings	583	246
Other payables	-	2,508
Lease liabilities	3,256	3,004
Accruals	54,541	61,627
Government Grants	575	920
Provision for liabilities	22,877	28,213
Deferred income	8,272	4,063
Taxes and social security payable	2,503	6,349
	123,560	122,965

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

Amounts owed to related undertakings are unsecured, interest free and repayable on demand.

Trade and other payables classified as non-current all relate to lease liabilities recognised under IFRS 16.

The provision for liabilities comprises:

	Dilapidations £000	Returns £000	Claims £000	Total £000
Provision at 28 February 2021	4,190	10,423	13,600	28,213
<i>Movements in provision (credited)/charged to income statement:</i>				
Prior year provision utilised	(1,840)	(10,423)	(4,612)	(16,875)
Increase in provision in current year	-	11,539	-	11,539
Provision at 28 February 2022	2,350	11,539	8,988	22,877

15 Called up share capital

	2022 £	2021 £
100 authorised and fully paid ordinary shares of £1 each (2021: 100)	100	100
	100	100

Notes to the financial statements (continued)

15 Called up share capital (continued)

During the year ended 28 February 2022 the Directors recommend no Dividend be paid (year ended 28 February 2021: £105,000,000, £105,000 per share).

16 Related party disclosures

Related party	Nature of relationship	2022 £000	2021 £000
<u>Amounts included in the statement of financial position</u>			
Amounts owed by related party undertakings			
boohoo.com UK Limited		11,446	4,789
Amounts owed to related party undertakings			
Prettylittlething.com USA Inc.		573	238
Prettylittlething.com France SAS.		-	8
<u>Amounts included in the income statement</u>			
Admin costs – customer services			
boohoo.com UK Limited	Directors are family members of Umar Kamani	5,861	5,742
Admin costs – office rental			
Kamani Commercial Property Limited	Directors are family members of Umar Kamani	197	124
Admin costs – office rental			
The Pinstripe Property Investment Co. Limited	Directors are family members of Umar Kamani	64	103
Admin recharge – other			
boohoo.com UK Limited	Directors are family members of Umar Kamani	4,814	2,034
Admin recharge – Marketing			
Prettylittlething.com USA Inc.	100% owned subsidiary	3,254	2,538
Admin recharge – Marketing			
Prettylittlething.com France SAS.	100% owned subsidiary	280	216

Notes to the financial statements (continued)

17 Share based payments

Share option scheme

Share options have been granted to employees of the Company under four schemes, the Employee Share Option Plan ("ESOP"), the Save As You Earn Scheme ("SAYE"), the Share Incentive Plan ("SIP") and the Long Term Incentive Plan ("LTIP"). The share options issued are in the name of the Company's ultimate parent boohoo group plc. The table below reconciles the number of options for each scheme in the current financial year:

	ESOP / CSOP		SAYE	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at the start of the year	6,694,452	239.76	751,428	227.63
Granted in the year	3,600,052	288.55	810,181	154.58
Forfeited in the year	(800,708)	261.72	(359,558)	238.55
Exercised in year	(568,305)	200.76	(59,170)	160.00
Outstanding at the end of the year	8,925,491	259.84	1,142,881	175.44
Exercisable at the end of the year	821,692	202.93	205,563	189.73

	LTIP		SIP	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at the start of the year	1,288,402	1.00	846,726	0
Granted in the year	414,412	1.00	1,329,664	0
Exercised in year	(127,432)	1.00	(60,410)	0
Forfeited in the year	(140,379)	1.00	(50,396)	0
Outstanding at the end of the year	1,435,003	1.00	2,065,584	0
Exercisable at the end of the year	137,651	1.00	143,652	0

notes to the financial statements (continued)

17 Share based payments (continued)

The assumptions used to determine the fair value of the awards made in the year, for each scheme, are set out in the table below.

	ESOP	ESOP	ESOP	ESOP	ESOP
Grant date	13/06/2017	28/06/2018	23/07/2019	03/11/2020	13/07/2021
Share price - pence	244.50	201.95	219.65	272.95	289.45
Exercise price - pence	244.50	201.95	219.65	272.95	289.45
Number of employees	23	54	82	141	160
Shares under option	795,000	1,662,500	2,317,500	3,062,808	3,600,052
Vesting period (years)	3	3	3	3	3
Expected volatility	40.85%	44.17%	41.85%	36.56%	36.56%
Option life (years)	10	10	10	10	10
Expected life (years)	3.5	3.5	3.5	3.5	3.5
Risk free rate	0.192%	0.723%	0.434%	0.075%	0.175%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%
Attrition rate	30%	25%	25%	30%	30%
Performance criteria expectation rate	100%	100%	100%	100%	100%
Fair value per option - pence	73.35	66.47	68.06	73.31	78.11

	SAYE	SAYE	SAYE	SAYE	SAYE
Grant date	06/11/2017	31/10/2018	30/10/2019	03/11/2020	01/12/2021
Share price - pence	209.25	212.90	265.00	272.95	165.20
Exercise price - pence	169.00	189.88	216.92	268.95	154.58
Number of employees	74	89	87	131	170
Shares under option	276,684	278,616	158,596	329,532	751,461
Vesting period (years)	3	3	3	3	3
Expected volatility	41.67%	43.36%	40.39%	36.56%	36.56%
Option life (years)	3.5	3.5	3.5	3.5	3.5
Expected life (years)	3	3	3	3	3
Risk free rate	0.513%	0.760%	0.463%	0.075%	0.592%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%
Attrition rate	30%	35%	40%	40%	50%
Performance criteria expectation rate	100%	100%	100%	100%	100%
Fair value per option - pence	76.86	72.90	93.94	69.56	46.39

Notes to the financial statements (continued)

17 Share based payments (continued)

	SIP	SIP	SIP	SIP
Grant date	27/09/2018	25/07/2019	18/02/2021	13/01/2022
Share price - pence	213.00	226.00	369.40	111.55
Exercise price - pence	0.00	0.00	0.00	0.00
Number of employees	258	320	409	402
Shares under option	242,004	282,880	398,366	1,329,664
Vesting period (years)	3	3	3	3
Expected volatility	42.75%	41.77%	36.56%	36.56%
Option life (years)	10	10	10	10
Expected life (years)	3.5	3.5	3.5	3.5
Risk free rate	0.883%	0.462%	0.004%	0.896%
Dividend yield	0.0%	0.0%	0.0%	0.0%
Attrition rate	30%	35%	35%	30%
Performance criteria expectation rate	100%	100%	100%	100%
Fair value per option - pence	213.10	226	369.40	111.55

	LTIP	LTIP	LTIP	LTIP	LTIP
Grant date	28/06/2018	03/10/2018	30/04/2019	03/11/2020	13/07/2021
Share price - pence	201.95	239.00	245.70	272.95	289.45
Exercise price - pence	1.0	1.0	1.0	1.0	1.00
Number of employees	3	1	3	8	9
Shares under option	341,667	49,779	331,521	610,000	419,595
Vesting period (years)	3	3	3	3	3
Expected volatility	44.17%	43.37%	43.14%	36.56%	36.56%
Option life (years)	10	10	10	10	10
Expected life (years)	3.5	3.5	3.5	3.5	3.5
Risk free rate	0.723%	0.869%	0.787%	0.075%	0.175%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%
Attrition rate	30.0%	30.0%	30.0%	30%	35%
Performance criteria expectation rate	75%	75%	85%	75%	50%
Fair value per option - pence	200.97	238.03	244.73	271.95	288.46

The fair value of all four option schemes was determined using a Black-Scholes Model.

The total charge recognised in the year in respect of these option schemes was £2,853k (year ended 28 February 2021: £1,662k).

Notes to the financial statements (continued)

18 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 2022, other than provided for in these Financial Statements (see note 14), there are no pending claims or proceedings against the Company which are expected to have material adverse effect on its liquidity or operations.

19 Ultimate parent undertaking and controlling party

The immediate parent undertaking of Prettylittlething.com Limited is boohoo Holdings Limited.

The immediate and ultimate parent undertaking of Prettylittlething.com Limited is boohoo group plc, which is the smallest and largest group to consolidate the 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.

20 Related undertakings

As at 28 February 2022, the Company owned 100% of the issued share capital of 21Three Clothing Company Limited, Prettylittlething.com USA Inc and Prettylittlething.com France SAS.

21Three Clothing Company Limited was dormant in the year and the carrying value of the investment in the subsidiaries is £nil (2021: £nil), the initial cost of the investment was £100. The registered address of the Company is 49-51 Dale Street, Manchester, M1 2HF.

Prettylittlething.com USA Inc is incorporated in the United States of America and the carrying value of the investment in the subsidiaries is £nil (2021: £nil), the original cost of the investment was \$10 (£8). The registered address is Corporation Trust Centre, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801.

Prettylittlething.com France SAS is incorporated in France and the carrying value of the investment in the subsidiary is £nil (2021: £nil), the original cost of the investment was €10,000 (£9,000). The registered address is 81 R Reaumur, Paris, 75002, France.