

boohoo Holdings Limited

Annual report and financial statements

Registered number 11941376

For the year ended 28 February 2021



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Company Information

Directors

Mahmud Kamani
Carol Kane
John Lyttle
Neil Catto

Company secretary

Thomas Kershaw

Registered office

49-51 Dale Street
Manchester
M1 2HF

Registered number

11941376 (England and Wales)

Independent auditors

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

Strategic report

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

Review of the business

Description of the business model

The principal activity of the company is that of investment holding.

Results

Profit for the year ended 28 February 2021 was £96,984,000 (2020: £5,585,000) consisting mainly of dividend income less share-based payment charges.

The financial position of the company as at 28 February 2021 is shown in the financial statements and notes on pages 13 to 24. The company is in a net asset position of £119,380,000 as at 28 February 2021 (2020: £13,904,000).

Key Performance Indicators ("KPIs")

Management do not review KPIs specific to the company.

Outlook

No significant changes to the nature of the business are planned and the Directors intend the company to continue acting as an investment holding for the foreseeable future.

Risk management

As a holding company, the company is exposed to limited risk and uncertainty. The company's ultimate parent undertaking, boohoo group plc manages the liquidity and risks associated with the whole group as disclosed in the financial statements of that company, which are publically available. On a twice-yearly basis, the board reviews the principal risks and uncertainties facing the company. Below this level, functional risk groups across the business assess the mitigating factors, reviews emerging risks, performs deep dives on key risks, and assist the board in setting the risk appetite of the company, against which risks are evaluated. Each risk is assigned to a senior executive, through which ongoing activities and any actions related to that risk are updated. This assessment is also undertaken whenever there is a perceived major change in the principal risks and uncertainties. The company expects to receive support from the group in respect of its principal risks for the foreseeable future. Financial risk management is detailed in note 14 to the financial statements.

On behalf of the board



Neil Catto
Director

17 August 2021

Directors' report

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

Principal activities

The principal activity of the company is that of investment holding company.

Results and dividends

The company's profit after tax was £96,984,000 (2020: £5,585,000). The audited financial statements for the year for the company are set out on pages 10 to 24.

The directors do not recommend the payment of a dividend.

Directors

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

Mahmud Kamani
Carol Kane
John Lyttle
Neil Catto

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

Corporate governance

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

Going concern

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

Financial risk management

Financial risk management is detailed in note 14 to the financial statements.

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

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

a. Employee engagement

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

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

b. Suppliers and customers

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

c. Community and environment

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

Health and safety

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

Matters covered elsewhere in the annual report

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

Statement of directors' responsibilities in respect of the financial statements

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

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

select suitable accounting policies and then apply them consistently;

- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

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

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

Statement on disclosure of information to auditors

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

Independent auditors

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

On behalf of the board



Neil Catto
Director

17 August 2021

Independent auditors' report to the members of boohoo Holdings Limited

Opinion

We have audited the financial statements of boohoo Holdings Limited (the 'company') for the year ended 28 February 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 February 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report¹². Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

17 August 2021

15 Westferry Circus
Canary Wharf
London E14 4HD

Income statement

for the year ended 28 February 2021

	<i>Note</i>	2021 £000	2020 £000
Administrative expenses		(7,908)	(1,352)
Operating loss	3	(7,908)	(1,352)
Finance income	4	105,187	6,699
Profit before taxation		97,279	5,347
Income tax (expense)/credit	7	(295)	238
Profit for the financial year		96,984	5,585

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 11 April 2019 to 29 February 2020.

The notes 1 to 17 on pages 14 to 25 are an integral part of these financial statements.

Statement of financial position

As at 28 February 2021

	Note	2021 £000	2020 £000
Fixed assets			
Investments	8	308,413	6,716
Deferred tax	9	-	259
Total fixed assets		308,413	6,975
Current assets			
Trade and other receivables	10	112,699	6,950
Cash and cash equivalents		-	-
Total current assets		112,699	6,950
Total assets		421,112	13,925
Creditors – amounts falling due within one year			
Trade and other payables	11	-	-
Current tax liability		(35)	(21)
Net current assets		112,664	6,929
Net assets		421,077	13,904
Equity			
Ordinary shares	12	-	-
Share premium		309,236	6,954
Retained earnings		111,841	6,950
Total equity		421,077	13,904

The notes 1 to 17 on pages 14 to 25 are an integral of these financial statements.

These financial statements of boohoo Holdings Limited, registered number 11941376, on pages 11 to 25 were authorised for issue by the board of directors on 17 August 2021 and were signed on its behalf by:



Neil Catto
Director

Statement of changes in equity

	Share capital (note 12) £000	Share premium £000	Retained earnings £000	Total equity £000
Balance as at 11 April 2019	-	-	-	-
Profit for the period	-	-	5,585	5,585
Issue of shares	-	6,954	-	6,954
Shares-based payments credit	-	-	1,365	1,365
Balance as at 29 February 2020	-	6,954	6,950	13,904
Profit for the year	-	-	96,984	96,984
Issue of shares	-	302,282	-	302,282
Shares-based payments credit	-	-	7,907	7,907
Balance as at 28 February 2021	-	309,236	111,841	421,077

The notes 1 to 17 on pages 14 to 25 are an integral of these financial statements.

Notes to the financial statements

1 Accounting policies

General information

boohoo Holdings Limited is incorporated and domiciled in England, registered number 11941376 and is a private company limited by shares. Its registered office is 49-51 Dale Street, Manchester, M1 2HF. It was incorporated on 11 April 2019.

Basis of preparation

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

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

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

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

Going concern

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

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

In addition, the directors believe that preparing the financial statements on a going concern basis is appropriate due to the continued financial support from the ultimate parent company boohoo group plc. The directors have received confirmation that boohoo group plc intend to support the company for at least one year after these financial statements are signed.

New and amended standards adopted by the company

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

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

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

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

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

Consolidation

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

These financial statements are separate financial statements.

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 14.

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.

Pension costs

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

Share-based payments

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

Taxation

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

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

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

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

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:

Recoverability of intercompany receivables

The company assesses the recoverability of intercompany receivables on an annual basis. The financial results and expected future cash flows of intercompany receivables are used as part of this assessment.

2 Auditors' remuneration

	2021	2020
	£000	£000
Audit of these financial statements	10	10

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

3 Profit before taxation

Profit before taxation is stated after charging:	2021	2020
	£000	£000
Share-based payments	7,907	1,365

4 Finance income

	2021	2020
	£000	£000
Dividends received from subsidiary undertaking (note 13)	105,000	6,600
Interest received from subsidiary undertaking (note 13)	187	99

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	
	2021	2020
Directors	4	4

The directors did not earn any remuneration in the year in respect of their services to the company.

6 Directors' remuneration

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

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

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

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

7 Taxation

	2021	2020
	£000	£000
Analysis of charge / (credit) in year		
Current tax on income for the year	36	21
Deferred taxation	259	(259)
Tax on profit	295	(238)

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

	2021	2020
	£000	£000
Profit before taxation	97,279	5,347
Profit before taxation multiplied by the standard blended rate of corporation tax of the UK of 19% (2020: 19%)	18,483	1,016
<i>Effects of:</i>		
Expenses not deductible for tax purposes	1,762	-
Income not subject to taxation	(19,950)	(1,254)
Tax on profit	295	(238)

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

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

8 Investments

Investments

£000

Cost	
Balance at 11 April 2019	-
Additions	6,716
Balance at 29 February 2020	6,716
Additions	301,697
Balance at 28 February 2021	308,413
Impairment	
Balance at 11 April 2019	-
Balance at 29 February 2020	-
Balance at 28 February 2021	-
Net book value	
At 11 April 2019	-
At 29 February 2020	6,716
At 28 February 2021	308,413

At 28 February 2021, the company's direct subsidiaries were as follows:

Name of company	Principal activity	Country of incorporation	Address	Percentage ownership of ordinary shares
Acraman 1878 Limited	Dormant	UK	49-51 Dale St, Manchester	100%
Acraman 1879 Limited	Dormant	UK	49-51 Dale St, Manchester	100%
Acraman 1880 Limited	Dormant	UK	49-51 Dale St, Manchester	100%
boohoo.com UK Limited	Trading	UK	49-51 Dale St, Manchester	100%
Burton Online Limited	Trading	UK	49-51 Dale St, Manchester	100%
CoastLondon.com Limited	Trading	UK	49-51 Dale St, Manchester	100%
Debenhams.com Online Limited	Trading	UK	49-51 Dale St, Manchester	100%
Dorothy Perkins Online Limited	Trading	UK	49-51 Dale St, Manchester	100%
Karenmillen.com Limited	Trading	UK	49-51 Dale St, Manchester	100%
MissPap UK Limited	Trading	UK	49-51 Dale St, Manchester	100%
Nasty Gal.com Limited	Trading	UK	49-51 Dale St, Manchester	100%
Oasis Fashions Online Limited	Trading	UK	49-51 Dale St, Manchester	100%
Pancorp1 Limited	Dormant	UK	49-51 Dale St, Manchester	100%
PrettyLittleThing.com Limited	Trading	UK	Wellington Mill, Pollard Street East, Manchester	100%
Wallis Online Limited	Trading	UK	49-51 Dale St, Manchester	100%
Warehouse Fashions Online Limited	Trading	UK	49-51 Dale St, Manchester	100%

9 Deferred tax

	Share-based payments £000
Asset at 11 April 2019	-
Recognised in statement of comprehensive income	259
Asset at 29 February 2020	259
Recognised in statement of comprehensive income	(259)
Asset at 28 February 2021	-

10 Trade and other receivables

	2021 £000	2020 £000
Amounts due from related party undertakings (note 13)	112,699	6,950

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

Amounts due from related party undertakings are unsecured, have no fixed date of repayment and are repayable on demand. Interest is charged at commercial rates.

11 Trade and other payables

	2021 £000	2020 £000
Trade payables	-	-

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

12 Ordinary shares

	2021 £000	2020 £000
1 authorised and fully paid ordinary shares of £1 each (2020: 1)	-	-

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

13 Related party disclosures

Related party	Nature of relationship	2021 £000	2020 £000
<u>Amounts included in the statement of financial position</u>			
Amounts due from related party undertakings			
boohoo.com UK Limited	Subsidiary	112,699	6,950
<u>Amounts included in the statement of comprehensive income</u>			
Finance income			
PrettyLittleThing.com Limited	Subsidiary	105,000	6,600
boohoo.com UK Limited	Subsidiary	187	99

14 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.

Fair values

	2021 £000	2020 £000
Financial assets		
Trade and other receivables	112,699	6,950

(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 risk of default from related party undertakings is considered low.

(c) Liquidity risk

Financial risk management

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

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

(d) Capital risk

Financial risk management

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

The company 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'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.

15 Share-based payments

Growth Share Plan

John Lyttle, Chief Executive of the ultimate parent undertaking and controlling party, boohoo group plc, has subscribed for 195 A ordinary shares of 1 pence each ("A Ordinary Shares") in boohoo Holdings Limited, as part of a Growth Share Plan ("the Plan").

The value of the award under the Plan is directly linked to the creation of significant growth in shareholder value as set out below:

- The value of the award will be determined by the compound annual growth rate ("CAGR") in market capitalisation of the group over the five year period starting on the date John joined as Chief Executive, 15 March 2019 ("the Period").
- The CAGR will be calculated using a base market capitalisation of £2.037 billion, being the market capitalisation on the date of the announcement on 17 September 2018 that John would be joining the group.
- The value of the award under the Plan is capped at £50 million of gross value before tax in the event of achieving CAGR of at least 23% at the end of the Period. CAGR of less than 10% yields nil value.
- The Plan provides for adjustments to be made for increases in market capitalisation arising from corporate events, such as the issue of shares for acquisitions, so that the benefits derived from the Plan only arise from organic growth and the Plan also provides clawback provisions, which allow repayment in defined circumstances.
- John Lyttle has agreed to an amendment to the terms of his award under the Growth Share Plan such that the vesting of the award is also subject to the Committee being satisfied that the group's Agenda for Change programme has been successfully implemented over the performance period.

The option was valued using a Monte-Carlo simulation model. The inputs into the model were as follows:

Grant date		11/07/2019
Expected life (years)		4.4
Expected volatility		42.2%
Risk free rate		0.61%
Expected dividends expressed as a dividend yield		0%
Equity value		£2,419,339,170
Threshold amount		£2,037,620,792
Starting parent market capitalisation		£2,037,620,792
	CAGR	Implied hurdle
Band 1 required CAGR – 0.40% above threshold amount	10%	£3,099,211,239
Band 2 required CAGR – 0.75% above threshold amount	13%	£3,488,739,279
Band 3 required CAGR – 1.02% above threshold amount	15%	£3,768,719,902
Band 4 required CAGR – 1.35% above threshold amount	23%	£5,066,474,415
Total option fair value		£7,072,243
Option cost		£250,000

Expected volatility was found using a historical volatility calculator with reference to the share price of boohoo group plc from March 2015.

Management Incentive Plan

Mahmud Kamani and Carol Kane, Executive Directors of the ultimate parent undertaking and controlling party, boohoo group plc and Neil Catto, Chief Financial Officer of the ultimate parent undertaking and controlling party, boohoo group plc have subscribed for 1,950, 1,950 and 390 B ordinary shares of 1 pence each ("B Ordinary Shares"), respectively, in boohoo Holdings Limited, as part of a Management Incentive Plan ("the MIP").

The value of the award under the MIP is directly linked to the creation of significant growth in shareholder value as set out below:

- The value of the award will be determined by the achievement of stretching targets of market capitalisation growth of the group over the three-year period starting on 16 June 2020 ("the Period").
- The value of the award under the MIP is capped at £50 million of gross value before tax for Mahmud and Carol and £10 million for Neil in the event of achieving a market capitalisation of £7.554 billion (18% CAGR and 66% growth in market capitalisation from 16 June 2020). A market capitalisation of less than £6.295 billion (11% CAGR) yields nil value.
- The MIP provides for adjustments to be made for increases in market capitalisation arising from corporate events, such as the issue of shares for acquisitions, so that the benefits derived from the MIP only arise from organic growth and the MIP also provides clawback provisions, which allow repayment in defined circumstances.
- The directors have agreed to an amendment to the terms of their MIP awards such that the vesting of the awards is also subject to the Committee being satisfied that the group's Agenda for Change programme has been successfully implemented over the performance period.

The option was valued using a Monte-Carlo simulation model. The inputs into the model were as follows:

Grant date	26/06/2020	
Expected life (years)	3	
Expected volatility	38.8%	
Risk free rate	0.33%	
Expected dividends expressed as a dividend yield	0%	
Equity value	£4,743,942,374	
Threshold amount	£6,294,677,970	
Starting parent market capitalisation	£4,743,942,374	
	Required class percentage	Implied hurdle
Band 1	2.85440%	£6,294,677,970
Band 2	4.19965%	£6,924,145,767
Band 3	4.98236%	£7,553,613,564
Total option fair value		£30,029,977
Option cost		£585,000

Expected volatility was found using a historical volatility calculator with reference to the share price of boohoo group plc from January 2017.

16 Contingent liabilities

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

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

17 Controlling parties

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

There is no requirement boohoo Holdings Limited to produce consolidated financial statements in the UK and so the financial statements of boohoo group plc are the smallest and largest group to consolidate these financial statements. Copies of boohoo group plc consolidated financial statements can be obtained from the website www.boohooplc.com or from the Company Secretary at 49-51 Dale Street, Manchester, M1 2HF.