Prettylittlething.com Limited

Annual report and financial statements
Registered number 07352417

For the year ended 28 February 2023

Contents

Company Information

Directors
Mahmud Kamani
Carol Kane
John Lyttle
Shaun McCabe

Company Secretary
Thomas Kershaw

Registered Office
49-51 Dale Street
Manchester
M1 2HF

Registered number
07352417 (England and Wales)

Strategic report

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

Review of the business

Description of the business model

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 6.4 million (28 February 2022: 6.9 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 decreased from 455 to 445 in the year, and at the end of February headcount was 451.

Sheffield Automation Project

During the year work continued on the project to automate the Sheffield Warehouse operated by the Company. The £125m automation project was 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. Phase 2, the final phase of the automation is planned to go live in the second half of the 2024 financial year.

Strategic report (continued)

Performance and Key Performance Indicators for the year

Revenue for the year decreased to £634.2 million, down 11.0% on the previous year. Gross margin decreased to £324.4 million (51.1%) versus £393.4 million (55.1%) 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 £22.0 million, down 70.1% on the previous year. Profit before tax has been impacted in the year by £8.3 million (2022: £11.6m) of exceptional costs related to the automation of the Sheffield warehouse, additional details can be found in note 3 of these accounts.

	Year ended 28 February 2023	Year ended 28 February 2022	Change
Active customers (m)	**6.4**	6.9	(7.2%)
Number of orders (m)	**19.9**	22.5	(11.6%)
Order frequency (order per annum per active customer)	**3.12**	3.26	(4.3%)
Conversion rate to sale	**3.3%**	3.4%	(0.1%)
Average order value	**£51.50**	£48.17	6.9%
Number of items per basket	**3.22**	3.18	1.3%

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 saw revenue decline in all markets in the financial year as consumers were impacted by high inflation and cost of living challenges across all markets. Returns rates also increased year on year and have returned to pre, or above pre pandemic levels. Revenues from international markets continued to be impacted by extended customer delivery lead times as well as adverse foreign exchange movements year on year. Gross margin fell 4.0% year on year to 51.1% (2022: 55.1%) as a result of the increase in returns rates and investment in customer pricing.

Sales revenue by geographical market

	Year ended 28 February 2023 £000	Year ended 28 February 2022 £000	Change
UK	**362,264**	391,790	(7.5%)
Rest of Europe	**62,782**	74,352	(15.6%)
USA	**177,562**	210,075	(15.5%)
Rest of world	**31,576**	36,052	(12.4%)
	634,184	712,269	(11.0%)

The Company had net assets of £138.1m (28 February 2022: £116.6m) as at 28 February 2023. The year on year increase has resulted from profit after tax of £17.9m (Year ended February 2022: £55.2m).

Strategic report (continued)

Trends and factors likely to affect future performance

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

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

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	7	5
Senior managers	7	9
Other employees	124	299
	138	**313**

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

Outlook

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

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 40 to 69. 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

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 40 to 49. 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

Shaun McCabe
24 November 2023

Directors' report

The Directors present their Directors' report and unaudited financial statements for the year ended 28 February 2023. 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 2023 was £17.9 million (year ended 28 February 2022: profit £55.2 million). Profit for the year is after exceptional costs of £8.3m, more detail can be found in note 3 of these financial statements.

During the year ended 28 February 2023 the Directors recommend no Dividend be paid (year ended 28 February 2022: £nil).

Directors

The Directors who held office during the year and up to the date of approving these financial statements were as follows:
Umar Kamani (resigned 14 April 2023)
Paul Papworth (resigned 4 September 2023)
Mahmud Kamani
Carol Kane
Neil Catto (resigned 31 March 2023)
John Lyttle
Shaun McCabe

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.

Directors' report (continued)

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.

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

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.

Greenhouse gas emissions

The company recognises that its global operations have an environmental impact and we have a responsibility to understand, manage and minimise such impacts. That is why we have chosen to set our goal aligned with science-based targets and reduce our carbon emissions year-on-year in line with the Paris Agreement.

We are also aware of the UK reporting obligations under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. As such, this year we have enhanced our energy and carbon reporting to meet these new requirements and to increase the transparency with which we communicate our environmental impact to our stakeholders. Full details of these policies can be found in the boohoo group plc Annual Report and Accounts on pages 40 to 49.

Directors' report (continued)

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 year. In preparing the financial statements, the directors are required to:

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

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

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

Approved on behalf of the board

Shaun McCabe
24 November 2023

Income statement

for the year ended 28 February 2023

	Note	**Year ended 28 February 2023 £000**	Year ended 28 February 2022 £000
Revenue	*2*	**634,184**	712,269
Cost of sales		**(309,824)**	(318,880)
Gross profit		**324,360**	393,389
Distribution costs		**(167,503)**	(180,338)
Exceptional costs	*3*	**(8,280)**	(11,579)
Total Distribution costs		**(175,783)**	(191,917)
Administrative expenses		**(127,176)**	(126,324)
Operating profit	*3*	**21,401**	75,148
Finance income		**633**	9
Finance Cost		**(33)**	(68)
Profit before taxation		**22,001**	75,089
Tax on profit	*6*	**(4,144)**	(19,935)
Profit for the financial year		**17,857**	55,154

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 19 on pages 15 to 36 form an integral part of these financial statements.

Statement of financial position

at 28 February 2023

	Note	**28 February 2023 £000**	28 February 2022 £000
Assets			
Non-current assets			
Intangible assets	*7*	**6,477**	3,330
Property, plant and equipment	*8*	**118,427**	100,297
Right of use assets	*9*	**15,794**	3,519
Total non-current assets		**140,698**	107,146
Current assets			
Inventories	*11*	**47,175**	82,228
Trade and other receivables	*12*	**13,190**	33,822
Corporation tax receivable		-	3,729
Cash and cash equivalents		**86,840**	31,837
Total current assets		**147,205**	151,616
Total assets		**287,903**	258,762
Liabilities			
Current liabilities			
Trade and other payables	*13*	**(114,425)**	(123,560)
Corporation tax liability		**(3,629)**	-
Deferred tax liability	*10*	**(18,804)**	(17,588)
Total current liabilities		**(136,858)**	(141,148)
Net current Assets		**10,347**	10,468
Total assets less current liabilities		**151,045**	117,614
Non-current liabilities			
Trade and other payables	*9*	**(12,907)**	(1,013)
Net assets		**138,138**	116,601
Equity			
Called up share capital	*14*	**-**	-
Retained earnings		**138,138**	116,601
Total equity		**138,138**	116,601

Notes 1 to 19 on pages 15 to 36 form an integral part of these financial statements.

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

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

These financial statements of Prettylittlething.com Limited, registered number 07352417, on pages 12 to 36 were approved by the board of Directors on 24 November 2023.

Shaun McCabe
Director

Statement of changes in equity for the year ended 28 February 2023

	Note	**Called up share capital £000**	**Retained earnings £000**	**Total equity £000**
Balance at 1 March 2021		**-**	**58,854**	**58,854**
Share based payments credit		-	2,853	**2,853**
Current tax on share-based payments	*6*	-	(260)	**(260)**
Profit for the financial year		-	55,154	**55,154**
Balance at 28 February 2022		-	**116,601**	**116,601**
Share based payments credit		-	3,680	**3,680**
Profit for the financial year		-	17,857	**17,857**
Balance at 28 February 2023		**-**	**138,138**	**138,138**

Notes 1 to 19 on pages 15 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, registered number 07352417 and is a private company limited by shares. Its registered office is 49-51 Dale Street, Manchester, M1 2HF. It was incorporated on 20 August 2010.

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

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

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

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

Basis of preparation

The financial statements of prettylittlething.com Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

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

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

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:
  - iii. Paragraph 79(a)(iv) of IAS 1;
  - iv. Paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
  - v. Paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the year).
- The following paragraphs of IAS1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B–D (additional comparative information);
  - 111 (statement of cash flows information); and

Notes to the financial statements (continued)

1 Accounting policies (continued)

Basis of preparation (continued)

- 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.

New and amended standards adopted by the company

The following new standards and amendments to standards have been adopted by the company for the first time during the year commencing 1 March 2022.

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

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

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

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

Notes to the financial statements (continued)

1 Accounting policies (continued)

Going concern

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

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

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

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

A sensitivity analysis was performed on the five-year plan in which revenue was assumed to grow at 10% less than the most reasonable base case. The results of this test showed that the facilities and cash generation were sufficient for the group to continue trading with a comfortable margin of error.
Based on their assessment of prospects and viability, the directors confirm that they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due in the five-year period ending February 2028.

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 of 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. See note 3 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 +/- £1.2 million on reported revenue and +/- £0.7 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 (£8.3m).

Notes to the financial statements (continued)

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 2023 £000	Year ended 28 February 2022 £000
UK	**362,264**	391,790
Rest of Europe	**62,782**	74,352
USA	**177,562**	210,075
Rest of world	**31,576**	36,052
	634,184	712,269

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

3 Operating profit

Operating profit is stated after charging:	**Year ended 28 February 2023 £000**	Year ended 28 February 2022 £000
Depreciation of property, plant and equipment	**5,752**	3,281
Depreciation of right of use assets	**2,966**	4,083
Amortisation of intangible assets	**2,248**	932
Loss on disposal of property, plant and equipment	**-**	-
Foreign exchange (gains) / losses	**1,424**	(7,371)
Inventories charged to cost of sales	**303,782**	310,480

Exceptional costs reported within these financial statements total £8.3m (2022: £11.6m), additional detail on these costs can be found in note 1 of these financial statements.

Notes to the financial statements (continued)

4 Staff numbers and costs

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

	Number of employees	
	Year ended 28 February 2023	Year ended 28 February 2022
Administration	**441**	448
Distribution	**5**	7
	445	455

The aggregate payroll costs of these persons were as follows:

	Year ended 28 February 2023	Year ended 28 February 2022
	£000	£000
Wages and salaries	**18,100**	17,295
Social security costs	**2,047**	1,806
Other pension costs	**1,266**	1,187
Share based payment charges	**3,680**	2,853
	25,093	23,141

Included within wages and salaries costs are £3,602,000 (2022: £2,768,000) 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.

5 Directors' remuneration

	Year ended 28 February 2023	Year ended 28 February 2022
Directors	**£000**	£000
Short-term employee benefits	**1,117**	1,230
Post-employment benefits	**39**	34
	1,156	1,264

The aggregate of emoluments of the highest paid Director was £718,000 (Year ended 28 February 2022: £803,000). The contributions to a money purchase pension scheme in respect of the highest paid Director were £22,000 (Year ended 28 February 2022: £34,000). The number of Directors contributing to a money purchase pension scheme was 2 (year ended 28 February 2022: 2). The highest paid Director did not exercise any share options in the year or prior year.

Notes to the financial statements (continued)

6 Tax on profit

	Year ended 28 February 2023 £000	Year ended 28 February 2022 £000
Analysis of charge in year		
Current tax on income for the year	**4,012**	1,205
Adjustments in respect of prior year taxes	**(1,084)**	114
Total current taxation	**2,928**	1,319
Deferred taxation		
Origination and reversal of timing differences	**1,216**	18,616
Total deferred tax charge	**1,216**	18,616
Tax on profit	**4,144**	19,935

The total tax charge differs from (2022: differs from) the amount computed by applying the blended UK rate of 19.0% for the year (Year ended 28 February 2022: 19.0%) to profit before taxation as a result of the following:

	Year ended 28 February 2023 £000	Year ended 28 February 2022 £000
Profit before taxation	**22,001**	75,089
Profit before taxation multiplied by the standard rate of corporation tax on the UK of 19.0% (Year ended 28 February 2022: 19.0%)	**4,180**	14,267
Effects of:		
Expenses not deductible for tax purposes	**757**	1,319
Impact of changes in tax rates	**291**	4,235
Adjustments in respect of prior year taxes	**(1,084)**	114
Tax on profit	**4,144**	19,935

Deferred tax is calculated at 25% as enacted from April 2023 by the UK Government. See further detail in note 10.

There was no current tax recognised directly in equity in the year (2022: £260k credit).

Notes to the financial statements (continued)

7 Intangible assets

	Computer software £000	Total £000
Cost		
Balance at 1 March 2021	1,833	1,833
Additions	3,401	3,401
Balance at 28 February 2022 and 1 March 2022	5,234	5,234
Additions	5,395	5,395
Balance at 28 February 2023	**10,629**	**10,629**
Accumulated amortisation		
Balance at 1 March 2021	972	972
Amortisation charge for year	932	932
Balance at 28 February 2022 and 1 March 2022	1,904	1,904
Amortisation charge for year	2,248	2,248
Balance at 28 February 2023	**4,152**	**4,152**
Net book value		
At 28 February 2021	861	861
At 28 February 2022	3,330	3,330
At 28 February 2023	**6,477**	**6,477**

Amortisation is charged within administrative expenses in the Income Statement. Additions in the year include £3,602k of internal wages and salaries incurred related to ongoing development of the Company's core systems.

Notes to the financial statements (continued)

8 Property, plant and equipment

	Short leasehold £000	Fixtures and fittings £000	Computer equipment £000	Motor vehicles £000	Total £000
Cost					
Balance at 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 and 1 March 2022	7,659	98,663	3,986	319	110,627
Additions	3,338	19,582	935	10	23,865
Balance at 28 February 2023	**10,997**	**118,245**	**4,921**	**329**	**134,492**
Accumulated depreciation					
Balance at 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 and 1 March 2022	2,486	4,670	2,979	195	10,330
Depreciation charge for year	355	4,605	728	47	5,735
Balance at 28 February 2023	**2,841**	**9,275**	**3,707**	**242**	**16,065**
Net book value					
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
At 28 February 2023	**8,156**	**108,970**	**1,214**	**87**	**118,427**

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

As at 28 February 2023 the Company had capital commitments totalling £14,191k (28 February 2022: £21,830).

Notes to the financial statements (continued)

9 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 2023 £000	28 February 2022 £000
Right of use assets		
Buildings	15,794	3,519
Lease Liability		
Current	2,813	3,256
Non-current	12,907	1,013
Total lease liability	**15,720**	**4,269**

(ii) Amounts recognised in the income statement

	28 February 2023 £000	28 February 2022 £000
Depreciation charge		
Buildings	2,966	4,083
Interest expense (recognised in finance costs)	33	68
Future minimum lease payments are as follows:		
Not later than one year	3,067	3,197
Later than one year but not later than five years	12,931	1,112
More than five years	508	-
Total gross payments	**16,506**	**4,309**
Impact of finance expense	**(786)**	**(40)**
Carrying amount of liability	**15,720**	**4,269**

The total cash outflow for leases in 2023 was £4,502,000 (2022: £3,192,000).

Notes to the financial statements (continued)

10 Deferred tax liability

	Total £000
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 and 1 March 2022	**(17,588)**
Origination and reversal of timing differences recognised in the Income Statement	(1,216)
At 28 February 2023	**(18,804)**

The deferred tax asset can be analysed as follows:

	2023 £000	2022 £000
Fixed asset timing differences	**(1,966)**	(17,942)
Share based payments	**750**	354
	(1,216)	(17,588)

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.

11 Inventories

	2023 £000	2022 £000
Finished goods	**47,175**	**82,228**

The value of inventories included within cost of sales for the year was £303,782k (2022: £310,480k). Inventory is stated after an impairment provision of £5,000k (2022: £4,600k). There is no significant difference between the replacement cost goods for resale and their carrying amounts.

12 Trade and other receivables

	2023 £000	2022 £000
Trade and other receivables	**6,151**	8,220
Amounts owed by related undertakings	**383**	11,446
Taxes and social security receivable	**2,932**	4,162
Prepayments and accrued income	**3,724**	9,994
	13,190	33,822

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)

12 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:

Age of trade receivable	**2023** **%**	2022 %
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 (2022: £92k). Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

13 Trade and other payables

	2023 **£000**	2022 £000
Trade payables	**24,774**	30,953
Amounts owed to related undertakings	**5,693**	583
Lease liabilities	**2,813**	3,256
Accruals	**48,969**	54,541
Government Grants	**575**	575
Provision for liabilities	**21,146**	22,877
Deferred income	**7,494**	8,272
Taxes and social security payable	**2,961**	2,503
	114,425	123,560

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 2022	2,350	11,539	8,988	22,877
Movements in provision (credited)/charged to income statement:				
Prior year provision utilised	-	(11,539)	(2,833)	(14,372)
Increase in provision in current year	-	12,641	-	12,641
Provision at 28 February 2023	**2,350**	**12,641**	**6,155**	**21,146**

14 Called up share capital

	2023 **£**	2022 £
100 authorised and fully paid ordinary shares of £1 each *(2022: 100)*	**100**	100
	100	100

Notes to the financial statements (continued)

14 Called up share capital (continued)

During the year ended 28 February 2023 the Directors recommend no Dividend be paid (year ended 28 February 2022: £nil).

15 Related party disclosures

Related party	Nature of relationship	2023 £000	2022 £000
Amounts included in the statement of financial position			
Amounts owed by related party undertakings			
boohoo.com UK Limited		-	11,446
Prettylittlething.com USA Inc.		383	
Amounts owed to related party undertakings			
boohoo.com UK Limited		5,688	
Prettylittlething.com USA Inc.		-	573
Prettylittlething.com France SAS.		5	-
Amounts included in the income statement			
Admin costs – customer services			
boohoo.com UK Limited	Subsidiary of ultimate parent undertaking	5,179	5,861
Admin costs – office rental			
Kamani Commercial Property Limited	Directors are family members of Umar Kamani	129	197
Admin costs – office rental			
The Pinstripe Property Investment Co. Limited	Directors are family members of Umar Kamani	72	64
Admin recharge – other			
boohoo.com UK Limited	Subsidiary of ultimate parent undertaking	6,517	4,814
Admin recharge – Marketing			
Prettylittlething.com USA Inc.	100% owned subsidiary	3,600	3,254
Admin recharge – Marketing			
Prettylittlething.com France SAS.	100% owned subsidiary	306	280

Notes to the financial statements (continued)

16 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	8,925,491	259.84	1,142,881	175.44
Granted in the year	3,203,252	1.00	3,097,440	30.0
Forfeited in the year	(1,600,032)	233.74	(1,179,431)	152.72
Exercised in year	(984,228)	1.00	-	-
Outstanding at the end of the year	**9,544,483**	**204.26**	**3,060,890**	**37.02**
Exercisable at the end of the year	**2,530,986**	**215.29**	**5,723**	**216.92**

	LTIP		**SIP**	
	Number	**Weighted average exercise price**	**Number**	**Weighted average exercise price**
Outstanding at the start of the year	1,435,003	1.00	2,065,584	0
Granted in the year	3,609,133	1.00	-	0
Exercised in year	(78,892)	1.00	(868,512)	0
Forfeited in the year	-	-	(128,082)	0
Outstanding at the end of the year	**4,965,244**	**1.00**	**1,250,990**	**0**
Exercisable at the end of the year	**316,512**	**1.00**	**167,706**	**0**

notes to the financial statements (continued)

16 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	ESOP
Grant date	13/06/2017	28/06/2018	23/07/2019	03/11/2020	13/07/2021	17/05/2022
Share price - pence	244.50	201.95	219.65	272.95	289.45	79.66
Exercise price - pence	244.50	201.95	219.65	272.95	289.45	1.00
Number of employees	2	24	60	100	126	135
Shares under option	45,462	681,290	1,778,439	2,227,500	2,698,750	1,085,901
Vesting period (years)	3	3	3	3	3	1
Expected volatility	40.85%	44.17%	41.85%	36.56%	36.56%	64.98%
Option life (years)	10	10	10	10	10	10
Expected life (years)	3.5	3.5	3.5	3.5	3.5	1.5
Risk free rate	0.192%	0.723%	0.434%	0.075%	0.175%	1.456%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Attrition rate	27%	26%	19%	35%	35%	15%
Performance criteria expectation rate	100%	100%	100%	100%	100%	100%
Fair value per option - pence	73.35	66.47	68.06	73.31	78.11	78.68

	ESOP
Grant date	01/07/2022
Share price - pence	54.92
Exercise price - pence	1
Number of employees	35
Shares under option	933,850
Vesting period (years)	3
Expected volatility	69.99%
Option life (years)	10
Expected life (years)	3.5
Risk free rate	1.653%
Dividend yield	0.0%
Attrition rate	35%
Performance criteria expectation rate	100%
Fair value per option - pence	53.98

notes to the financial statements (continued)

16 Share based payments (continued)

	SAYE	SAYE	SAYE	SAYE	SAYE	SAYE
Grant date	06/11/2017	31/10/2018	30/10/2019	03/11/2020	01/12/2021	07/11/2022
Share price - pence	209.25	212.90	265.00	272.95	165.20	45.20
Exercise price - pence	169.00	189.88	216.92	268.95	154.58	30.00
Number of employees	74	89	87	131	170	125
Shares under option	0	0	5,723	22,548	120,579	2,912,040
Vesting period (years)	3	3	3	3	3	3
Expected volatility	41.67%	43.36%	40.39%	36.56%	36.56%	78.50%
Option life (years)	3.5	3.5	3.5	3.5	3.5	3.5
Expected life (years)	3	3	3	3	3	3
Risk free rate	0.513%	0.760%	0.463%	0.075%	0.592%	3.275%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Attrition rate	28%	32%	68%	93%	85%	53%
Performance criteria expectation rate	100%	100%	100%	100%	100%	100%
Fair value per option - pence	76.86	72.90	93.94	69.56	46.39	28.27

	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	67,774	99,932	224,020	859,264
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	33%	36%	45%	45%
Performance criteria expectation rate	100%	100%	100%	100%
Fair value per option - pence	213.10	226	369.40	111.55

Notes to the financial statements (continued)

16 *Share based payments (continued)*

	LTIP	LTIP	LTIP	LTIP	LTIP	LTIP
Grant date	28/06/2018	03/10/2018	30/04/2019	03/11/2020	13/07/2021	01/07/2022
Share price - pence	201.95	239.00	245.70	272.95	289.45	54.92
Exercise price - pence	1.0	1.0	1.0	1.0	1.00	1
Number of employees	3	1	3	8	9	10
Shares under option	91,606	46,045	178,501	610,000	429,959	3,609,133
Vesting period (years)	3	3	3	3	3	3
Expected volatility	44.17%	43.37%	43.14%	36.56%	36.56%	69.99%
Option life (years)	10	10	10	10	10	10
Expected life (years)	3.5	3.5	3.5	3.5	3.5	3.5
Risk free rate	0.723%	0.869%	0.787%	0.075%	0.175%	1.653%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Attrition rate	27%	0%	24%	35%	35%	35%
Performance criteria expectation rate	75%	75%	85%	75%	50%	50%
Fair value per option - pence	200.97	238.03	244.73	271.95	288.46	53.98

	CSOP	CSOP	CSOP
Grant date	28/06/2018	03/11/2020	13/07/2021
Share price - pence	201.95	272.95	289.45
Exercise price - pence	201.95	272.95	289.45
Number of employees	2	5	4
Shares under option	25,795	45,308	22,188
Vesting period (years)	3	3	3
Expected volatility	44.17%	36.56%	36.56%
Option life (years)	10	10	10
Expected life (years)	3.5	3.5	3.5
Risk free rate	0.723%	0.075%	0.175%
Dividend yield	0.0%	0.0%	0.0%
Attrition rate	35%	35%	35%
Performance criteria expectation rate	75%	75%	50%
Fair value per option - pence	66.47	73.31	78.11

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 £3,860k (year ended 28 February 2022: £2,853k).

Notes to the financial statements (continued)

17 Contingent liabilities

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

As at 28 February 2023, other than provided for in these Financial Statements (see note 13), there are no pending claims or proceedings against the Company which are expected to have material adverse effect on its liquidity or operations.

18 Ultimate parent undertaking and controlling party

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

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

There is no requirement for prettylittlething.com Limited to produce consolidated financial statements in the UK and so the financial statements of boohoo Holdings Limited are the smallest group and of boohoo group plc are the largest group to consolidate these financial statements.

Copies of boohoo Holdings Limited and boohoo group plc consolidated financial statements can be obtained from the website www.boohooplc.com or from the Company Secretary at 49-51 Dale Street, Manchester, M1 2HF.

19 Related undertakings

As at 28 February 2023, 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 (2022: £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 (2022: £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 (2022: £nil), the original cost of the investment was €10,000 (£9,000). The registered address is 81 R Reaumur, Paris, 75002, France.