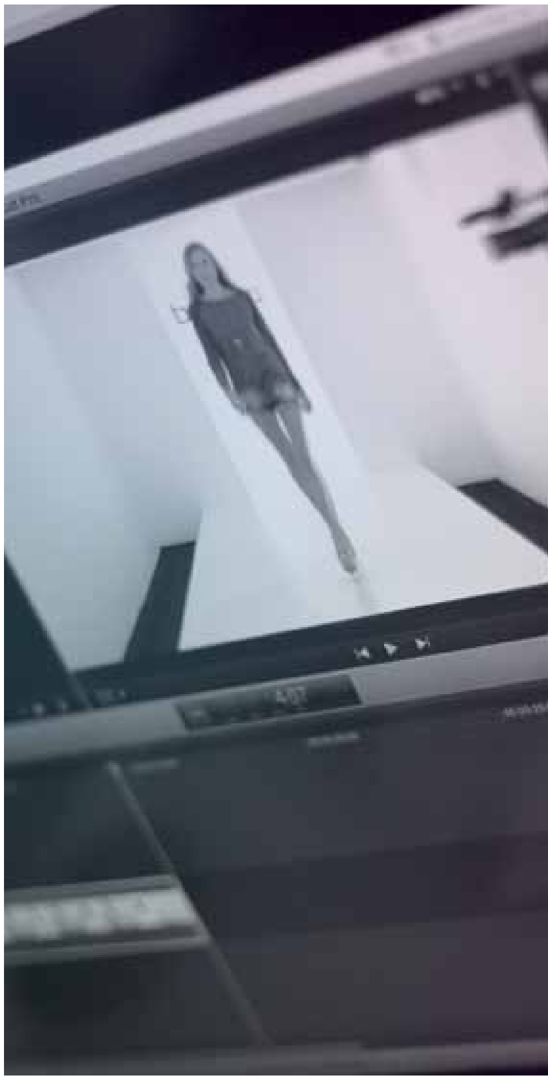
boohoo.com plc

Report and financial information

For the year ended 28 February 2014

Introduction



boohoo.com is one of the UK's largest pure-play online own brand fashion retailers. The group designs, sources, markets and sells own brand clothing, shoes and accessories through the www.boohoo.com website to a core market of 16 to 24 year old consumers in the UK and globally.

boohoo.com plc is not required to produce its first annual report and accounts until the year ended 28 February 2015. This report and financial information is for comparative purposes and comprises unaudited, non-statutory group accounts, which have been compiled from the audited results of the company's subsidiaries, boohoo.com UK Limited (formerly Wasabi Frog Limited), Boo Who Limited and ABK Limited, acquired on 14 March 2014 and presented on the basis that these entities had always been part of the group.

For more information on our business visit:

www.boohooplc.com

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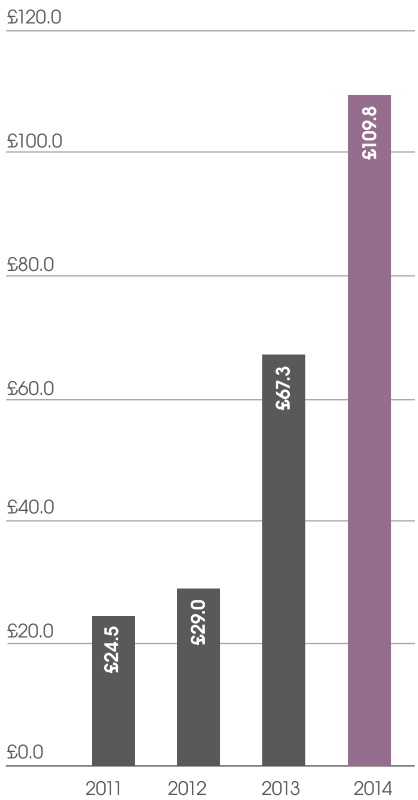
Financial highlights

	2014 £'000	2013 £'000	Growth
Revenue	**109,791**	67,282	**+63%**
Gross profit	**64,912**	36,663	**+77%**
Gross margin	**59.1%**	54.5%	**+460bps**
EBITDA (pre-exceptional)	**12,175**	3,854	**+216%**
Profit before tax and exceptional items	**11,112**	3,184	**+249%**
Profit before tax	**10,737**	3,184	**+237%**
Pro forma gross profit	**68,900**	43,269	**+59%**
Pro forma gross margin	**62.8%**	64.3%	**-150bps**
Pro forma EBITDA (pre-exceptional)	**16,007**	8,602	**+86%**
Net cash at year end	**2,669**	1,867	**+43%**

Pro forma numbers include the net profit that was made by related party companies supplying inventory to boohoo.com. Since Q4 2013, this profit is wholly realised by boohoo.com, which now sources all product directly and not through related parties.

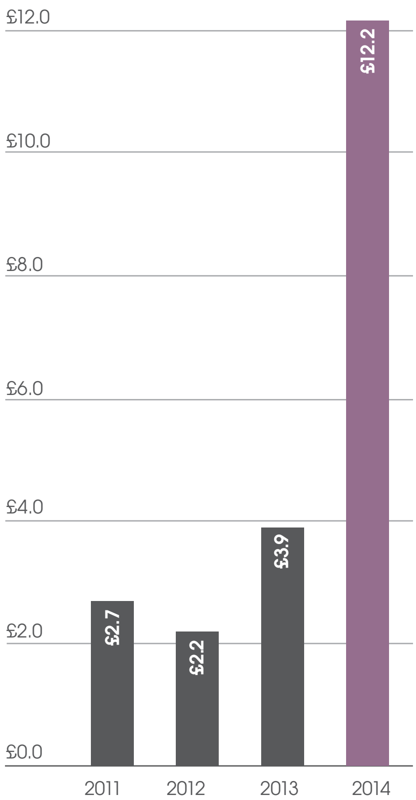
EBITDA is calculated as profit before tax, interest, depreciation and amortisation and exceptional costs.

Revenue (£m)



£109.8m
+63%

EBITDA (£m)



£12.2m
+216%

Highlights of the year

- Revenue up 63% (international revenue 35% of total)
- Pro forma gross margin 63%
- Pro forma EBITDA of £16.0m
- 2.3 million active customers, up 54% on prior year
- Significant infrastructure investment in the warehouse and IT
- Another year of international expansion with our first foreign language website successfully launched in France
- 47% of traffic from mobile devices, compared to 29% in the prior year
- Extension of our range with successful launch of boohooMan

Chairman's statement

"The group has achieved some very pleasing results over the last year, with record revenues and profits and a growth rate that would be the envy of most businesses. This has been achieved by a talented team with a proven formula for success."

I am delighted to have joined the company as Chairman at such a key and exciting stage in its development. The transition of the company from private to public ownership heralds a new era of opportunity. The group, subsequent to its listing on the Alternative Investment Market of the London Stock Exchange on 14 March 2014, now has the financial resources for the investment it requires to achieve its vision of becoming a global force in fashion retail.

The group has achieved some very pleasing results over the last year, with record revenues and profits and a growth rate that would be the envy of most businesses. This has been achieved by a talented team with a proven formula for success.

The business model affords the group enormous opportunity to grow. Its target market of fashion conscious 16 to 24 year old men and women in every continent of the world is highly responsive to internet shopping and resilient to economic change.

Fashion available at prices far lower than the high street, able to be delivered to your door at very short notice and a great website experience is a winning combination, which is borne out by the growth in the business and the financial results contained in this report.

It is a great privilege for me to be able to work with an experienced board of directors and with a highly successful executive and management team who have built this business over the years. I would like to acknowledge the work that all employees of the group have contributed to making the business the success that it has become and I look forward to working with the team to continue its success.

Peter Williams

Chairman
12 June 2014

Business model and strategy

Description of the business model

boohoo.com sells own brand clothing, shoes and accessories through the boohoo.com websites to a core market of 16 to 24 year old consumers in the UK and globally. boohoo.com is focused selling the latest on-trend fashions across a range of aspirational, but value orientated, boohoo branded products. Founded in 2006, boohoo.com has grown rapidly, developing a brand identity and an international online proposition for consumers, and now has over 2.3 million active customers.

boohoo.com has a well-established brand in the UK, Ireland and Australia and currently sells products into over 100 countries. The group has plans to further extend reach into existing and new territories including the USA, Central Europe and Scandinavia, supported by foreign language websites. Currently the group operates through English, French and Spanish language websites.

Products are designed, sourced and then distributed globally from a central UK warehouse. Marketing activity is performed through a variety of media including: TV advertising; billboards; catalogues; social media and via the websites. Hundreds of products are added to the website each week through the group's on-site photography and art studio and displayed by gallery photos and catwalk videos. The speed and agility of the group enables it to be first on the market with the latest on-trend styles and fashion.

Strategy and objectives

The group strategy is built around four pillars of growth:

- Recruitment
- Reach
- Retention
- Keeping it Real

Recruitment of new customers to the websites is driven by individualisation of marketing spend and by maintaining a highly attractive website displaying the latest fashions in quality product at value prices. Reach is achieved by focusing on key new markets abroad and developing foreign language websites and product offerings tailored to local tastes. Retention of customers is secured by providing great customer experience from the website visit, delivery service, and from the quality, fit and style of the product – all leading to brand loyalty. Keeping it Real means maintaining discipline in cost control in the business and driving efficiency improvements.

The product strategy is to expand the product range to include larger sizes, develop an extended range of accessories and fashion footwear and to increase the menswear range and appeal of the brand to men through the boohooMan brand.

Performance during the year

“We are pleased to report a very successful year with our highest ever revenue and a growth rate of 63%. Our active customer base reached the 2.3 million mark and the launch of our foreign language websites will continue to drive growth in international markets.”

We have achieved record revenue of £110m, up 63% for the year ended February 2014. Our largest market is the UK, where revenue for the year grew by 60%. Revenue in the rest of Europe grew by 78% and rest of the world by 65%. In total our international markets counted for 35% of revenues. A slowdown in marketing expenditure in the last quarter of the year enabled us to accelerate investment in IT and warehouse infrastructure to support future growth.

EBITDA increased by 216% to £12.2m (2013: £3.9m) and profit before tax by 237% to £10.7m (2013: £3.2m).

Fashion

We carry a range of around 9,000 styles for the traditional seasons of spring/summer and autumn/winter. Dresses represented over 30% of the product range. The main range dresses are priced between £12 and £25 and are developed to be both high fashion and low cost. ‘Style Steals’ are a basics range with an entry price point of £3. The Boutique Collection is a higher price point offering to a slightly older age group with more disposable income and has generated significant PR interest. This range grew its sales by 170% during the year.

Our range of swimwear performed well, with sales increasing by 454% over the previous year. Knitwear was also highly successful and grew by 118%. Fashion playsuits, in particular, were also very popular and sales rose by 157%.

boohooMan was introduced in autumn 2013 and comprises a mix of high fashion and style steals. Marketing activity commenced in February 2014 on TV and billboards to build momentum for the new ranges that are expected to perform well after a promising start. Menswear grew by 117% over the previous year.

Our plus size range, boohoo plus, introduced earlier in 2014 was very well received and we will be expanding the product offering to satisfy demand from this segment. We have plans to offer a petite range later this year.

Awards

2007
Top 10 Online fashion website award 2007 Cosmopolitan Magazine

2007
BT Online Retail Excellence Awards 2007

2008
Top 10 – Heat Magazine top online retailer awards

2009
Cosmopolitan Online Fashion Awards – Best Newcomer

2010
Experian Hitwise Top 10 website in Apparel and Accessories category (Jan-Dec)

2010
Cosmopolitan Fashion Awards – Best for Bargains

Marketing

This summer has seen us roll out our biggest ever marketing campaign '#experienceeverything'. Split into a series of three different creatives, the messaging is being pushed out through TV advertising across our key markets. The creative is also being utilised in above the line advertising on the underground, digital display, banners and video, blogger outreach, direct mail and on the very first day of launch the campaign was trending on Twitter.

This autumn/winter we are working with international blogger Nadia Aboulhosn on the launch of an exclusive plus size collection, building on the successful launch earlier this year.

Historically, we have seen a strong correlation between marketing spend and sales. Marketing expenditure for the year to February 2014 was 14.0% of revenue, after a significant reduction in the last quarter to 12.4% to allow for investment in infrastructure to cater for rapidly increasing demand. Growth rates for the last quarter of the year were somewhat lower than we would have achieved with a higher marketing spend.

Customer interaction

We served 2.3 million customers during the year, up from 1.5 million last year. The boohoo.com website attracted 61 million unique monthly visitors during the year and 1.7 million new customers were added at a steady rate of about 140,000 per month.

We fulfilled 4.2 million orders and despatched 10.1 million units from our wide range of products. On social media, we have over 380,000 followers on Twitter and over 2 million Facebook fans.

We continue to work on increasing the personalisation of the website to include products, promotions and menus tailored to the individual's preferences and buying history. Customers receive a pro-active offer of support and promotional incentives when they do not complete orders and feedback is requested to help us maintain the highest levels of customer service.

Additional delivery options are being developed including Sunday delivery, a 10pm cut-off for next day delivery, express service to Europe and other countries, improved transit times for foreign deliveries and more returns options for customers, including alternative collection and return points. We also plan to add text messaging to enable delivery point and time to be amended by the customer during transit.

2010
Reveal Click to Buy Awards – Brilliant for Bargains

2011
Reveal Click to Buy Awards – Best for Bargains, Best Place to Spend £50

2012
Lorraine Awards – Best Online Retailer

2013
Lorraine Awards – Best Online Retailer

2014
Reveal Online Fashion Awards – Best for a bargain, Best one-stop shop, Best online shop of the year

2014
Lorraine Awards – Best Online Retailer

Performance during the year

continued

Technology

New foreign language websites have been launched on our in-house developed platform. This will enable us to launch additional foreign language websites based on the same template with appropriate localisation and translation.

A new payment gateway incorporating additional payment options will be available shortly, adding additional Scandinavian currency payments and payment by Sofort and Ideal cards in Europe.

boohoo.com continues to be able to price differently in any country or currency.

Growth in mobile continues with mobile traffic representing 47% of total visitors for the year, compared to 29% in the prior year. We are currently developing an updated mobile look and feel which will be live by the summer. A more responsive mobile website is planned for later in the year on both in house and third party hosted platforms.

International expansion

International sales grew strongly in the year and represented 35% of total revenue. The launch of our first foreign language website in France in November 2013 has led to increased traffic, conversion and sales. Revenue growth since launch of the French language website has been 90%. A Spanish foreign language website went live in May 2014 and other foreign language websites are planned for later in the year with dedicated marketing campaigns. We are also adding more currencies and payment methods to grow revenues in other European countries.

The Australian market has faced significant currency headwinds through the year to February 2014 with growth slowing from a very strong performance in the first half last year.

The US market grew strongly during the year, trebling in size and remains a potential market for much greater investment in the future. A local office in New York is planned and, during a recent visit, management have identified office space and are beginning to build a local team to help execute on the significant growth opportunities in that market.

Further international expansion is planned this coming year through adding currencies for Scandinavia as well as launching additional local language websites in a number of other European markets.

Warehouse

Investment in the warehouse was accelerated to ensure our ability to deliver on future growth is not capacity constrained. The construction of mezzanine floors within the existing warehouse has increased capacity to support gross annual sales of £350m. An extension to the existing site has received planning permission and is scheduled for completion by the end of the current financial year resulting in capacity to support £500m of gross sales. The 110,000 square foot extension has multiple floors and will add 670,000 square feet of storage space, enough to store eight million units, more than four times the present capacity.

A new warehouse management system is in the advanced stages of implementation following a £1.5m investment programme. The system will improve efficiency through optimisation of the pickers' routes using Wi-Fi arm mounted units, improving order management and stock control.

The warehouse management team has been strengthened with the addition of three senior management appointments and a number of technical specialists in finance and stock control.

People

We have an excellent opportunity as a public company to hire first rate talent to help build boohoo.com for the long term. Over the last year key hires have been made including an IT director, logistics director, buying director, head of garment technology, head of financial planning and head of financial reporting.

As part of the IPO, we now have an even more experienced board providing insightful input into building boohoo.com for the future.

Outlook

The new financial year has started very positively and we anticipate revenue growth to accelerate as we increase our marketing spend in line with our targets. We are excited about our future growth prospects including: introduction of new product ranges, delivering new foreign language websites and new currency options as well as further improving our mobile website and customer experience.

Financial review

The group has achieved another strong performance with revenues and profits increasing in all territories.

Sales revenue by geographical market

	2014 £'000	2013 (restated)[1] £'000	2013 as reported £'000	Growth %
UK	**70,992**	44,326	43,770	**60%**
Rest of Europe	**13,058**	7,349	7,203	**78%**
Rest of world	**25,741**	15,607	16,309	**65%**
	109,791	67,282	67,282	**63%**

1 The geographical split of revenue in 2013 has been restated in respect of certain countries in rest of Europe that were previously in rest of world and for a more accurate regional allocation of returns provisions.

Revenue growth was broad-based across all territories, with UK growing by 60%, rest of Europe by 78% and rest of world by 65%. Following the introduction of the French language website in November 2013, revenue in France continues to grow strongly. The USA market also grew strongly, with turnover trebling over last year, and remains a key market for much greater opportunities in the future. In Australia, sales grew strongly, although growth slowed towards the end of the year due largely due to currency headwinds.

KPIs

	2014	2013	Growth %
Active customers[1]	**2.3 million**	1.5 million	**54%**
Number of orders	**4.2 million**	2.5 million	**71%**
Conversion rate to sale[2]	**6.9%**	6.0%	**15%**
Average order value[3]	**£37.48**	£39.02	**-4%**
Number of items per basket	**2.38**	2.18	**9%**

1 Defined as having shopped in the year.

2 Defined as the percentage of monthly unique visitors to the site making a purchase.

3 Calculated as gross sales including sales tax divided by the number of orders.

We have continued to grow our business strongly, attracting new customers and retaining existing ones through our quality product offerings and focus on customer service. Conversion rates have increased during the year to 6.9%. Average order value has decreased marginally whilst the number of items per basket has increased.

Consolidated income statement

	Actual			Pro forma		
	2014 £'000	2013 £'000	**Growth %**	**2014 £'000**	2013 £'000	**Growth %**
Revenue	**109,791**	67,282	**63%**	**109,791**	67,282	**63%**
Cost of sales	**(44,879)**	(30,619)	**47%**	**(40,891)**	(24,013)	**70%**
Gross profit	**64,912**	36,663	**77%**	**68,900**	43,269	**59%**
Gross margin	**59.1%**	54.5%		**62.8%**	64.3%	
Distribution costs	**(24,290)**	(13,613)		**(24,290)**	(13,678)	
Administrative expenses	**(30,289)**	(19,764)		**(30,445)**	(21,557)	
Other income	**488**	–		**488**	–	
Operating profit	**10,821**	3,286	**229%**	**14,653**	8,034	**82%**
Finance expenses	**(84)**	(102)		**(84)**	(102)	
Profit before tax	**10,737**	3,184	**237%**	**14,569**	7,932	**84%**
EBITDA	**12,175**	3,854	**216%**	**16,007**	8,602	**86%**
Calculation of EBITDA						
Operating profit	**10,821**	3,286		**14,653**	8,034	
Depreciation and amortisation	**979**	568		**979**	568	
Exceptional items	**375**	–		**375**	–	
EBITDA	**12,175**	3,854	**216%**	**16,007**	8,602	**86%**

In the table above, the pro forma results add the profits that were made by related companies in supplying inventory to boohoo.com. From late 2013, boohoo.com sourced all its products direct from suppliers and not through related companies. The group profits made in 2014 and 2013 would have been higher if boohoo.com had sourced inventory direct and therefore the pro forma results are a more meaningful comparison against future years' results. The cost of personnel performing the sourcing activity in the related companies has also been added to the reported figures to reflect the subsequent transfer of these employees to boohoo.com.

Reported gross margin rose from 54.5% to 59.1% due to the increasing proportion of inventories sourced by boohoo.com direct from suppliers.

Distribution costs and administrative expenses have increased as the business has expanded and we have continued to invest in improved and more efficient systems and in talented people. Cost control remains uppermost in our management philosophy and is tightly managed throughout the business.

The exceptional items of £375,000 in 2014, included in administrative expenses, related to capital reorganisation fees incurred prior to the flotation of the company in March 2014.

EBITDA increased by 216% from £3.9m to £12.2m on an actuals basis and from £8.6m to £16.0m on a pro forma basis.

Financial review
continued

Statement of financial position

	2014 £000	2013 £000
Intangible assets	**3,052**	626
Property, plant and equipment	**6,199**	4,967
Deferred tax	**33**	33
Non-current assets	**9,284**	5,626
Working capital	**(1,147)**	(5,033)
Net financial assets	**101**	–
Cash and cash equivalents	**5,411**	4,607
Interest bearing loans and borrowings	**(2,742)**	(2,740)
Current tax liability	**(1,147)**	(647)
Net assets	**9,760**	1,813

Net assets have increased by £7.9m to £9.8m, driven by strong profits. Working capital has increased by £3.9m and the group has a strong cash position up £0.8m at £5.4m at the year end. After the reporting date, the company received net proceeds of £46m from its Initial Public Offering.

Liquidity and financial resources

Free cash flow was £3.2m compared to £1.1m in 2013. Working capital requirements have increased due to the growth of business activity and the change to direct sourcing: inventories have increased due to the requirement to hold more products to serve our growing customer base; receivables have increased in line with revenue growth and due to a £0.5m deposit guarantee for global credit card payments and £1.1m increase in related party receivables and increase in other receivables of £1.4m. Capital expenditure was £4.6m as we have continued to invest in our warehouse and IT systems to support projected growth in trade. At the year end, and before the net injection of £46m following the flotation on 14 March 2014, the cash balances were £5.4m compared to £4.6m in 2013.

Consolidated cash flow statement

	2014 £000	2013 £000
Profit for the year	**8,427**	2,570
Depreciation charges and amortisation	**979**	568
Tax expense	**2,310**	614
Finance expenses	**84**	102
Increase in inventories	**(2,955)**	(3,442)
(Increase)/decrease in trade and other receivables	**(3,179)**	16
Increase in trade and other payables	**2,147**	5,280
Capital expenditure	**(4,637)**	(4,647)
Free cash flow	**3,176**	1,061
Interest paid	**(84)**	(102)
Tax paid	**(1,810)**	–
Non-cash changes and exchange differences	**20**	–
Proceeds from new loans	**199**	2,667
Redemption of preference shares	**(100)**	–
Dividends paid	**(400)**	–
Repayment of borrowings	**(197)**	(579)
Net cash flow	**804**	3,047
Cash and cash equivalents at beginning of year	**4,607**	1,560
Cash and cash equivalents at end of year	**5,411**	4,607

Trends and factors likely to affect future performance

The market for online clothing shopping is forecast to continue to grow and, along with the increasing use of the internet throughout the world, provides the group with much opportunity for further growth. Customers throughout the world are seeking quality product at value prices better than those available on the high street. boohoo.com's target market of 16 to 24 year olds has a high propensity to spend on fashion and the market is fairly resilient to external macro-economic factors.

Risks and uncertainties

Risk heading	Risk factors	Mitigation
Economic risk	• Economic uncertainty may affect consumer spending attitudes • Unforeseen changes in raw material, energy, labour and transport costs may not be able to be immediately passed on to the customers, thereby reducing margins • Changes in consumer demographics may affect category spend • Adverse weather may affect consumer spending patterns	• Monitor and review economic indicators and plan and adjust business requirements accordingly • React rapidly to consumer spending preferences by targeting products to market demand • Monitor demographic changes to ensure product offering remains relevant to consumers • Global consumer base provides some diversification against economic and environmental risk
Competition risk	• Competitors may be able to offer consumers better quality, keener pricing, a more fashionable product, improved customer service, more generous delivery terms or better brand image, thereby eroding market share	• Review competitor activity and offerings regularly to remain abreast of market developments and identify competitive advantages • Monitor consumers' changing preferences to ensure product and service is relevant to their demands • Establish performance targets for key deliverables (product quality, design, pricing and service) and monitor performance to maintain high levels of service • Maintain high level of efficiency and tight cost control
Fashion and consumer demands risk	• Failing to keep abreast of the latest trends in colour and style could lead to lost sales and erosion of market share • Failure to react quickly enough to fashion changes could lead to lost sales • Buying the incorrect quantities of product relevant to demand may result in lost sales opportunities or excess inventory	• Employ highly competent designers and buyers who are adept at interpreting fashion and producing desirable product • Keep up to date with fashion changes through fashion shows, predictive agencies and fashion press • Review product ranges to ensure sufficient product offering to cover likely demand • React to high demand by buying replenishment stock in short lead time, responding rapidly to fashion demand • Ensure links between buying department, merchandising and marketing are strong, with regular cross-functional communication
Systems and technical risk	• Hardware or software failure could disable the website or operational systems • Computer hacking is an increasingly major risk • Technological developments making the offering outdated with consumers migrating to more appealing websites • System capacity due to high transactional volumes may be compromised, leading to error or failure • Websites hosted by third party, which may be subject to business failure • Loss of or theft of consumer data could lead to loss of reputation and breach of data protection regulations	• Duplicate back-up system in remote location protects hardware failure and to some extent software failure • High security threshold and appropriate IT access and usage policies protect from virus and malicious attack and are regularly reviewed by the IT Director • Systems documentation and recovery procedures are in place and tested periodically • Investment in new systems is planned and phased implementation of new installations is carefully controlled

Risk heading	Risk factors	Mitigation
Supply chain risk	• The business is dependent on suppliers with whom relationships have been developed over time and whose loss through insolvency, disaster or denial of supply may be difficult to replace at short notice • Interruption to supply from raw material shortages, quota restrictions or capacity limitations could restrict supply • Interruption to supply from carriers due to adverse weather, war or terrorism or industrial action could restrict supply	• Supply risk is spread over many suppliers with no major individual dependencies • Extensive and up to date knowledge of supplier base would enable alternative sources to be found relatively quickly • Maintain adequate levels of inventory to cover short periods of supply delay
Reputational risk	• Adverse customer experience through poor product quality, product recall due to faulty manufacture or use of illegal substances in manufacture, labour abuses or environmental damage by third party suppliers could lead to reputational damage and customer boycott of the brand • Adverse customer experience through refund disputes or poor customer service could damage reputation	• Maintain a system of factory approvals, ensuring that manufacturers agree to a set of acceptable standards • Monitor the compliance with manufacturers' agreements by periodic audit • Monitor customer complaints and internet sites for customer complaints and ensure responses to issues are given where appropriate
Financial risk	• Poor business performance or lack of appetite for the sector may impede raising of capital	• Ensure working capital is sufficient for business requirements through the regular budgeting and forecasting process • Reduce uncertainty due to fluctuating exchange rates by appropriate hedging policies
People risk	• Competitors are inclined to poach key staff and talented individuals • Employees may leave the company for better pay and prospects elsewhere • Employees may not give adequate performance	• Maintain appropriate incentive schemes for senior managers, including share ownership, bonus and incentive schemes linked to personal and business performance • Provide a pleasant workplace environment, encouraging a positive company ethos through rewards and values with management engagement • Measure and reward employee performance through a formal PDP appraisal system • Operate a succession planning policy
Loss of key facilities	• Fire, flood, or terrorism could lead to part or total, temporary or permanent closure of facilities	• Maintain a disaster recovery plan and disaster committee • Warehouse is protected by 24 hour security and sprinkler system regularly tested • Head office is protected by security alarm, access control system and sprinkler system regularly tested • Electric power continuity is protected by back-up generators

Corporate social responsibility

Environmental matters

The environmental impact of the group's activities are monitored and reported to the directors. Head office waste is recycled and air travel is minimised wherever possible.

Social responsibility

Corporate social responsibility is of the utmost importance to the group and a system of policies and procedures has been established by the CSR department. We are introducing a programme in which suppliers are required to comply with a written code which outlines minimum standards in working conditions and manufacturing processes. The group is a member of SEDEX and encourages its suppliers to join. A programme of factory audits has been established in 2014 to ensure compliance with boohoo.com's supplier policies. The group places great importance on health and safety at work and has policies to enforce best practice.

Genders of employees

Number of employees of each gender at the year end

	Male	Female
Directors of the parent company	7	1
Senior managers	10	11
Other employees	175	248
	192	260

By order of the board

Mahmud Kamani

Joint Chief Executive
12 June 2014

49-51 Dale Street
Manchester
M1 2HF

Carol Kane

Joint Chief Executive

Neil Catto

Chief Financial Officer

Governance

Board of directors

Peter Williams
(aged 60)

Non-executive Chairman

Peter was formally the Senior Independent Director of ASOS plc and is currently the Senior Independent Director of Sportech PLC and non-executive director of both Rightmove plc and Cineworld Group plc. He is Chairman of both Mister Spex, an online retailer specialising in eyewear based in Berlin, and OfficeTeam, an office supplies business, and is a trustee of the Design Council. In the past, he has also served on the boards of the EMI group, Blacks Leisure Group plc, Silverstone, JJB Sports plc, GCap Media plc, and Capital Radio Group plc. In his executive career, he was Chief Executive at Alpha Group plc and prior to that was Chief Executive of Selfridges plc where he also acted as Chief Financial Officer for over ten years. Mr Williams is a chartered accountant.

Mahmud Kamani
(aged 49)

Joint Chief Executive

Mahmud founded boohoo.com with Carol Kane in 2006, leveraging over 28 years of experience in the fashion industry. Mahmud's involvement in the fashion and apparel industry spans all areas of the supply chain from importer to wholesaler to retailer. Mahmud has sourced garments from all over the world. An entrepreneur with previous experience in fashion and clothing, Mahmud has developed a loyal team, some of whom have remained with him for 20 years.

Carol Kane
(aged 47)

Joint Chief Executive

Carol has 25 years of experience in the fashion industry. Starting her career as a designer, then fashion buyer, Carol has worked for Mahmud Kamani for the past 20 years supplying high street retailers. Carol co-founded boohoo.com in 2006 and since inception has worked on marketing, product and brand strategy both domestically and abroad.

Neil Catto
(aged 47)

Chief Financial Officer

Neil qualified as a chartered accountant with Ernst & Young and spent nine years working in their Manchester, Palo Alto and Reading offices. He was previously finance director of dabs.com plc and has held senior financial positions in BT plc and The Carphone Warehouse Group plc.

Petar Cvetkovic
(aged 52)

Non-executive director

Petar is currently CEO of DX (Group) plc and is a non-executive director of Crawford Healthcare Holdings Limited. He is the former MD of DFDS Logistics, Norbert Dentressangle in the UK and was latterly Chief Executive Officer of Target Express and MD of City Link. During his 29 years in the logistics industry, Petar has worked in parcels, contract and shared-user distribution as well as supply chain and international logistics.

David Forbes
(aged 54)

Non-executive director and Senior Independent Director

David qualified as a chartered accountant in 1984 and has been a leading figure in Corporate Finance advisory services for many years including 22 years in the investment Banking division of N M Rothschild. David's areas of expertise include mergers and acquisitions, corporate strategy and corporate finance involving both equity and debt. David is currently a non-executive director, and Chairman of the Remuneration Committee, at Vertu Motors plc and Renew Holdings plc.

Stephen Morana
(aged 43)

Non-executive director

Stephen is currently the Chief Financial Officer of Zoopla Property Group plc. He was formerly the Chief Financial Officer of Betfair Group PLC, one of the UK's most successful internet businesses where he also held the position of interim CEO. Prior to Betfair, Stephen held a number of senior finance positions, including at Sapient, the Nasdaq listed technology innovator. Stephen is a Chartered Accountant and an INSEAD alumnus.

Mark Newton-Jones
(aged 46)

Non-executive director

Mark is the former CEO of Shop Direct Group, a position he held for almost ten years until July 2013. Under Mark's stewardship, Shop Direct embarked on one of the largest retail integrations in Europe, merging and integrating with Littlewoods and Great Universal Stores, and a significant transformation journey from a failing large scale bricks and mortar operation, to one of the UK's leading multi-channel retailers with seamlessly integrated mobile, online, and digital platforms. Mark led the launch of the successful online fashion brand, very.co.uk. Prior to Shop Direct Group, Mark spent 18 years at Next PLC, the last five of which he was responsible for Next Directory.

Corporate governance report

Board governance

The directors acknowledge the importance of the principles set out in the Quoted Companies Alliance Corporate Governance Code ('QCA Code'). Although the QCA Code is not compulsory for AIM quoted companies, the directors intend to apply the principles as far as they consider appropriate for a company of boohoo.com plc's size and nature in accordance with the QCA Code for Small and Mid-Size Quoted companies 2013.

As boohoo.com plc was not listed during the last financial year, this report is not prepared in accordance with the QCA Code – rather, it is designed to provide shareholders with further information on the corporate governance regime being followed by the company. Next year, the Committee intends to produce a full corporate governance report prepared in accordance with the QCA Code to the extent relevant for an AIM listed company.

The board

The directors' biographies appear on pages 18 and 19.

The board comprises eight directors, three of whom are executive directors and five of whom are non-executive directors, reflecting a blend of different experience and backgrounds. Each of Peter Williams, David Forbes, Mark Newton-Jones and Stephen Morana are prior to appointment considered to be 'independent' non-executive directors under the criteria identified in the QCA Corporate Government Code. In addition, David Forbes is the Senior Independent Director.

The role of the board

The board as a whole is collectively responsible for the success of the group and provides entrepreneurial leadership of the group within the framework of effective controls which enable risk to be assessed and managed. It sets out the group's values and standards and ensures that its obligations to shareholders and other stakeholders are understood and met.

The board has a formal schedule of matters reserved to it for decision, including approval of strategic plans and the annual operating plan, significant investments and capital projects, treasury and risk management policies. All directors take decisions objectively in the interests of the group.

Guidelines are in place concerning the content, presentation and timely delivery of papers by management to directors for each board meeting so that the directors have enough information to be properly briefed. Where issues arise at board meetings, the Chairman ensures that all directors are properly briefed and, when necessary, appropriate further enquiries are made. The division of responsibilities between the Chairman and Joint Chief Executives is clearly established and has been agreed by the board.

All directors have access to the advice and services of the Chief Financial Officer and Company Secretary, who will be responsible for ensuring that the board procedures are followed and that applicable rules and regulations are complied with. In addition, procedures will be in place to enable the directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the company's expense.

Board committees

The company has three committees namely Audit, Nomination and Remuneration Committees.

Audit Committee

Stephen Morana is the Chairman of the Audit Committee, which has primary responsibility for monitoring the quality of internal controls, ensuring that the financial performance of the company is properly measured and reported on and reviewing reports from the company's auditors relating to the company's accounting and internal controls, in all cases having due regard to the interests of shareholders. The Audit Committee will meet at least twice a year. Stephen Morana has recent and relevant financial experience. He is a chartered accountant and Chief Financial Officer at Zoopla Property Group plc having previously held a number of senior finance positions. Mark Newton-Jones and David Forbes are the other members of the Audit Committee.

Nomination Committee

Peter Williams is the chairman of the Nomination Committee which will identify and nominate, for the approval of the board, candidates to fill board vacancies as and when they arise. The Nomination Committee will meet at least twice a year. David Forbes, Mark Newton-Jones and Stephen Morana are the other members of the Nomination Committee.

Remuneration Committee

The chairman of the Remuneration Committee is David Forbes. This committee reviews the performance of the executive directors and determines their terms and conditions of service, including their remuneration and the grant of share awards, having due regard to the interests of shareholders. The Remuneration Committee will meet at least twice a year. Mark Newton-Jones and Stephen Morana are the other members of the Remuneration Committee.

Executive Committee

The Executive Committee comprises the three executive directors and selected members of the senior executive management. The committee meets at least monthly and has the responsibility for dealing with the day-to-day management of the group and developing and executing strategy.

Board and committee meetings

It is intended that the board meets at least eight times a year and the Audit Committee, the Nomination Committee and the Remuneration Committee at least twice a year.

Risk management and internal control

The board has overall responsibility for the group's systems of internal control and risk management and for reviewing the effectiveness of those systems. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives. Any system can only provide reasonable and not absolute assurance against material misstatement or loss.

The board confirms that there are on-going procedures for identifying, evaluating and managing significant risks faced by the group. The board will review the system of internal controls during the year to identify any significant failures or weaknesses.

The board has an internal risk management procedure to identify, with relevant management, the major business risks facing the group and to put in place appropriate policies and procedures to manage those risks. Internal and external risks, which are assessed on a continual basis, may be associated with a variety of internal or external sources, including control breakdowns, disruption in information systems, competition, natural catastrophe and regulatory requirements. These involve a process of control, self-assessment and reporting that will be established to provide a documented trail of accountability, which will be reported to the board.

Management will report on its review of the risks and how they are managed to both the board and Audit Committee, whose role will be to review the key risks inherent in the business and the systems of control necessary to manage those risks. The Audit Committee will present its findings to the board as appropriate. Management will also report to the board on major changes in the business and external environment which affect significant risks. Where areas for improvement in the systems are identified, the board will consider the recommendations made by management and the Audit Committee.

Performance evaluation

The Chairman intends to carry out an internal evaluation of the board (including sub-committees and individual board members) in 2014, which will involve a series of one-to-one discussions between the Chairman and board members. This will enable the board to confirm that its performance, as well as the contribution of each of the executive and non-executive directors, demonstrates commitment to their respective roles and that the board members' respective skills complement each other and enhance the overall operation of the board.

Relations with shareholders

The company maintains an active dialogue with its shareholders through a planned programme of investor relations. This activity is a keystone of the company's corporate communications programme and is headed by the Joint Chief Executives, the Chief Financial Officer and the Head of Investor Relations.

The programme includes formal presentations in London of the company's full year and interim results and meetings between institutional investors, analysts and senior management on a regular basis. Regular communication with shareholders also takes place thorough the company's annual and interim report and via the company website (www.boohooplc.com) which contains up to date information on the group's activities.

The Annual General Meeting is an important opportunity for communication with both institutional and private shareholders and also involves a short statement on the company's latest trading position. Shareholders may ask questions of the full board, including the chairs of Audit, Remuneration and Nomination Committees. The result of the proxy votes submitted by shareholders in respect of each resolution will be available on the company's website or on request to the Company Secretary.

Remuneration report

Introduction

Following Admission on 14 March 2014, the Remuneration Committee ('Committee') assumed responsibility for determining the remuneration policy for the executive directors and other members of senior management and for overseeing the company's share plans.

During this financial year, the Committee will review the company's remuneration policy. The primary objective of this review is to ensure that the policy is suitable for the group's current and future growth aspirations and the planned transition from AIM to a full listing over the next few years, whilst also reflecting the unique characteristics that have made boohoo.com successful to date.

The Committee is committed to complying with the principles of good corporate governance in relation to the design of its remuneration policy, and such our policy will follow the UK Corporate Governance Code, the QCA Remuneration Guidance, and the ABI Principles of Remuneration, as far as is appropriate to boohoo.com's management structure and the company's size and listing.

As boohoo.com plc was not listed during the year ended 28 February 2014, this report is not prepared in accordance with remuneration reporting regulations – rather, it is designed to provide shareholders with further information on the role of the Committee and the current remuneration of the board of directors.

Next year, the Committee intends to produce a full remuneration report prepared in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended, to the extent relevant for an AIM listed company.

Remuneration Committee

The Committee was established on Admission. It is responsible for making recommendations to the board regarding the remuneration of the executive directors and other senior managers, determining their terms and conditions of service and overseeing the company's share plans. The Committee's terms of reference are available on the company's website at www.boohooplc.com.

The members of the Committee are currently David Forbes (who is also the Committee Chairman), Mark Newton-Jones and Stephen Morana, all of whom are non-executive directors of the company.

The Committee has appointed independent remuneration consultants New Bridge Street ('NBS') to advise, as required, on senior executive remuneration. Neither NBS, nor AonHewitt of which it is part, provide any other services to the company.

Pay philosophy

The aim of the remuneration policy is to attract, retain and motivate high calibre senior executives, whilst ensuring that no more than necessary is paid. There is a significant variable pay component, designed to incentivise the delivery of the group's growth strategy. The interests of the executives are designed to align with the interests of shareholders through encouraging equity ownership and the award of equity incentive plans where necessary.

These principles are reflected across the company as a whole. In particular, an aim of the company's remuneration policy is to encourage widespread equity ownership across the employees, and in support of this objective, on Admission we granted an award of free shares to all our employees under an HMRC Approved SIP. It is also intended that employees will be offered the opportunity to invest in our shares on a tax-efficient basis through offering partnership shares under the SIP.

Pay policy for executive directors

Remuneration for the executive directors comprises the following elements, not all of which are currently provided to each executive director:

- base salary
- pension
- annual bonus
- the Executive Share Option Plan ('ESOP')

Base salary

Currently, the salaries of the executive directors are £225,000 for Mahmud Kamani, £225,000 for Carol Kane and £150,000 for Neil Catto.

Salaries will be reviewed annually, with the next review being scheduled to take effect for the year commencing 1 March 2015.

Pension and other benefits

Carol Kane and Neil Catto receive a company pension contribution of 5% of salary. Mahmud Kamani does not receive a company pension contribution.

Carol Kane and Neil Catto receive company health care and life assurance.

Annual bonus

All of the executive directors are eligible to participate in the company wide annual cash bonus plan. The Committee oversees the bonus plan, and any bonus payments are at the discretion of the Committee.

Under the annual bonus plan, performance is measured over a single financial year. For the financial year ending 28 February 2015, the performance targets will be based on inter alia a combination of revenue and EBITDA metrics, (as defined in the plan), both of which will carry equal weighting. This choice of metrics reflects that these measures have been identified as the key indicators of the company's success against its growth strategy.

Executive Share Option Plan ('ESOP')

On Admission, Neil Catto (together with a number of other selected senior executives who received differing levels of award), was granted 2,000,000 options with an exercise price of 50 pence per share. These options will become exercisable on the third anniversary of grant until 14 March 2024, subject to the achievement of performance conditions.

The performance targets applying to the ESOP awards are based on the achievement of an aggregate group EBITDA target (as defined in the ESOP plan documentation) over the three financial years 2015, 2016 and 2017. 75% of the options will become exercisable for the achievement of 75% of the target, rising on a straight-line-basis to 100% vesting for full achievement of the target.

As founder shareholders, neither Mahmud Kamani nor Carol Kane, both of whom have retained a significant equity stake in the company, received ESOP awards on Admission.

The ESOP is considered an effective equity incentive vehicle as it aligns closely with the interests of shareholders both via the requirement to achieve performance targets linked to our financial performance.

It is intended that grants of options will continue to be made under the ESOP periodically at the discretion of the Committee.

Remuneration report

continued

Service contracts

Each of the executive directors has a service contract dated 21 February 2014. Under these contracts, each executive director has a 12 month notice period from both the company and the executive. The company may also elect to terminate the employment of each executive director by making a payment in lieu of notice equal to their base salary in either a lump sum or monthly instalments.

Remuneration policy for non-executive directors

The Chairman and non-executive directors provide their services under the terms of letters of appointment dated 21 February 2014. With the exception of the non-executive Chairman, whose letter of appointment provides for termination of services with three months' notice, the letters of appointment have a one month notice period either by the company or the non-executive director.

The Chairman and non-executive directors all receive a single fee to cover all their duties. The current annual fees are:

- Non-executive Chairman £70,000
- Non-executive director and Senior Independent Director £50,000
- Non-executive directors £40,000

The above fees will be reviewed annually by the board.

NED Plan

The NED Plan was established on Admission to enable share options to be granted to certain non-executive directors on the same terms as the ESOP. Details of the grants made on Admission are set out below.

Name	No of ordinary shares under option	Exercise price	Exercise period[1]
Peter Williams	1,900,000	50p per share	14 March 2017 to 14 March 2024
Stephen Morana	500,000	50p per share	14 March 2017 to 14 March 2024
Mark Newton-Jones	700,000	50p per share	14 March 2017 to 14 March 2024

1 Options will become exercisable subject to the achievement of the same performance targets as for the ESOP awards.

It is not intended that further options be granted under the NED plan on a regular basis.

Disclosure of directors' pay for the year

The remuneration of the directors during the year ended 28 February 2014 is set out below:

Director	Base salary/ non-executive director fees £	Benefits £	Pension £	Annual bonus £	Total £
Mahmud Kamani	Nil	Nil	Nil	Nil	Nil
Carol Kane	136,251	1,891	20,256	Nil	158,398
Neil Catto	116,004	1,584	7,704	100,000	225,292
Petar Cvetkovic	30,000	Nil	Nil	Nil	30,000

Directors' interests in shares

The table below sets out the beneficial interests in shares as at the date of Admission.

Name of director	Interests in ordinary shares At 14 March 2014	As a % of share capital
Mahmud Kamani	275,354,731	24.58
Carol Kane	50,980,421	4.55
Petar Cvetkovic	10,210,362	0.91
Peter Williams	200,000	0.02
Mark Newton-Jones	200,000	0.02
Stephen Morana	200,000	0.02
David Forbes	40,000	0.00

David M Forbes

Chairman of the Remuneration Committee
12 June 2014

Financial Statements

Consolidated statement of comprehensive income

for the year ended 28 February 2014

	Note	**2014 £'000**	2013 £'000
Revenue	2	**109,791**	67,282
Cost of sales		**(44,879)**	(30,619)
Gross profit		**64,912**	36,663
Distribution costs		**(24,290)**	(13,613)
Administrative expenses		**(30,289)**	(19,764)
Other income	3	**488**	–
Profit before tax		**10,821**	3,286
Finance costs	4	**(84)**	(102)
Profit before tax		**10,737**	3,184
Taxation	9	**(2,310)**	(614)
Profit for the year		**8,427**	2,570
Other comprehensive income for the year, net of income tax			
Net fair value gains on cash flow hedges		**20**	–
Total comprehensive income for the year		**8,447**	2,570

All activities relate to continuing operations.

The notes on pages 32 to 46 form part of these financial statements.

Consolidated statement of financial position

at 28 February 2014

	Note	**2014 £'000**	2013 £'000
Assets			
Non-current assets			
Intangible assets	10	**3,052**	626
Property, plant and equipment	11	**6,199**	4,967
Deferred tax	13	**33**	33
		9,284	5,626
Current assets			
Inventories	14	**9,795**	6,840
Trade and other receivables	15	**3,927**	873
Financial assets	20	**125**	–
Cash and cash equivalents		**5,411**	4,607
Total current assets		**19,258**	12,320
Total assets		**28,542**	17,946
Current liabilities			
Trade and other payables	16	**(14,869)**	(12,746)
Interest bearing loans and borrowings	17	**(384)**	(219)
Financial liabilities	20	**(24)**	–
Current tax liability		**(1,147)**	(647)
Total current liabilities		**(16,424)**	(13,612)
Liabilities			
Non-current liabilities			
Interest bearing loans and borrowings	17	**(2,358)**	(2,521)
Total liabilities		**(18,782)**	(16,133)
Net assets		**9,760**	1,813
Equity			
Share capital	18	**-**	–
Share premium	18	**-**	–
Capital redemption reserve		**100**	–
Reconstruction reserve		**17**	117
Hedging reserves		**20**	–
Retained earnings		**9,623**	1,696
Total equity		**9,760**	1,813

The notes on pages 32 to 46 form part of these financial statements.

Consolidated statement of changes in equity

for the year ended 28 February 2014

	Capital redemption reserve £'000	Reconstruction reserve £'000	Hedging reserves £'000	Retained earnings/ (accumulated losses) £'000	Total equity £'000
Balance as at 1 March 2012	–	117	–	(874)	(757)
Total comprehensive income for the year					
Profit for the year	–	–	–	2,570	2,570
Total comprehensive income for the year	–	–	–	2,570	2,570
Balance at 28 February 2013	–	117	–	1,696	1,813
Total comprehensive income for the year					
Profit for the year	–	–	–	8,427	8,427
Fair value gains on cash flow hedges	–	–	20	–	20
Total comprehensive income for the year	–	–	20	8,427	8,447
Transactions with owners					
Redemption of preference shares	100	(100)	–	(100)	(100)
Dividends paid	–	–	–	(400)	(400)
Balance at 28 February 2014	**100**	**17**	**20**	**9,623**	**9,760**

All activities relate to continuing operations.

The notes on pages 32 to 46 form part of these financial statements.

Consolidated cash flow statement

for the year ended 28 February 2014

	Note	**2014 £'000**	2013 £'000
Cash flows from operating activities			
Profit for the year		**8,427**	2,570
Adjustments for:			
Depreciation charges and amortisation		**979**	568
Gain on sale of property, plant and equipment		**(60)**	–
Transfer from hedging reserves		**20**	–
Finance costs		**84**	102
Tax expense		**2,310**	614
Profit before tax before changes in working capital and provisions		**11,760**	3,854
Increase in inventories		**(2,955)**	(3,442)
(Increase)/decrease in trade and other receivables		**(3,179)**	16
Increase in trade and other payables		**2,147**	5,280
Cash generated from operations		**7,773**	5,708
Interest paid		**(84)**	(102)
Tax paid		**(1,810)**	–
Net cash inflow from operating activities		**5,879**	5,606
Cash flows from investing activities			
Acquisition of intangible assets	10	**(2,762)**	(357)
Acquisition of tangible property, plant and equipment	11	**(1,875)**	(691)
Acquisition of Burnley warehouse	11	**-**	(3,599)
Proceeds from sale of property, plant and equipment		**60**	–
Net cash used in investing activities		**(4,577)**	(4,647)
Cash flows from financing activities			
Proceeds from new loan		**199**	2,667
Redemption of preference shares		**(100)**	–
Dividends paid		**(400)**	–
Repayment of borrowings		**(197)**	(579)
Net cash (used in)/generated from financing activities		**(498)**	2,088
Increase in cash and cash equivalents		**804**	3,047
Cash and cash equivalents at beginning of year		**4,607**	1,560
Cash and cash equivalents at end of year		**5,411**	4,607

The notes on pages 32 to 46 form part of these financial statements.

Notes

1 Accounting policies

boohoo.com plc is a company incorporated and domiciled in Jersey.

The group financial statements consolidate those of its subsidiaries that became its subsidiaries after the year end, ABK Limited, boohoo.com UK Limited (formerly Wasabi Frog Limited) and Boo Who Limited ('Subsidiaries'). All intercompany transactions between group companies are eliminated.

The group financial statements, which are not statutory financial statements, have been extracted from financial statements of the Subsidiaries prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ('Adopted IFRSs'), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. Since the company did not acquire the group until after the balance sheet date, these financial statements include the results of the Subsidiaries as if they were always part of the group and are for comparative purposes. boohoo.com plc acquired the group on 14 March 2014 simultaneous with its flotation and admission to the AIM listing of the London Stock Exchange. The proceeds from that flotation are not therefore included in these financial statements.

The directors have considered the accounting policy that should be applied in respect of the consolidation of the group formed upon acquisition of the group on admission. They have concluded that the transaction described above represented a combination of entities under common control and in accordance with IAS 8 'Accounting policies, changes in accounting estimates and errors' have considered FRS 6 'Acquisitions and mergers' under UK GAAP, which the directors believe reflects the economic substance of the transaction. Under this standard, assets and liabilities are recorded at book value, not fair value, intangible assets and contingent liabilities are recognised only to the extent that they were recognised by the legal acquirer, no goodwill is recognised, any expenses of the combination are written off immediately to the income statement and comparative amounts, if applicable, are restated as if the combination had taken place at the beginning of the earliest accounting period presented. Therefore, although the group reconstruction did not take place until 14 March 2014, these consolidated financial statements are presented as if the group structure had always been in place, using merger accounting principles.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Measurement convention

The consolidated financial statements have been prepared on a going concern basis and under the historical cost convention, as modified by financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

Going concern

The financial statements have been approved on the assumption that the group remains a going concern. The following paragraph summarises the issues and basis on which the directors have reached their conclusion.

The directors have reviewed the group's cash flow forecasts for a period exceeding 12 months from the date of authorisation of these financial statements. Following this review, the directors have formed a judgement that, at the time of approval of the financial statements, the group has sufficient resources to continue operating for the foreseeable future including the funding of necessary capital expenditure. For the reasons noted above, the directors continue to prepare the financial statements on a going concern basis.

Basis of consolidation

Subsidiaries are entities controlled by the group. Control exists when the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. Subsidiary undertakings acquired during the year are accounted for using the acquisition method of accounting. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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. Asset acquisitions are funded from cash rather than from borrowings.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of each item of property, plant and equipment is written off evenly over its estimated remaining useful life. Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, as follows: buildings 2%; motor vehicles and computer equipment 33%; and short leasehold and fixtures and fittings 33% or 20%. The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

Classification of financial instruments issued by the group

Financial instruments issued by the group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and

b) where the instrument will or may be settled in the group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the group's own equity instruments or is a derivative that will be settled by the group's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for share capital and share premium exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of finance costs. Finance payments associated with financial instruments that are classified in equity are dividends and are recorded directly in equity.

Financial risk management

The group seeks to mitigate partially against increased interest rates whilst maintaining a degree of flexibility to benefit from decreased rates of interest by holding a mix of short and longer term loans sourced externally.

Financial instruments

Financial instruments are recognised at fair value and subsequently held at amortised cost. For those recognised at fair value the gain or loss on re-measurement to fair value is recognised immediately in the statement of comprehensive income.

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.

Trade and other payables

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

Notes
continued

1 Accounting policies (continued)

Derivative financial instruments and cash flow hedges

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

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.

Cash and cash equivalents

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

Impairment

Non-financial assets

The carrying amounts of the group's non-financial assets other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from the other assets or group of assets. Impairment losses are recognised in the statement of comprehensive income.

The recoverable amount of an asset or cash-generating unit is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time, value for money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Financial assets

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

The recoverable amount of the group's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Revenue

Revenue and profit before tax are attributable to the one principal activity of the business. Revenue represents net invoiced sales of goods, excluding value added tax. Revenue from the sale of goods is recognised when the group has transferred the goods to the buyer.

Intangible assets

Intangible assets are valued at cost less accumulated amortisation. The group purchased various domain names and the registered trademark which have been included in patents and licences. These are expected to have an estimated useful life of ten years and have been amortised over this period. Computer software purchased in the year has been amortised over its estimated life of three or four years. Amortisation is included in administrative expenses in the statement of comprehensive income.

Inventories

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

Leasing commitments

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Finance costs

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

Pension costs

The group 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.

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:

Refund accruals

Accruals for sales refunds are estimated based on recent historical returns and management's best estimates and are allocated to the period in which the revenue is recorded. Actual returns could differ from these estimates.

Inventory valuation

Inventory is carried at the lower of cost or net realisable value. The estimation of net realisable value may be different from the future actual value realised.

Notes

continued

1 Accounting policies (continued)

IFRSs issues not yet applied

The following new standards, amendments to standards and interpretations issued by the International Accounting Standards Board became effective during the year, but have no material effect on the group's financial statements:

– Improvements to IFRS 2011

The International Accounting Standards Board ('IASB') and International Financial Reporting Interpretations Committee ('IFRIC') have also issued the following standards and interpretations which have been endorsed by the EU at 28 February 2014 with an effective date of implementation after the date of these financial statements:

International Accounting Standards ('IAS/IFRSs')

	Effective date (periods beginning on or after)
IFRS 10 (revised) Consolidated Financial Statements	1 January 2014
IFRS 11 (revised) Joint Arrangements	1 January 2014
IFRS 12 (revised) Disclosure of Interests in Other Entities	1 January 2014
IAS 27 (revised) Separate Financial Statements (2011)	1 January 2014
Amendments to IAS32 Offsetting Financial Assets and Financial Liabilities	1 January 2014

The directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the financial statements in the period of initial application.

2 Revenue

Sales revenue by geographical market

	2014 £'000	2013 (restated)[1] £'000
UK	**70,992**	44,326
Rest of Europe	**13,058**	7,349
Rest of world	**25,741**	15,607
	109,791	67,282

1 The geographic split of revenue in 2013 has been restated in respect of certain countries in rest of Europe that were previously in rest of world and for a more accurate regional allocation of returns provisions.

3 Other income

	2014 £'000	2013 £'000
Gift to group from director for benefit of employees	**450**	–
Waiver of loan from director in ABK Limited	**38**	–
	488	–

4 Finance costs

	2014 £'000	2013 £'000
Bank interest	**84**	102

5 Auditors' remuneration

	2014 £'000	2013 £'000
Audit of these financial statements	**-**	–
Disclosure below based on amounts receivable in respect of services to the group		
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	**45**	30
Other services relating to taxation	**-**	3
Transaction services fees	**255**	–
	300	33

6 Profit before tax

	2014 £'000	2013 £'000
Hire of plant and machinery	**-**	24
Operating lease rentals for buildings	**401**	–
Depreciation	**643**	414
Amortisation	**336**	154
Exceptional items – capital re-organisation fees	**375**	–

7 Staff numbers and costs

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

	2014 £'000	2013 £'000
Administration	**252**	121
Selling and distribution	**142**	89
	394	210

The aggregate payroll costs of these persons were as follows:

	2014 £'000	2013 £'000
Wages and salaries	**9,144**	4,594
Social security costs	**849**	426
	9,993	5,020

Notes

continued

8 Directors' remuneration

	2014 £'000	2013 £'000
Directors' emoluments		
Wages and salaries	**386**	239
Other pension costs	**28**	26
	414	265

The aggregate of emoluments of the highest paid director was £225,292 (2013: £127,528). The contributions to a money purchase pension scheme in respect of the highest paid director were £7,704 (2013: £18,972). The number of directors contributing to a money purchase pension scheme was 2 (2013: 1).

9 Taxation

	2014 £'000	2013 £'000
Analysis of charge in year		
UK corporation tax		
Current tax on income for the year	**2,352**	647
Adjustments in respect of prior year taxes	**(42)**	–
Deferred taxation – depreciation in excess of capital allowances	**-**	(33)
Tax on profit on ordinary activities	**2,310**	614
The total tax charge differs from the amount computed by applying the UK rate of 23.1% (2013: 24.2%) to profit before tax as a result of the following:		
Profit on ordinary activities before tax	**10,737**	3,184
Profit before tax multiplied by the standard rate of corporation tax on the UK of 23.1% (2013: 24.2%)	**2,478**	770
Effects of:		
Expenses not deductible for tax purposes – property, plant and equipment	**-**	19
(Income not subject to)/expenses not deductible for tax purposes	**(32)**	35
Adjustments in respect of prior year taxes	**(42)**	–
R&D tax credits	**(114)**	–
Change in tax rate	**-**	3
Depreciation in excess of capital allowances – deferred tax not recognised	**20**	(213)
Tax on profit on ordinary activities	**2,310**	614

A reduction in the UK corporation tax rate from 24% to 23% (effective from 1 April 2013) was substantively enacted on 3 July 2012. Accordingly the group's profits for this accounting period are taxed at an effective rate of 23.1%. The deferred tax asset at 28 February 2014 has been calculated based on the rate of 23% at the reporting date.

The March 2013 Budget announced that the rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn Statement. It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the group's future current tax charge and reduce the group's deferred tax asset accordingly.

10 Intangible assets

	Patents and licences £'000	Computer software £'000	Totals £'000
Cost			
Balance at 1 March 2012	208	438	646
Additions	75	282	357
Disposals	(10)	–	(10)
Balance at 28 February 2013	273	720	993
Balance at 1 March 2013	273	720	993
Additions	28	2,734	2,762
Balance at 28 February 2014	**301**	**3,454**	**3,755**
Accumulated amortisation			
Balance at 1 March 2012	43	180	223
Amortisation for the year	26	128	154
Disposals	(10)	–	(10)
Balance at 28 February 2013	59	308	367
Balance at 1 March 2013	59	308	367
Amortisation for year	29	307	336
Balance at 28 February 2014	**88**	**615**	**703**
Net book value			
At 29 February 2012	165	258	423
At 28 February 2013	214	412	626
At 28 February 2014	**213**	**2,839**	**3,052**

Notes
continued

11 Property, plant and equipment

	Short leasehold £'000	Fixtures and fittings £'000	Computer equipment £'000	Motor vehicles £'000	Land and buildings £'000	Totals £'000
Cost						
Balance at 1 March 2012	279	599	397	155	372	1,802
Additions	131	361	174	25	3,599	4,290
Balance at 28 February 2013	410	960	571	180	3,971	6,092
Balance at 1 March 2013	410	960	571	180	3,971	6,092
Additions	921	376	499	74	5	1,875
Disposals	–	–	–	(172)	–	(172)
Balance at 28 February 2014	**1,331**	**1,336**	**1,070**	**82**	**3,976**	**7,795**
Accumulated depreciation						
Balance at 1 March 2012	79	230	296	106	–	711
Depreciation charge for the year	62	147	93	69	43	414
Balance at 28 February 2013	141	377	389	175	43	1,125
Balance at 1 March 2013	141	377	389	175	43	1,125
Depreciation charge for the year	130	232	178	21	82	643
Disposals	–	–	–	(172)	–	(172)
Balance at 28 February 2014	**271**	**609**	**567**	**24**	**125**	**1,596**
Net book value						
At 29 February 2012	200	369	101	49	372	1,091
At 28 February 2013	269	583	182	5	3,928	4,967
At 28 February 2014	**1,060**	**727**	**503**	**58**	**3,851**	**6,199**

12 Investments

The subsidiaries held from 14 March 2014 but consolidated in these accounts are set out below:

Company	**Principal activity**	**Country of incorporation**	**Percentage ownership**
ABK Limited	Holding company	Jersey	100%
boohoo.com UK Limited (formerly Wasabi Frog Limited)	Trading company	UK	100%
Boo Who Limited	Property holding company	UK	100%
Boohoo.com USA Limited	Dormant company	UK	100%

13 Deferred tax

	Depreciation in excess of capital allowances £'000
At 1 March 2012	–
Recognised in statement of comprehensive income	33
At 28 February 2013	33
At 28 February 2014	**33**

14 Inventories

	2014 £'000	2013 £'000
Finished goods	**9,795**	6,840

The value of inventories included within cost of sales for the year was £42,433,000 (2013: £30,619,000). An impairment provision of £517,000 (2013: £687,000) was charged to the statement of comprehensive income. The relative reduction in the level of the provision between 2013 and 2014 follows the introduction of a new provisioning methodology during the year calculated on the basis of an enhanced level of historic inventory data. The provision at 28 February 2013 under the new methodology would have been £335,000.

15 Trade and other receivables

	2014 £'000	2013 £'000
Amounts due from related party undertakings	**1,156**	39
Other receivables	**1,610**	158
Prepayments and accrued income	**1,161**	676
	3,927	873

The amounts due from related party undertakings will be repaid within six months. Other receivables represent amounts due from credit card sales which were received within a few days of the invoice date in accordance with normal bank clearance times, advance payments to suppliers and a deposit paid to a credit card organisation.

16 Trade and other payables

	2014 £'000	2013 £'000
Trade payables	**8,469**	7,910
Amounts owed to related party undertakings	**192**	953
Other payables	**42**	49
Accruals and deferred income	**4,859**	3,242
Taxes and social security payable	**1,307**	592
	14,869	12,746

17 Interest-bearing loans and borrowings

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

	2014 £'000	2013 £'000
Non-current liabilities		
Secured bank loans	**2,358**	2,482
Other loans	**–**	39
	2,358	2,521
Current liabilities		
Current portion of secured bank loans	**185**	185
Current portion of other loans	**199**	34
	384	219

Notes
continued

17 Interest-bearing loans and borrowings (continued)

	Currency	Nominal interest rate	Year of maturity	**2014 £'000**	2013 £'000
Secured bank loan	£	2.75%	2027	**2,543**	2,667
Carbon trust loan	£	0%	2014	**–**	14
Other loan	£	0%	2014	**199**	59
				2,742	2,740

The secured bank loan was repaid in April 2014.

18 Share capital and share premium

	2014 £'000	2013 £'000
Authorised and fully paid ordinary shares of 1p each (2013: nil)	**–**	–

During the year, the redeemable preference shares in boohoo.com UK Limited (formerly Wasabi Frog Limited) were redeemed at nominal value of £99,917.

19 Related party disclosures

Included in amounts due from related party undertakings at the year end in boohoo.com UK Limited (formerly Wasabi Frog Limited) is an amount of £1,155,684 (2013: amounts owed to related party undertakings £419,100) due from Jogo Associates Limited, a company in which J A Kamani is interested in as director and shareholder and M A Kamani is interested in as a shareholder. Transactions in boohoo.com UK Limited (formerly Wasabi Frog Limited) with Jogo Associates Limited during the year were as follows:

	2014 £'000	2013 £'000
Purchases	**453**	426
Loan	**1,142**	–

Included in trade payables at the year end in boohoo.com UK Limited (formerly Wasabi Frog Limited) is an amount of £nil (2013: £nil) payable to The White Cube Creative Limited, a company in which the domestic partner of C M Kane is interested in as a director. Transactions in boohoo.com UK Limited (formerly Wasabi Frog Limited) with The White Cube Creative Limited during the year were as follows:

	2014 £'000	2013 £'000
Administration costs – marketing services	**74**	98

Included in trade payables at the year end in boohoo.com UK Limited (formerly Wasabi Frog Limited) is an amount of £nil (2013: £4,082,892) payable to The Pinstripe Clothing Co. Limited, a company in which J A Kamani and M A Kamani are interested in as directors and shareholders. Included in amounts owed to related party undertakings at the year end in boohoo.com UK Limited (formerly Wasabi Frog Limited) is an amount of £27,541 (2013: £533,925). Transactions in boohoo.com UK Limited (formerly Wasabi Frog Limited) with The Pinstripe Clothing Co. Limited during the year were as follows:

	2014 £'000	2013 £'000
Purchases	**10,162**	30,995
Loan	**926**	–

Included in trade payables at the year end in boohoo.com UK Limited (formerly Wasabi Frog Limited) is an amount of £nil (2013: £561,932) payable to Red Orange Limited, a company in which M A Kamani and C M Kane are interested in as directors and shareholders. Included in amounts owed to related party undertakings at the year end in boohoo.com UK Limited (formerly Wasabi Frog Limited) is an amount of £16,374 (2013: included in amounts due from related party undertakings £33,290). Transactions in boohoo.com UK Limited (formerly Wasabi Frog Limited) with Red Orange Limited during the year were as follows:

	2014 £'000	2013 £'000
Purchases	**1,157**	4,230

Included in trade payables at the year end in boohoo.com UK Limited (formerly Wasabi Frog Limited) is an amount of £20,716 (2013: £47,366) payable to Pannone Corporate LLP, a company in which S Grant (a former director of boohoo.com UK Limited) is interested in as a partner. Transactions in boohoo.com UK Limited (formerly Wasabi Frog Limited) with Pannone Corporate LLP during the year were as follows:

	2014 £'000	2013 £'000
Administration costs – legal services	**196**	100

Included in trade payables at the year end in boohoo.com UK Limited (formerly Wasabi Frog Limited) is an amount of £nil (2013: £33,022) payable to Kamani Commercial Property Limited, a company in which M A Kamani and J A Kamani are interested in as directors. Included in amounts owed to related party undertakings at the year end in boohoo.com UK Limited (formerly Wasabi Frog Limited) is an amount of £129,585 (2013: amounts due from related party undertakings £4,006). Transactions in boohoo.com UK Limited (formerly Wasabi Frog Limited) with Kamani Commercial Property Limited during the year were as follows:

	2014 £'000	2013 £'000
Rent and service charge	**575**	458

Included in trade payables at the year end in boohoo.com UK Limited (formerly Wasabi Frog Limited) is an amount of £nil (2013: £20,568) due to Kamani Construction Limited, a company in which M A Kamani and J A Kamani are interested in as directors. Included in amounts owed to related party undertakings at the year end in boohoo.com UK Limited (formerly Wasabi Frog Limited) is an amount of £17,913 (2013: amounts due from related party undertakings £1,928). Transactions in boohoo.com UK Limited (formerly Wasabi Frog Limited) with Kamani Construction Limited during the year were as follows:

	2014 £'000	2013 £'000
Purchases	**170**	161

Included in amounts owed by related party undertakings in boohoo.com UK Limited (formerly Wasabi Frog Limited) at the year is an amount of £1,071,016 (2013: £1,232,462) due from Boo Who Limited, a subsidiary of boohoo.com UK Limited (formerly Wasabi Frog Limited) and of which M A Kamani is a director. Transactions in boohoo.com UK Limited (formerly Wasabi Frog Limited) with Boo Who Limited during the year were as follows:

	2014 £'000	2013 £'000
Distribution costs – Rent	**324**	324
Interest and other expenses payable	**49**	40

Notes
continued

19 Related party disclosures (continued)

Included in trade payables at the year end in boohoo.com UK Limited (formerly Wasabi Frog Limited) is an amount of £10,000 (2013: £nil) payable to Zeus Capital Limited, a company in which R Hughes (a former director of boohoo.com UK Limited) is interested in as a director. Transactions in boohoo.com UK Limited (formerly Wasabi Frog Limited) with Zeus Capital Limited during the year were as follows:

	2014 £'000	2013 £'000
Administration costs	**120**	–

Included in prepayments and accrued income at the year end in boohoo.com UK Limited (formerly Wasabi Frog Limited) is an amount of £450,000 (2013: £nil) due from M A Kamani in respect of a gift to boohoo.com UK Limited (formerly Wasabi Frog Limited) for the benefit of employees.

	2014 £'000	2013 £'000
Other income	**450**	–

Included in trade payables in boohoo.com UK Limited (formerly Wasabi Frog Limited) at the year end is an amount of £nil (2013: £nil) payable to Graphic Clothing Limited, a company in which J A Kamani is interested in as a director. Transactions in boohoo.com UK Limited (formerly Wasabi Frog Limited) with Graphic Clothing Limited during the year were as follows:

	2014 £'000	2013 £'000
Purchases	**614**	–

20 Financial instruments

(a) Fair values of financial instruments

Trade and other receivables

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

Trade and other payables

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

Cash and cash equivalents

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

Interest-bearing borrowings

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

Fair values

	2014 £'000	2013 £'000
Financial assets		
Cash and cash equivalents	**5,411**	4,607
Cash flow hedges	**125**	–
Trade and other receivables	**2,766**	197
Total financial assets	**8,302**	4,804

	2014 £'000	2013 £'000
Financial liabilities		
Other interest-bearing loans and borrowings	**2,742**	2,740
Cash flow hedges	**24**	–
Trade and other payables	**13,562**	12,154
Total financial liabilities	**16,328**	14,894

(b) Credit risk

Financial risk management

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

The group faces minimal credit risk from trade receivables as customers pay for their orders in full at the time of purchase and bank clearance of credit cards receipts is of short duration. The risk of default from related party undertakings is considered low.

(c) Liquidity risk

Financial risk management

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

The group'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 group will not be able to continue as a going concern.

The group's approach to managing capital risk is to safeguard the group's ability to continue as a going concern by securing an appropriate mix of debt and equity funding, a strong credit rating and sufficient headroom.

Notes

continued

20 Financial instruments (continued)

(d) Foreign currency risk

Financial risk management

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

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

The fair value of forward foreign exchange contracts recognised in the Statement of Financial Position within financial assets at 28 February 2014 was £125,000 (2013: £nil) and within financial liabilities was £24,000 (2013: £nil). Cash flows related to these contracts will occur during the year to 28 February 2015 and gains or losses will be recognised in the Statement of Comprehensive Income during the same period.

21 Operating leases

The group has lease agreements in respect of properties, plant and equipment, for which the payments extend over a number of years. The total of future minimum lease payments under non-cancellable operating leases due in each period are:

	2014 £'000	2013 £'000
Within one year	**555**	–
Within two to five years	**1,752**	–

Shareholder information

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Jersey
JE2 3RT

Bankers
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4 Hardman Square
Spinningfields
Manchester
M3 3EB

Current shareholders
Shareholders holding more than 3% of the company's shares as at 16 June 2014.

Shareholder	Number of ordinary shares held	Percentage held
M A Kamani	275,354,731	24.52%
Old Mutual Global Investors	107,935,901	9.61%
J A Kamani	76,485,370	6.81%
R A Kamani	76,485,370	6.81%
Odey Asset Management	64,816,606	5.77%
BlackRock Investment Mgt (UK).	54,622,221	4.86%
C M Kane	50,980,421	4.54%
Standard Life Investments	41,814,922	3.72%

Shareholder notes

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