





---

**ASOS is a global fashion destination for 20-somethings. We sell cutting-edge fashion and offer a wide variety of fashion-related content, making ASOS.com the hub of a thriving fashion community. We offer more than 80,000 branded and own-brand products through localised mobile and web experiences, delivering from our fulfilment centres in the UK, US, Europe and China to almost every country in the world.**

**2015 has been a better year for ASOS, with UK total sales up 28%, international total sales up 12% and profitability stabilised. We have improved our customer experience, invested in our pricing and proposition, and landed more technology to help us achieve our goals. Our customer engagement remains high and continues to improve. While there remains much work to do, we are now laying down the required infrastructure to support our next staging post of £2.5bn sales.**

**Our ambition remains to be the world's no.1 fashion destination for 20-somethings.**

# CONTENTS

---

## Strategic Report

02	Financial and Operational Highlights
03	Chairman's Statement
04	Our Business Model
06	How We Delivered Value this Year
08	Our Performance
09	Personalising infinite choice
13	Developing our leadership team to keep the ASOS magic
16	Transforming Barnsley to support our growth
19	Risk Report
24	Corporate Responsibility

---

## Governance Report

36	Board of Directors
38	Corporate Governance Report
42	Audit Committee Report
44	Directors' Remuneration Report
54	Directors' Report
56	Statement of Directors' Responsibility

---

## Financial Statements

58	Independent Auditors' Report to the Members of ASOS Plc
62	Consolidated Statement of Total Comprehensive Income
63	Consolidated Statement of Changes in Equity
64	Consolidated Statement of Financial Position
65	Consolidated Statement of Cash Flows
66	Notes to the Financial Statements
88	Independent Auditors' Report to the Members of ASOS Plc
89	Company Statement of Changes in Equity
90	Company Statement of Financial Position
91	Company Statement of Cash Flows
92	Notes to the Company Financial Statements
95	Five-Year Financial Summary (unaudited)

---

97	Company Information
----	---------------------

---

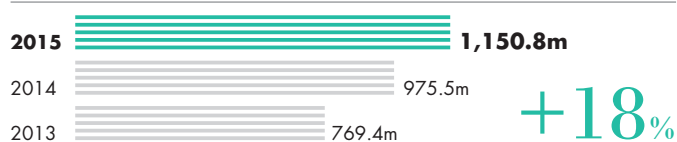


## FINANCIAL AND OPERATIONAL HIGHLIGHTS

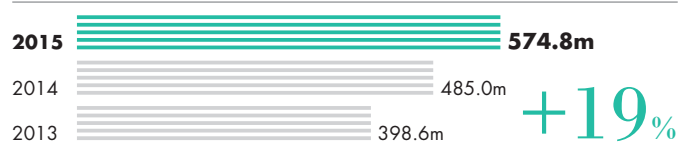
- Total sales up 18% (UK total sales up 28%, international total sales up 12%)
- International retail sales now 58% of total
- 9.9m active customers<sup>1</sup> as at 31 August 2015 (31 August 2014: 8.8m)
- Improved technology platforms, especially local language mobile sites – mobile accounts for over 58% of traffic
- Strong full price sales mix enabling substantial investments in price, customer proposition, warehousing and people capabilities
- Profit before tax<sup>2</sup> of £47.5m, up 1% on prior year



### REVENUE (£)



### GROSS PROFIT (£)



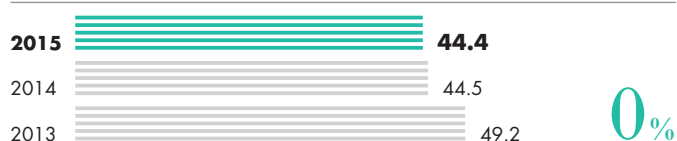
### PROFIT AFTER TAX<sup>2</sup> (£)



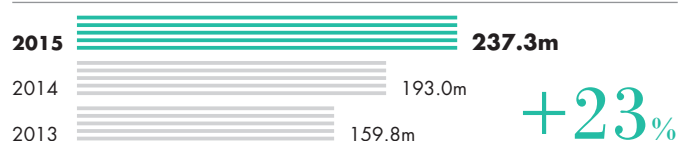
### OPERATING PROFIT<sup>2</sup> (£)



### DILUTED EPS (p)



### NET ASSETS (£)



<sup>1</sup> Defined as having shopped in the last 12 months.

<sup>2</sup> For the 12 months to 31 August 2015, operating profit, profit before tax and profit after tax include net insurance reimbursements of £6.3m (2014: £3.1m) in respect of a warehouse fire in the prior financial year.



When you're a Plc chairman, it's always interesting to look back at your last statement to see what has changed during the year – but also to see what has stayed the same. The previous year – FY14 – was challenging, with difficult international trading and a fire at our main warehouse. It was important we bounced back from that and, 12 months on, it's really pleasing to see some useful lessons having been learnt. Not only has the business stabilised, momentum has been regained as seen in the much stronger second six months of the year. Through continued investment and a relentless focus on nailing the basics, ASOS is again better prepared to seize the opportunities ahead of us, and those opportunities continue to be plentiful.

### Employees

A lot of the credit for that should once again go to the ASOS employees. Their deep love of ASOS, their willingness to try new things, and their relentless drive to keep doing things better are what really propel ASOS forward. The Board and I would like to thank all of them for all their hard work. More than anyone, ASOS' future success lies in their hands.

There is one particular employee – if that was ever the right word for him – that I would like to single out. At the end of the financial year, Nick Robertson stepped down to become a Non-Executive Director. Building a start-up into a world-class company through passion and vision really is an extraordinary achievement. He should be immensely proud. And I can safely say that every single person at ASOS is delighted that Nick will continue to contribute to the Company he founded. He is, and always will be, Mr ASOS!

Of course, that means we have a new Chief Executive Officer and we are fortunate to have such an able successor as Nick Beighton. Nick has unique experience of the business built over six years, equipping him to drive ASOS along its growth trajectory. He has also been joined by Helen Ashton, our new Chief Financial Officer, while Peter Collyer as People Director and Cliff Cohen as Chief Information Officer have also joined the Executive Board in the last year. The Board is really looking forward to seeing what this new team, together with the rest of the ASOS employees, can achieve.

### Strategy

However, a new team does not mean a new objective, and we remain fixed on being the world's no.1 fashion destination for 20-somethings. To get there, ASOS must stay focused on engaging with its fashion-loving customers, through offering great fashion at great prices, delivering engaging fashion content and experiences, exploiting the 'always on' connectivity of the tech-savvy 20-somethings all around the world by being awesome on mobile, and giving our customers best in class service, all powered by an increasingly efficient retail business. These will be our key priorities this year.

### Customer proposition

Our customers will only truly engage with us if we get our customer proposition right, though. That will be a never-ending task, given how quickly technology develops and customer expectations change. But it is a task that ASOS has willingly taken on for some time now, and our sales growth continues to demonstrate how well we're serving our customers around the world. That's not to say we're complacent. The opportunities ahead are still plentiful, but we know we're still only part way through the journey and that there's plenty of hard work still ahead of us to realise these opportunities.

### Investment

Part of the challenge will be to make appropriate investments to lay down the required infrastructure to get us towards our next goal. We accelerated our investment plans last year and will do so again this year. Our next staging post is £2.5bn sales and we are reinvesting our cash to put in place the logistical and technological infrastructure to fulfil this. The Board has again decided not to declare a dividend.

### The year ahead

In one sense, the path for this coming year is clear – keep doing what we did last year. If only it were that simple! Whatever comes at us though, everyone at ASOS remains committed to the cause of becoming the world's no. 1 fashion destination for 20-somethings. Onward and upwards, to quote a certain ex-CEO!

**Brian McBride**  
Chairman

OUR BUSINESS MODEL

**ASOS is a global fashion destination for 20-somethings. From fashion advice, stories and inspiration, to more than 80,000 products available to buy on any device, ASOS, with its unbeatable service, is a true home for fashion lovers.**

**GREAT FASHION, GREAT PRICE**

We provide the widest choice of relevant products for our 20-something customers. Our range includes our exclusive own-brand label and a curated edit of more than 800 brands, spanning familiar high street names and lesser known brands that are new to the market. We stock more than 80,000 products, adding 3,000+ new lines every week. Our wide selection of choice, price points and sizes means that ASOS fashion is accessible to all.

**AWESOME ON MOBILE**

From how customers browse and find products, to the variety of payment methods, to the way we communicate with customers, we strive to offer a totally optimised digital experience on any device. Mobile is increasingly our customers' platform of choice and our goal is to build a unique experience through apps and mobile web.

**ENGAGING CONTENT AND EXPERIENCES**

ASOS is far more than a shop: through publishing relevant daily fashion and lifestyle content, a constant social media dialogue, and our curated edits, we've developed an emotional connection with a global community of 20-something fashion lovers. We are always developing new experiences to engage and connect with this community.

**BEST-IN-CLASS SERVICE**

Our customers have high expectations and we aim to offer an effortless online shopping experience. We deliver this through free, quick and reliable delivery options, and hassle-free returns (free in most of our key territories), allowing customers the flexibility of trying on the latest fashion in the comfort of their own home. Our award-winning Customer Service Team helps with any questions along the way.

**Where we do it**

**2015**

**International retail sales growth** +11%

**UK**

**Retail sales £473.9m** +27%

**US**

**Retail sales £119.5m** +29%

**EU**

**Retail sales £294.0m** +15%

**RoW**

**Retail sales £232.5m** -1%



We ship to **240** countries and territories

**Nine** ASOS.com local country sites: UK, France, Germany, Italy, Spain, Australia, US, Russia and China

**Global positioning according to Comscore**

Our ranking in the Retail – Apparel category for monthly visitors aged 15-34 (August 2015)

- #1 Australia
- #26 China
- #3 France
- #6 Germany
- #7 Italy
- #6 Russia
- #8 Spain
- #1 UK
- #14 US
- #6 Worldwide



# 9.9m

 active customers<sup>1</sup>


## 3.7m

followers<sup>2</sup>



## 2.4m

followers<sup>2</sup>



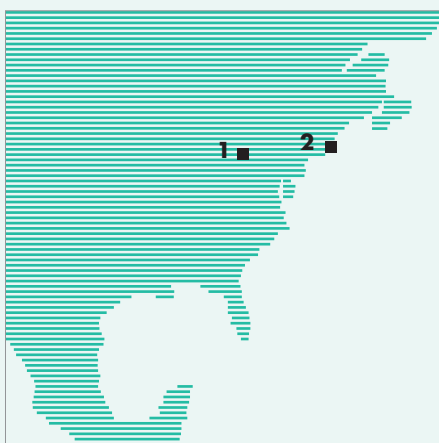
## 3.3m

followers<sup>2</sup>



## 885k

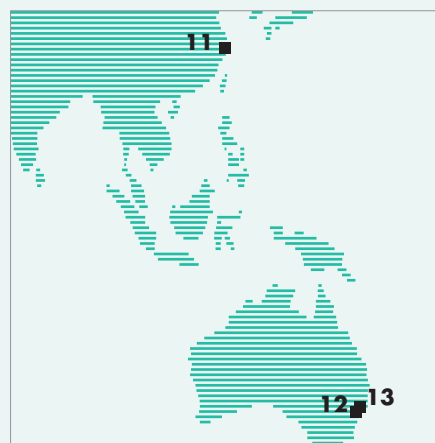
followers<sup>2</sup>



- 1 US warehouse: Ohio, US
- 2 Marketing services office and press showroom: New York, US



- 3 24-hour customer care office: Hemel Hempstead, UK
- 4 Central distribution centre: Barnsley, UK
- 5 Additional IT support: Birmingham, UK
- 6 Headquarters: London, UK
- 7 Marketing services office: Berlin, Germany
- 8 European warehouse: Grossbeeren, Germany
- 9 Marketing services office: Paris, France
- 10 Returns processing centre: Swiebodzin, Poland



- 11 ASOS China trading operation: Shanghai, China
- 12 Marketing services office: Sydney, Australia
- 13 Returns processing centre: Sydney, Australia

1 As at 31 August 2015; defined as having shopped in the last 12 months.  
2 As at 31 August 2015.

## Strategy

**Our mission remains unchanged: to be the world's no.1 fashion destination for 20-somethings. We continue to strive towards this mission under our refocused strategy, which has four core pillars.**

### GREAT FASHION, GREAT PRICE

- Continued to reshape our product offer to ensure it truly resonates with our customers, including important brand additions (Boohoo, Missguided, Adidas and Abercrombie & Fitch) and extension of our own-label ranges (ASOS Red Carpet, ASOS White & ASOS Bridesmaid Dresses)
- Significant investments in international pricing using our new zonal pricing technology – to balance the impact of the strengthening of sterling
- Started to see returns on our sourcing strategy resulting from better contracts with our suppliers
- Began a significant upgrade of core retail systems

### AWESOME ON MOBILE

- Continued to develop our mobile experience – mobile now accounts for over 58% of visits
- Released one of the first Apple Watch shopping apps
- Launched local language mobile apps in France, Germany, Italy, Spain and Russia
- Launched new 'New In' apps in the UK and Denmark
- New mobile news website 'ASOS Likes' provides daily inspiration, pop culture and lifestyle news
- Continued to develop our start-up Chinese business including an improved mobile offering

### Key performance indicators

1,102,117 (+19%) **Total visits** ('000)

9,957 (+13%) **Total active customers**<sup>1</sup> ('000)

2.96 (+3%) **Average order frequency**

0bps increase in **conversion**<sup>2</sup>

1 As at 31 August 2015, defined as having shopped in the last 12 months.  
2 Total orders divided by total visits.





## ENGAGING CONTENT AND EXPERIENCES

- Launched personalised recommendations for all UK customers based on their shopping history on our app
- Continued to improve the digital experience: launched 'social sign-up', upgraded search functionality and deployed new product page design
- Launched local language French and German YouTube and Instagram accounts
- Expanded our ASOS Stylists to France and Germany
- Ran a trial loyalty scheme which will soon be rolled out across the UK

## BEST-IN-CLASS SERVICE

- Cut-off time for UK next-day delivery extended to midnight, and 'click & collect' trial launched with Boots
- Multiple improvements to international delivery and returns propositions including mid-tier services in Hong Kong, Taiwan and Singapore, and free returns trials in the Netherlands and Italy
- Extended our local language customer care capabilities to provide 24/7 operations to our French, German, Spanish, Italian and Russian customers
- Successfully delivered two high-bay storage extensions to our Barnsley site, dramatically expanding capacity, and launched a mechanised picking and consolidation system, increasing throughput and reducing picking cost per unit (see page 16)
- Ramped up our stock holding in the new Eurohub in Germany to over 2 million units

**725,068** (+15%) **Total visits – international** ('000)

**6,042** (+12%) **Active customers – international**<sup>1</sup> ('000)

**58%** **Retail sales – international**

**14,894** (+9%) **International orders** ('000)

**£68.74** (+9%) **Average basket value**<sup>2</sup>

**2.79** (+5%) **Average units per basket**

**£24.63** (+4%) **Average selling price per unit**<sup>2</sup>

**29,460** (+16%) **Total orders** ('000)

**4.1%** (-70bps) **EBIT margin**

**49.9%** (+20bps) **Gross margin**

<sup>1</sup> As at 31 August 2015, defined as having shopped in the last 12 months.

<sup>2</sup> Including VAT.

## OUR PERFORMANCE



**Nick Beighton**  
*Chief Executive Officer*



**Helen Ashton**  
*Chief Financial Officer*

During the year to 31 August 2015 the Group delivered total revenue growth of 18%, comprising retail sales, delivery receipts and third-party revenue. Retail sales grew to £1,119.9m (2014: £955.3m), accelerating as the year progressed, driven by strong product, delivery proposition enhancements, the successful launch of our zonal pricing capability and implementation of our planned price investments to increase our price competitiveness outside the UK.

Despite these investments, the retail gross profit margin only declined by 10bps driven by a much stronger full price sales mix reflecting improved customer confidence in our product and prices. This resulted in reduced reliance on promotional activity. The Group gross margin increased by 20bps following strong growth in delivery receipts of 61% and third-party revenues of 23%.

Profit before tax of £47.5m (2014: £46.9m) remained in line with last year, as we invested further in our customer proposition, warehousing and people capabilities, offset by net insurance proceeds of £6.3m (2014: £3.1m) from the fire at our Barnsley warehouse last year, and a reduced loss in our China operation. The 2015 profit before tax is also stated after providing for a staff bonus. We enter the new financial year with a cash position of £119.2m (2014: £74.3m) and an inventory balance of £193.8m (2014: £161.5m).

Our mission remains unchanged: to be the world's no.1 fashion destination for 20-somethings. We strive towards this mission under four strategic pillars: Great fashion, great price – Awesome on mobile – Engaging content and experiences – Best-in-class service, all delivered across the globe.

### **Great fashion, great price**

Our approach to fashion remains consistent: an extensive offer of appropriate product at great value for money for our global fashion-conscious 20-something customer.

The size of our range continues to grow; we now stock over 80,000 lines at any point in time offering customers a choice that remains second to none. During the year we have rebalanced our product and buy plan, focusing on tighter inventory control and improving full price sales.

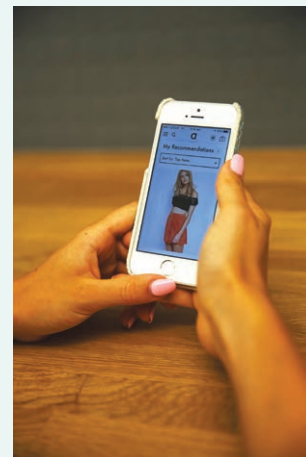
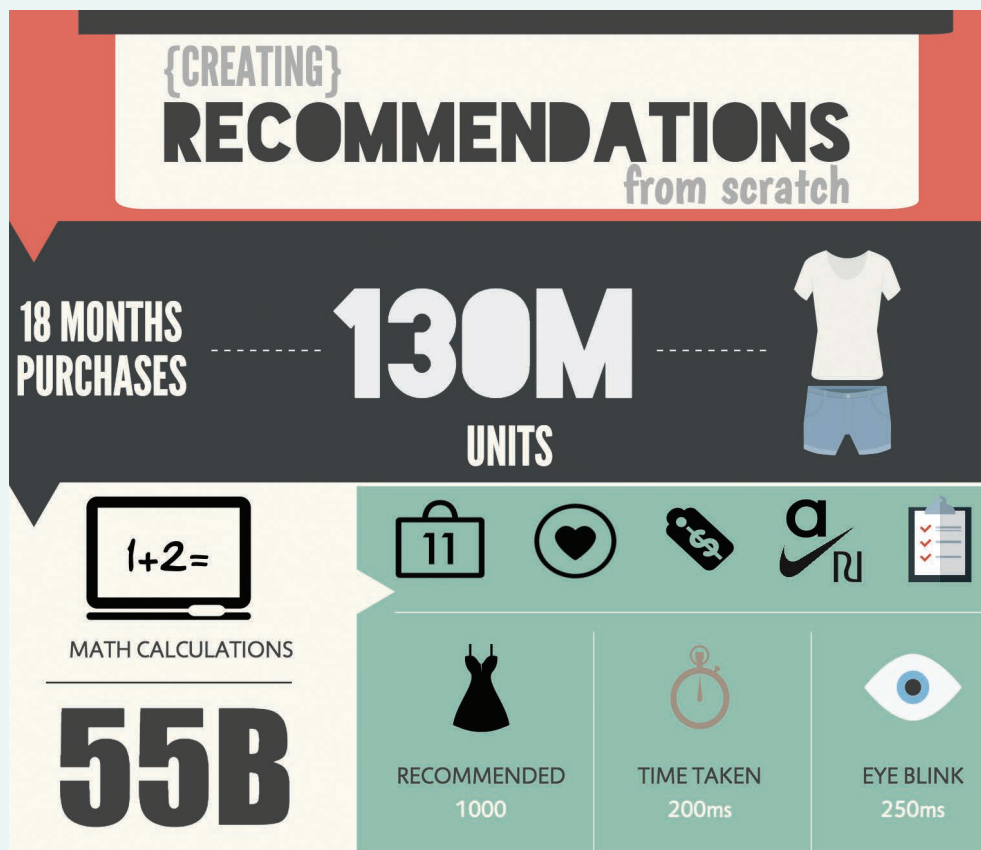
Where we have grown our range it has been concentrated into new or under-potentialised product categories, as well as new brands that offer true additional choice to our customer. We carry over 800 brands and during the year have added some important names to our portfolio, including Abercrombie & Fitch, Hollister, Boohoo, Missguided, Adidas and Reebok. A key aspect of ASOS is to differentiate ourselves from other market players. We do this by supporting new or little known brands into the market, such as Rat & Boa, Jen's Pirate Booty and Hiptico, as well as collaborating on exclusive lines with those brands that are more widely distributed.

In terms of category expansion, we have continued to extend our offer of ASOS own-brand specialist ranges; Petite, Tall, Plus and Maternity. As well as broadening our own-label range, we have added to our third-party brands in this area; many of which are exclusive to ASOS.

Within our own-brand, we aim to cater for all occasions and have added a wider range of smart going out and workwear in menswear, as well as the successful launch of exclusive ASOS Red Carpet and ASOS Bridesmaid dress ranges in womenswear. We have offered specific ranges for increasingly important seasonal events such as Halloween and Valentine's, and broadened our selection in beauty, men's grooming, novelty gifts and loungewear during the year.

Offering great value for money is a critical aspect of our proposition. The launch of our zonal pricing capability early in the financial year enabled us to price brands in line with local markets. To date we have implemented this on 113 brands across Australia, the US, France, Germany, Italy and Spain, and have seen an encouraging response from customers and volume uplifts as a result. We will continue to release more brands using this functionality to further enhance our global price positioning during the new financial year.

## Case study: Personalising infinite choice



Outfits for every occasion, the most up-to-date styles at a variety of price points – ASOS is the online fashion destination with one of the largest collections of products and content anywhere in the world. It's why we're growing so quickly. But having everything any customer could want is a challenge – how do we make sure that, among the tens of thousands of items available, our customers can find just the right ones for them?

Go onto our site and search for, say, 'black dress'. You'll get close to 3,000 results. Who can find the needle in the haystack of 300 dresses, let alone 3,000? This is where our new personalisation technology, launched this year in our mobile app, comes in. Combining the capabilities of our technical team with the fashion nous and customer knowledge of our merchandisers and wizardry of our data scientists, it is making possible the idea of personal online shopping – so that the first black dresses to appear on your screen should be the ones you'd have chosen yourself.

"Many recommender systems work on pure historical data crunching," says David Williams, Digital Experience Director. "But fashion is far more individual, so we devised and built our own system, combining our brilliant fashion expertise

with cutting-edge machine learning techniques based on the 'big data' we have from our millions of customers. One of the real achievements is getting the system to respond in real time – so, if a customer 'likes' or 'dislikes' a recommendation, it is instantly processed so that the next selection to appear has already 'learnt' from the response.

"Why is this so significant? We know that the most important buying moment is when people are engaging with us – they may not wait until tomorrow hoping for a better recommendation. So, if we want them to buy we must get the right items in front of them straightaway. Since we launched the new technology, we've already seen a significant uplift in conversion from browsing to purchasing compared with other popular but uncurated categories."

The really exciting developments are still to come – the technology is due to be rolled out across more of the ASOS shopping platforms in the coming months, and, ultimately, to our editorial content as well. Needle in a haystack? With ASOS you can find a pin.

### Awesome on mobile

Mobile is now a huge part of our business; we have seen 5.4m downloads of our mobile apps in the last twelve months. In August 2015, nearly 60% of our traffic came from mobile devices and 44% of orders were placed on our mobile platforms.

We launched localised versions of our Android and iOS apps in France, Germany, Italy, Spain and Russia early in the year, and in September 2015 launched a localised app in China to support our current website offer in this territory. We also launched a 'New In' app in the UK and Denmark, an Apple Watch app and a new mobile news website, 'ASOS Likes', which provides customers with daily inspiration, pop culture and lifestyle news. In addition, we ran our first ever mobile-only promotions with encouraging customer take-up.

We undertook a review of our new checkout function during the second half of the year, refocusing this project on key mobile requirements and expect to roll out this functionality on mobile apps during the next six months. We also expect to launch updated versions of our iOS apps during the new financial year.

All of these combined keep us at the forefront of where our customers are, how they consume media and how they shop.

### Engaging content and experiences

Our customer engagement remains strong, with growth in average order frequency and average basket size. We finished the year with 9.9m active customers, an increase of 13% over last year.

We now have over 12m followers across all our social channels and we publish over 2,000 pieces of inspiring fashion and entertaining lifestyle content every month to maintain awareness and build brand engagement. In the last six months we have launched local language French and German YouTube and Instagram accounts. We have also introduced 'ASOS stylists' in these markets to inspire and help our customers via individual social accounts. The collective following of our stylists globally now exceeds 850,000 of our customers.

During the year we also introduced our 'social sign-in' functionality; simplifying our customer's journey from browsing to buying product, as well as personalised product recommendations on apps and extended our upgraded search facility to all our international websites.

Following a successful trial, we will launch our new ASOS Rewards loyalty scheme during the next six months, initially for our UK customers. This rewards programme allows customers to build up points on purchases, which become convertible into vouchers for use on our platforms. In addition to this, customers will unlock a wide variety of other rewards such as birthday discounts, free next day deliveries and exclusive content.



Fabric samples for ASOS own-label range

Uptake of our Premier Delivery membership in the UK, US, France, Germany and Australia continues to grow, with total members up 63% compared to last year.

### Best-in-class service

#### Delivery and returns

Improving and expanding our delivery and returns solutions remain central to our business and we continue working towards our goal of providing a best-in-class customer proposition.

In the UK we extended next-day delivery and Saturday evening next-day delivery cut-offs to midnight and our Sunday next-day delivery cut-off from 2pm to 5pm. Our standard delivery also now operates seven days a week. Internationally, we now operate next-day delivery services in France, Germany, Spain, Italy, Denmark, Sweden, the Netherlands, Belgium, Ireland and Northern Ireland. We have also introduced express delivery options in more than 20 smaller territories and offer mid-tier services in Korea, Singapore and Hong Kong, with further territories to follow.

We have also further extended customer return options during the year. In the UK we launched returns via Duddle stores and Hermes Parcel shops, home collection returns and InPost LockerBoxes, as well as introducing one-hour, next-day collection slots in large cities. Internationally, we introduced labelless returns in France, the Netherlands, Belgium and Luxembourg and launched free returns trials in both the Netherlands and Italy.

We continue to focus on developing our Pick-Up-Drop-Off ('PUDO') network, which allows customers to collect and return orders from a variety of convenient locations. In the UK, customers have over 5,500 deliver-to-store locations and we recently extended our click-and-collect trial with Boots into more than 30 stores, with plans to enter an additional 70 stores over the next year. Customers in France, Spain, Belgium and Luxembourg now benefit from a delivery-to-store option at over 12,500 locations and we will launch this service in Germany during the new financial year. We continue to seek further



*Creating new samples in the ASOS Pattern Room*

PUDO solutions in all our key strategic territories, and expect to offer this service in Italy and the US during the next 12-18 months.

#### *Customer Care*

We believe offering the most personal experience possible to customers is paramount for building brand loyalty, and with this in mind, we extended our local language customer care capabilities to provide 24/7 operations to our French, German, Spanish, Italian and Russian customers. We now have customer care sites in the UK (Hemel Hempstead, Gateshead, Glasgow and Camden), Lisbon and Vladimir. In addition to our existing channels of email, social and telephony, we added live chat to all our websites. We also improved our email response times to one hour, as well as responding to all social media communications made by our customers within 15 minutes, and all live chat or telephony within 30 seconds. We will continue working to improve these going forward.

#### *Logistics*

Investment in our international warehouse infrastructure has continued during the year as we build capacity ahead of our next staging post of £2.5bn sales.

#### *UK*

Our Barnsley warehouse efficiency improved as the year progressed following the successful launch of our mechanised picking solution at the start of the year. We also exited our off-site storage facility at Lister Hills in February following completion of our two high bay mini-loads. These now store all our bulk stock at Barnsley and, with our new warehouse control system, automatically retrieve and maintain stock levels in the main pick-face area of the warehouse, increasing our stock management capabilities. We also increased capacity at our returns processing centre in Selby during the year.



*Styling ASOS model for our catwalk*

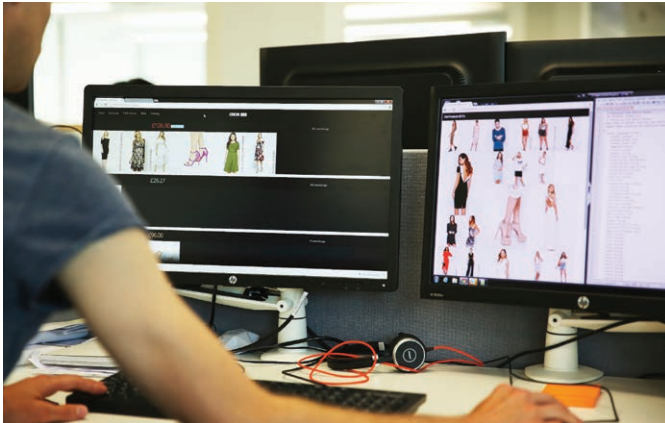
During the second half of the year we commenced work on building an additional mezzanine level in our Barnsley warehouse to extend storage capacity by a further 1m units. In addition, we are adding another sorter to our mechanised picking solution as well as extending our despatch sorter chutes; both of which will further increase our warehouse throughput. These projects, along with installing air cooling throughout the warehouse, are expected to be completed by the end of the new financial year.

#### *International*

We have also continued the ramp up of our German Eurohub operation and exited the year holding over 2m units of stock and despatching 38% of total EU orders, ahead of where we expected to be at this stage. This has allowed us to make improvements to our Eurozone delivery proposition and we will seek further opportunities to improve this during the next twelve months. Our returns processing centre in Swiebodzin now processes nearly all returns from the Eurozone, improving refund processing times and costs to return.

We will now commence work on building our new Eurohub warehouse, close to our existing site. This new warehouse, along with automation technology, will eventually provide us with total capacity of 20m units and represents an extensive project for us over the next four years, with expected total capital expenditure of c.£60m over this period. Over the next twelve months we intend to invest £20m fitting out the warehouse infrastructure for a manual picking operation, and by early 2017 expect to accommodate 10m units. We will then be able to move out of our existing Eurohub operation into this new warehouse. Over subsequent years we will further extend, in a modular fashion, to accommodate automated picking and despatch, as well as automated mini-loads.

Our warehouse in the US consistently fulfils over 25% of US orders and we will turn our focus back to US fulfilment once we have unlocked the potential of our Eurohub warehouse, in order to further drive local fulfilment in this territory.



Product development



Capturing ideas – ASOS People Team

**WHERE WE OPERATE**

We are investing in our UK customer, continuously offering new, relevant product and working to ensure shopping with ASOS is an easy, seamless process. Following a period of adverse exchange rate movements, our principal international objective during the year has been to restore our price competitiveness.

Early on in the financial year, we implemented planned price investments for our Australian and Eurozone customers to begin to restore the competitiveness of our international offer and we remain committed to further investments as necessary during the new financial year. We are focussing our efforts on key European countries, particularly France and Germany, as these represent substantial opportunities to us as we unlock the full potential of our Eurohub warehouse.

We rolled out our zonal pricing capability across all our local platforms, except Russia. This allows us to sell brands which were previously restricted in certain territories and enabled us to start offering more competitive local pricing and country-specific promotions. We used this tool to reduce the price of our own-label products in Spain late in the financial year to align more closely to local competition and we will continue to improve and enhance our international product offering using this tool over the coming years.

We have also extended the duration and depth of our foreign currency hedging activities. In addition to this, we commenced the process of increasing our direct sourcing settled in Euros and US Dollars this financial year with an ultimate long-term aim of maximising the natural foreign exchange hedge available to us. As part of our global fulfilment programme, we are working to restructure our supply chain to allow for direct sourcing into our international warehouses.

We incurred a loss of £5.2m (2014: £8.6m) in our China operation. During the year we invested in our local website to extend its capabilities with upgraded search functionality and

added the ability to run complex promotions. Over the next 12 months we will double the number of product lines available on our website and mobile app in this territory.

**PEOPLE**

During the year, Group headcount increased by 12% to 2,038 employees at 31 August 2015 (2014: 1,813) following planned investments predominantly within our IT and Retail teams. In addition, the Board has made a number of appointments, strengthening the senior management team of the Group.

At the start of September the founder of the Company, Nick Robertson, stood down as Chief Executive Officer after 15 years in the role and Nick Beighton was appointed as successor. Nick Beighton joined ASOS in April 2009 as Chief Financial Officer and has since worked closely with Nick Robertson. In October last year, Nick Beighton was appointed Chief Operating Officer, widening his management responsibilities beyond finance. Nick Robertson will remain with ASOS as a Non-Executive Director.

We also welcomed Helen Ashton to the main Board of the Company as Chief Financial Officer in September. Helen has held a wide variety of senior management positions at Barclaycard, Lloyds Banking Group and most recently, debt management business Capquest. She has also held roles at ASDA Group and at GUS, amongst other companies, bringing strong financial experience and a proven track record in consumer-facing and retail businesses.

To further strengthen the Executive team, we were joined by our new People Director, Peter Collyer, in March and our new Chief Information Officer, Clifford Cohen, in May.

## Case study: Developing our leadership team to keep the ASOS magic



At ASOS, we've always been proud of our people, who have built the company into the fashion growth engine it is today. But a growing business with 2,038 people, serving nearly 10 million customers all over the world, needs a different kind of leadership. So, following our new People Director, Chief Information Officer and Chief Financial Officer coming on board this year, we evolved the role of our Executive Board, while launching a wider ASOS leadership team, comprising the key senior roles from across the Company.

The plan was developed by Peter Collyer, who joined ASOS in March as People Director. "ASOS is a fantastic company at a pivotal stage of its development," he says. "My job is to make sure that in growing, we don't lose the entrepreneurial spirit that has made ASOS so successful. Unlike many large companies, people at ASOS are truly passionate about the business, they're not afraid to say what they think, they respond quickly to change, and they're absolutely committed to the Company's future. Those are fantastic traits, and I'm determined to preserve them – starting by setting the example at the top, and then empowering and guiding the levels below.

"The Executive Board's role is changing from a group of subject matter experts primarily focused on their own area, to a tight-knit team that, having passed accountability downwards, directs the Company's development as a unit – essential for a large business. By establishing the ASOS leadership team, we've also started looking much further ahead. With our fast pace and ambitious goals, we need strong, focused leaders, and clearer career paths, to ensure that we have the right people in leadership roles both now and in the future."

All this can't happen in a vacuum, of course – Peter and his team are also building the systems and processes needed for the size of business that ASOS aims to be, while taking care not to stifle employees with bureaucracy. "My other immediate focus is reviewing the ASOS culture," he says, "because only by understanding it and learning to evolve it, can we protect it as we continue to grow at speed. My number one priority? Ignite the passion!"

## TECHNOLOGY

During the year, we continued with our modular approach to the re-platforming of our legacy systems, enabling us to provide the necessary flexibility and scalability for the future. A particular focus of our IT investment remains enhancing our customer experience.

We have also scoped out our medium term key global fulfilment programme requirements, focussing initially on a new end-to-end retail merchandising system, which will optimise our global stock management capabilities alongside our European and US warehouse expansions over the coming years.

## FINANCIAL REVIEW

### Revenue

The Group generated retail sales growth of 17% during the year, driven by continued strong growth in the UK of 27%. Our international growth of 11% (constant currency growth 17%) accelerated as the year progressed, as our price investments started to restore our competitiveness overseas. International retail sales accounted for 58% of total retail sales (2014: 61%).

In the UK, retail sales growth of 27% was driven by great product, introduction of new relevant brands, continuous improvements to our market-leading proposition and further engagement with customers via social media channels. We retained our first place position for unique visitors to apparel retailers in the 15-34 age range (Comscore, August 2015).

US retail sales have grown by 29% (constant currency growth 22%) following further expansion of our range of locally relevant brands and continued strong full price sales mix.

EU retail sales, despite being impacted by adverse currency movements and economic uncertainties during the year, have grown by 15% (constant currency growth 26%). This growth was underpinned by our price investments early on in the year, which have been further supported by improvements to our delivery proposition in key European countries as we have built out our Eurohub capabilities.

Our Rest of World segment continued to be affected by adverse currency movements with reported retail sales down 1% compared to last year, but sales were up 6% on a constant currency basis. We invested in prices in Australia at the start of the year and this was initially well received but further weakening of the Australian dollar eroded some of the progress made; we comfortably retained our first place Comscore position in Australia. Sales in Russia have continued to suffer due to macro-economic factors and adverse exchange rates. In China, we continue to focus on increasing our brand awareness and market share.

Delivery receipts increased by 61% driven by the introduction of global minimum free-delivery spend thresholds in late 2014 and a wider range of paid delivery options being made available to customers.

Third-party revenues, which mainly comprise advertising revenues from the website and the ASOS magazine, increased by 23% as we introduced campaigns on some of our international websites for the first time.

### Customer engagement

We have continued to attract new customers, exiting the year with 9.9m active customers<sup>1</sup>, an increase of 13% over last year. Average basket value increased by 9%, driven by a 5% increase in average units per basket and a 4% increase in average selling price; reflecting customer confidence in our price points. Conversion<sup>2</sup> remained in line with prior year which is pleasing given increased mobile traffic which historically exhibits lower conversion rates.

	Year to 31 August 2015	Year to 31 August 2014	Change
Active customers <sup>1</sup> ('000)	<b>9,957</b>	8,848	13%
Average basket value (including VAT)	<b>£68.74</b>	£62.82	9%
Average units per basket	<b>2.79</b>	2.66	5%
Average selling price per unit (including VAT)	<b>£24.63</b>	£23.64	4%
Total orders ('000)	<b>29,460</b>	25,327	16%
Total visits ('000)	<b>1,102,117</b>	924,553	19%

Year to 31 August 2015 £'000	Group total	UK	US	EU	RoW	International total
Retail sales	<b>1,119,946</b>	473,884	119,530	293,983	232,549	646,062
Growth	<b>17%</b>	27%	29%	15%	(1%)	11%
Growth at constant exchange rate	<b>21%</b>	27%	22%	26%	6%	17%
Delivery receipts	<b>25,667</b>	11,496	3,660	5,085	5,426	14,171
Growth	<b>61%</b>	55%	106%	61%	51%	66%
Third-party revenues	<b>5,175</b>	4,403	755	17	-	772
Growth	<b>23%</b>	4%	100%	100%	-	100%
<b>Total revenues</b>	<b>1,150,788</b>	<b>489,783</b>	<b>123,945</b>	<b>299,085</b>	<b>237,975</b>	<b>661,005</b>
<b>Growth</b>	<b>18%</b>	<b>28%</b>	<b>32%</b>	<b>15%</b>	<b>-</b>	<b>12%</b>

1 As at 31 August, defined as having shopped during the last 12 months.  
2 Calculated as total orders divided by total visits.



Year to 31 August 2015	Group total	UK	US	EU	RoW	International total
Gross profit (£'000)	<b>574,799</b>	229,074	74,644	147,302	123,779	345,725
Growth	<b>19%</b>	30%	38%	11%	2%	12%
Retail gross margin	<b>48.6%</b>	45.0%	58.8%	48.4%	50.9%	51.2%
Growth	<b>(10bps)</b>	80bps	230bps	(230bps)	40bps	(30bps)
Gross margin	<b>49.9%</b>	46.8%	60.2%	49.3%	52.0%	52.3%
Growth	<b>20bps</b>	90bps	290bps	(200bps)	80bps	10bps

## Gross profitability

Retail gross margin decreased by 10bps to 48.6% compared with last year (2014: 48.7%) as the impact of our price investments in the Eurozone and Rest of World territories was largely offset by a strong full price sales mix during the second half of the year. The EU gross margin fell as we invested most heavily in these territories to counter adverse movements in the Euro, as well as reducing the price of our own-label brand in Spain. We maintained a tight inventory position, assisted by the launch of our Barnsley warehouse automation, which resulted in us shortening our sale periods and reducing the number of promotions compared to last year.

Gross margin (including delivery receipts and third-party revenues) increased by 20bps to 49.9% (2014: 49.7%), principally due to the increased use of paid-for delivery services.

## Operating expenses

The Group increased its investment in operating resources by 21% to £533.8m during the year, with increased spend in our distribution, warehousing and people costs. Total operating costs to sales ratio increased by 110bps over the same period.

£'000	Year to 31 August 2015	Year to 31 August 2014 <sup>1</sup>	Change
Distribution costs	<b>(168,681)</b>	(147,303)	(15%)
Payroll and staff costs	<b>(107,351)</b>	(82,074)	(31%)
Warehousing	<b>(97,820)</b>	(75,756)	(29%)
Marketing	<b>(57,074)</b>	(56,007)	(2%)
Production	<b>(4,935)</b>	(4,723)	(4%)
Technology costs	<b>(19,708)</b>	(15,136)	(30%)
Other operating costs	<b>(55,215)</b>	(45,051)	(23%)
Depreciation and amortisation	<b>(23,054)</b>	(15,361)	(50%)
<b>Total operating costs</b>	<b>(533,838)</b>	(441,411)	(21%)
Operating cost ratio (% of sales)	<b>46.4%</b>	45.3%	(110bps)

<sup>1</sup> Costs for the year to 31 August 2014 exclude incremental costs incurred as a result of the Barnsley fire; these have been netted against the related insurance reimbursements in a separate line item titled 'net other income'.

Distribution costs increased by 15% during the year but decreased as a percentage of sales by 40bps to 14.7% as proposition improvement costs, such as free returns for both the Netherlands and Italy, were offset by negotiation of more favourable rates with a number of carriers.

Staff costs increased by 90bps to 9.3% of sales due to headcount increases and achievement of the Company bonus which was not paid in the previous financial year.

Warehousing costs increased by 70bps to 8.5% of sales across the full year. During the first half of the year, warehousing costs represented 9.1% of sales due to dual running costs from Lister Hills and one-off short-term additional running costs at our Barnsley warehouse following the launch of our automation technology. However, during the second half of the year, warehousing costs fell to 8.0% of sales, despite increased investment in our European warehousing infrastructure. We expect to see further leveraging of these costs during the new financial year to 31 August 2016 as efficiencies from our Barnsley automation annualise.

Marketing costs have decreased by 70bps to 5.0% of sales as spend on international marketing campaigns was reduced during the year whilst we focused on restoring the price competitiveness of our products. We did run a local campaign in France, where our price investments have been particularly well received and delivery proposition improvements are driving sales.

IT costs increased by 10bps to 1.7% of sales as a result of increased traffic across our expanded range of global platforms and increased spend on maintenance to support these.

Other operating costs have increased by 20bps to 4.8% of sales following a one-off £4.9m write-off of some IT projects following the refocus of our checkout project towards mobile optimisation.

Depreciation has increased by 40bps to 2.0% of sales following last year's accelerated investment in our warehouse and IT infrastructure, particularly in our mechanised picking solution.

Costs incurred by our China operation, related largely to warehousing and staff costs, are included in the above.

Case study: Transforming Barnsley to support our growth



From our warehouse in Barnsley, UK, we fulfil orders for customers all over the world. That's thousands of orders each day being selected from the 80,000 lines and 13.1 million items we hold in Barnsley.

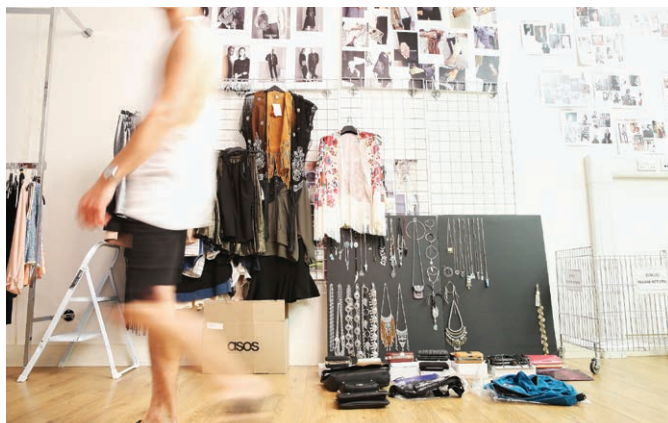
But even five levels across the acreage of six football pitches were not enough to keep pace with our rapidly expanding business. So this year saw the completion – on time and on budget – of Barnsley's three-year expansion project. Expanding while servicing the needs of millions of customers and maintaining margins is a tough challenge, so our project delivery team, led by Supply Chain Director, Mark Holland, came up with an ambitious plan – automation coupled with expansion – that has enabled us to do all those things at once. And, in its first year of operation, it's already significantly lowered our costs and is on its way to paying back our investment in line with our objectives.

"At ASOS, we see logistics as a competitive advantage that enables us to disrupt the market," says Mark, "and automation was at the heart of our solution. That didn't mean replacing people with machines, but enabling them to work faster and smarter. Under the old system, colleagues fulfilled orders by walking around the five levels of the warehouse to collect each item.

"With our new automated system, the team work in a smaller zone, collecting everything from that zone for a range of orders, which are then transferred into our sortation solution where they are gathered into the right groups and delivered to our packing operation for completion. It cuts out the travel distance, and has significantly improved pick rates, while also improving accuracy. This has a knock-on effect for customers because it transforms our lead times – and, of course, is good for our business because it brings down the cost of labour per unit, giving us the flexibility to expand, and transforming our productivity and cost base.

"Our investment wasn't confined to space and automation," he continues. "Everyone says 'people matter', but ASOS really means it – £3m of our investment has been allocated to a cooling system to make the warehouse a more pleasant environment in summer. We're a big employer in Barnsley and this investment is as much a commitment to our workforce as it is to our customers and shareholders."

The Barnsley project has also been a testbed for the potential expansion of our other warehouses. Anything we can learn? "Do it earlier!" says Mark. "We've proved we can do it without disrupting operations, but let's make it easy for ourselves – the earlier in the life of a building you can build in an automated system, the easier and more beneficial it is."



Mood boards and inspiration for the Design Teams



Menswear Department at ASOS HQ

## Net other income

We received final business interruption insurance reimbursements during the first half of the year of £6.3m as a result of a fire in our Barnsley warehouse in June 2014. This amount is included within a separate line item titled 'net other income' in the Income Statement.

£'000	Year to 31 August 2015	Year to 31 August 2014
Stock loss and other incremental costs	-	(8,486)
Insurance reimbursements	<b>6,299</b>	11,536
<b>Total</b>	<b>6,299</b>	3,050

## Income statement

The Group generated profit before tax of £47.5m, marginally ahead of prior year (2014: £46.9m), due to maintaining our gross profit margin despite international price investments, offset by additional operating expenses related to our warehousing infrastructure, delivery proposition and people costs.

£'000	Year to 31 August 2015	Year to 31 August 2014	Change
<b>Revenue</b>	<b>1,150,788</b>	975,470	18%
Cost of sales	<b>(575,989)</b>	(490,463)	
<b>Gross profit</b>	<b>574,799</b>	485,007	19%
Distribution expenses	<b>(168,681)</b>	(147,303)	(15%)
Administrative expenses	<b>(365,157)</b>	(294,108)	(24%)
Net other income	<b>6,299</b>	3,050	
<b>Operating profit</b>	<b>47,260</b>	46,646	1%
Net finance income	<b>272</b>	255	
<b>Profit before tax</b>	<b>47,532</b>	46,901	1%
Income tax expense	<b>(10,680)</b>	(10,313)	
<b>Profit after tax</b>	<b>36,852</b>	36,588	1%

## Taxation

The effective tax rate increased by 50bps to 22.5% (2014: 22.0%). Last year's effective tax rate was reduced by the one-off reversal of permanently disallowable charges in respect of the ASOS Long-Term Incentive Plan which has not been repeated. The current year increase as a result of this was offset in part by a reduction in the prevailing rate of UK corporation tax in 2015. Going forward, we expect the effective tax rate to be approximately 100bps higher than the prevailing rate of UK corporation tax due to permanently disallowable items.

## Earnings per share

Basic earnings per share of 44.4p (2014: 44.6p) and diluted earnings per share of 44.4p (2014: 44.5p) remained in line with last year.

## Statement of financial position

The Group continues to enjoy a robust financial position including a cash balance of £119.2m (2014: £74.3m). Net assets increased by £44.3m to £237.3m during the year (2014: £193.0m), driven principally by the Group's profit after tax.

The Group's inventory balance increased by £32.3m to £193.8m (2014: £161.5m), partly due to the increased size of our operations but also as a result of a number of our suppliers changing to 'free on board' terms. This reduces our supplier costs and allows us to manage our shipping costs and associated foreign exchange risk internally. This resulted in £14.8m inventory-in-transit over the year end being recognised within Group inventory at 31 August 2015 (2014: nil).

The summary statement of financial position is shown below.

£'000	At 31 August 2015	At 31 August 2014
Goodwill and other intangible assets	<b>76,164</b>	63,901
Property, plant and equipment	<b>64,379</b>	55,400
Deferred tax asset	<b>256</b>	-
<b>Non-current assets</b>	<b>140,799</b>	119,301
Stock	<b>193,769</b>	161,480
Net current payables	<b>(214,487)</b>	(165,154)
Cash and cash equivalents	<b>119,191</b>	74,340
Derivative financial assets	<b>6,083</b>	2,240
Current tax asset/(liability)	<b>(3,600)</b>	2,217
Deferred tax liability	<b>(4,440)</b>	(1,393)
<b>Net assets</b>	<b>237,315</b>	193,031

### Statement of cash flows

The Group's cash balance increased by £44.9m to £119.2m (2014: £74.3m) as working capital improvements, particularly timing in creditor's payments, ensured capital expenditure of £50.4m on our warehousing and technology infrastructure was exceeded by the cash inflow from operating activities. The summary statement of cash flows is shown below.

£'000	Year to 31 August 2015	Year to 31 August 2014
<b>Operating profit</b>	<b>47,260</b>	46,646
Depreciation and amortisation	<b>23,054</b>	15,361
Losses on disposal of assets	<b>4,893</b>	150
Working capital	<b>17,804</b>	13,326
Share-based payments charge/(credit)	<b>2,245</b>	(2,813)
Other non-cash items	<b>637</b>	(297)
Tax paid	<b>(2,837)</b>	(3,714)
<b>Cash inflow from operating activities</b>	<b>93,056</b>	68,659
Capital expenditure	<b>(50,396)</b>	(62,377)
Proceeds from issue of ordinary shares	-	563
Net cash inflow/(outflow) relating to Employee Benefit Trust	<b>912</b>	(3,914)
Acquisition of subsidiary	-	182
Net finance income received	<b>252</b>	231
<b>Total cash inflow</b>	<b>43,824</b>	3,344
Opening cash and cash equivalents	<b>74,340</b>	71,139
Effect of exchange rates on cash and cash equivalents	<b>1,027</b>	(143)
<b>Closing cash and cash equivalents</b>	<b>119,191</b>	74,340

Cash generated from operating activities increased by £24.4m, principally due to EBITDA improvements of £8.3m, working capital improvements of £4.5m and a £5.1m movement in share-based payments charge, as the one-off ALTIP credit was not repeated in the current year.

We renewed our credit facility for a further three years to October 2018, although the Group had no bank borrowings at any point during the current or prior financial year.

### Fixed asset additions

£'000	Year to August 2015	Year to August 2014
IT	<b>33,665</b>	31,317
Office fixtures and fit-out	<b>1,146</b>	1,218
Warehouse	<b>14,649</b>	32,066
<b>Total</b>	<b>49,460</b>	64,601

We continue to invest in our warehousing and IT infrastructure to support our next staging post of £2.5bn sales. The majority of our warehousing spend related to our automation technology at Barnsley while our IT spend continued to focus on our modular approach to re-platforming our legacy systems and IT enhancements for our customer experience.

We plan to invest £80m during the new financial year, increasing our previous guidance by an additional £20m. This acceleration is principally due to the commencement of building our new Eurohub site.

### OUTLOOK

We have started the new financial year well and preparations are at an advanced stage for peak season. We intend to make further investments in our prices where required during the year, as well as continuing to invest in our global logistics infrastructure and technology.

We currently anticipate sales growth for the new financial year of c.20%, gross margin investment of up to 50bps and a similar EBIT margin to the financial year just ended.



**Nick Beighton**  
Chief Executive Officer



**Helen Ashton**  
Chief Financial Officer

**Risk management is critical to the achievement of our strategic objectives and to the long-term growth of our business. ASOS has developed a risk management process that applies to every part of the Group. It enables us to determine what our key risks are and how to manage them appropriately.**

**HOW WE MANAGE RISK**

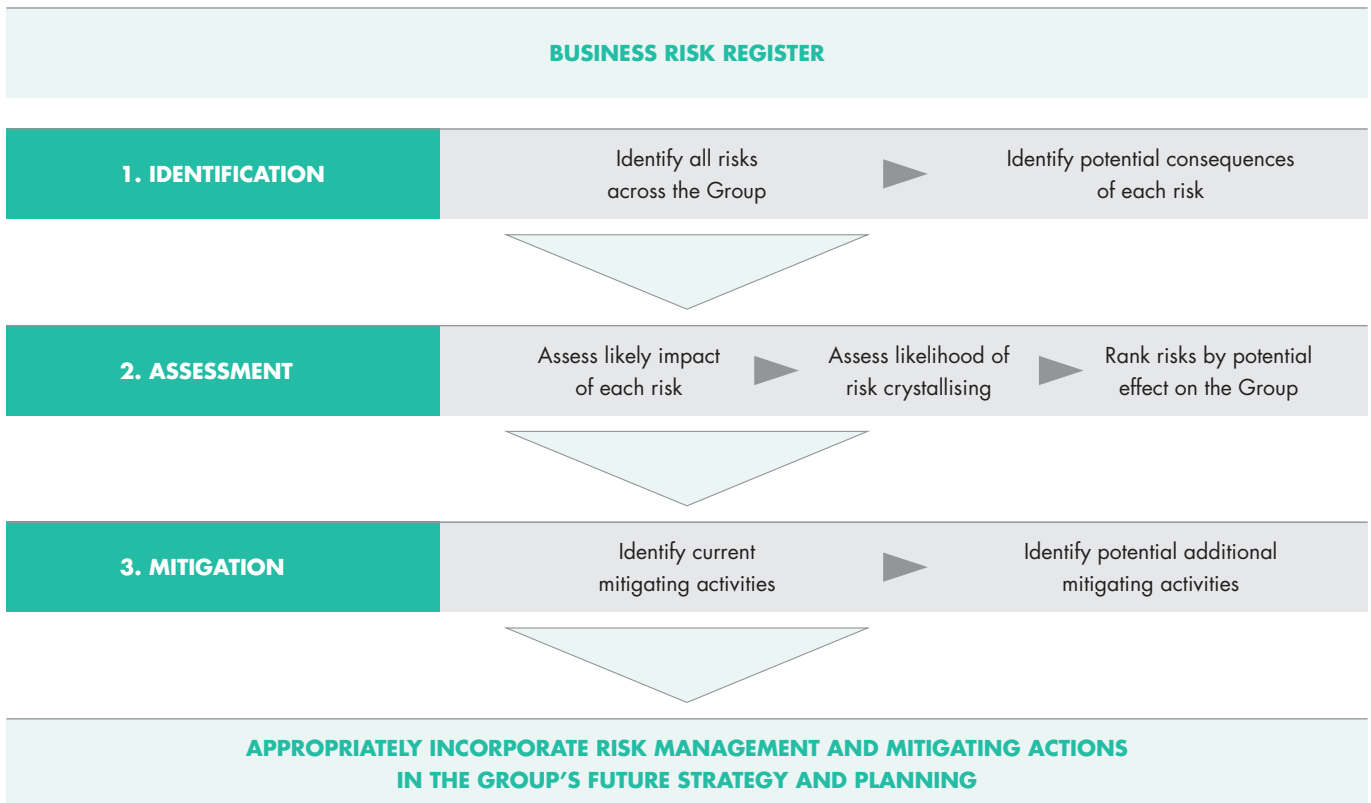
At ASOS, we understand that risk is an inherent part of realising reward, and that it's only through effective risk management and internal controls that the Company is able to maintain a good understanding of its business performance and decision-making processes. Risk management is therefore critical to the achievement of our strategic objectives and to the long-term growth of our business. As risk is necessary to realise reward, we deliberately seek to manage – but not eliminate – risk, so as to provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board has overall responsibility for risk management and for reviewing the effectiveness of our process for managing risk; responsibility for reviewing specific risk controls is delegated to the Audit Committee. The Executive Board and management are responsible for implementing processes to put the Board's policies on risk and control into effect, and for providing assurance on compliance with these policies and processes.

The General Counsel & Company Secretary is responsible for the day-to-day operation of the Group risk management process. The framework for this process is the Business Risk Register, through which we consolidate risk information and determine our strategy for risk management. The Register is reviewed regularly by both the Executive Board and the Audit Committee.

**PRINCIPAL RISKS AND UNCERTAINTIES**

In its most recent review of the Business Risk Register, the Board identified the risks set out in the table on the next four pages as being the current major potential risks to the successful performance of the business. We also recognise that risks change constantly, especially in a high-growth company like ASOS, and there may be other, as yet unidentified, risks or others currently deemed immaterial, that could have an impact on our ability to achieve our objectives.



## Risk

## Mitigating activities

## TECHNOLOGICAL RISKS

**Robustness of IT systems and infrastructure**

As an online retailer, the Group is particularly dependent on its IT infrastructure, and any system performance issues or shortcomings (for example, system, software or infrastructure failure, damage or denial of access) could cause serious business interruption.

- Ongoing investment in IT systems, infrastructure, security and people (including increased server capacity) to ensure that they are sufficient for the needs of the business and do not become obsolete or compromised.
- Third-party resources available to assist with additional demand when and where necessary.
- Back-up facilities in place to ensure that business interruptions are minimised and internal and customer data is protected from corruption or unauthorised use.
- Business recovery plans in place to minimise the effects of damage or denial of access to infrastructure or systems.

**IT capacity and capability fail to keep pace with growth and increasing complexity of the business**

ASOS continues to grow at a fast pace. Such growth requires ever more complex and sizeable technological systems. At the same time, technology itself continues to develop. Any failure to ensure that IT capacity and capability keep pace with the business could act as a drag on the Group's ability to grow.

- Senior IT personnel substantially strengthened, including a new Chief Information Officer with vast experience of much bigger operational requirements.
- Development resources augmented by new Birmingham office and third-party support from Cognizant in India and China.
- Platform architecture designed to allow increasing segregation between systems.
- New monthly meeting to review quality and sufficiency of portfolio.
- Cross-functional project teams set up to run big ongoing IT projects.
- Substantial capital expenditure investment in IT continues.

## FINANCIAL RISKS

**Core business model, as developed in the UK, not sufficiently profitable on a scalable basis in key territories**

We have developed a market-leading, profitable business model based on customer engagement, using the UK as our 'core learning ground'. Failure to create the same cost and price structures internationally in the long term will constrain our growth.

- We take factors such as size of market, fashion-consciousness, and cost of delivery options into account when deciding where to make investments in our international customer propositions.
- Introduction of zonal pricing enables us to apply specific pricing in key territories, taking into account variability in costs and other dynamics between those territories and the UK.
- Operations are being streamlined where appropriate to improve customers' experience and minimise cost differences, including fulfilment centres being opened nearer to key territories, and collating returns in key countries for return in bulk.
- Elements of the core model (such as free returns) are not offered unless and until costs are justified and controllable.
- Minimum order value thresholds introduced to qualify for free delivery, to reduce number of loss-making orders.

**Foreign exchange movement**

We are a UK-based global retailer and sell products to customers across the world in many different currencies, while recognising our revenues in pounds sterling. The Group therefore has potential exposure to changes in interest and foreign exchange rates.

- Our Treasury Department takes responsibility for reducing exposure to this risk and other financial risks to ensure that sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.
- We take out forward contracts to hedge key currencies in proportion to our calculated net exposure.
- Foreign currency balances are monitored regularly, with margins frequently reviewed by the Executive Board so any required adjustments can be made quickly when required.
- Introduction of zonal pricing enables us to take into account the variability in costs including foreign exchange rates.
- Further information on the Group's exposure to and management of capital, liquidity, credit, interest rate and foreign currency risk can be found in Note 19 to the financial statements.

## Risk

## Mitigating activities

## MARKET RISKS

**Marketing strategy**

We must ensure that our marketing is aligned to the needs and wants of our target customers. A misplaced marketing strategy could reduce customer engagement and damage the ASOS brand.

- Developed a customer-led marketing philosophy and strategy, supported by the Executive Committee and implemented across the Group.
- Teams realigned to ensure they have the appropriate media skillsets and an appropriate level of customer focus, and to take advantage of the fact that a lot of the Marketing Team are the same demographic as our target customers.
- Brand guidelines introduced to ensure consistency of voice and approach throughout all marketing activities.
- Customer focus group established to provide us with direct feedback from customers.
- Appropriate IT systems in use to measure customer sentiment and reactions.
- 'Access All ASOS' programme introduced to boost customer advocacy of ASOS' brand and products.

**Retail market position and 'fashionability'**

The retail fashion industry and market are subject to changing customer tastes. Our performance depends on our ability to predict and respond quickly to changing consumer demands, and to translate market trends into saleable merchandise at the right price.

- A proactive approach to monitoring consumer trends including regular attendance at all major fashion weeks, catwalk shows and festivals, trips to fashion cities and signing up to blogs.
- Ensuring we offer a well-balanced, diverse product range to meet the demands of different customers.
- Employing and investing in experienced buyers, merchandisers and designers, and developing a pipeline of up and coming talented individuals with the ASOS Retail Brilliance Scheme, a technical skills training programme hosted internally for members of the retail teams.
- Ever closer working relationships between Buying and Merchandising Teams in each retail department.
- Use of freelance fashion experts to refresh internal knowledge.
- Regular review of product design and selection by senior members of the retail teams.
- Introduction of zonal pricing enabling us to price appropriately for, and remain competitive in, each key market.

**Inadequate or poor user digital experience**

As an online retailer, our digital experience is our shop window (whether that's on a computer, a tablet, a mobile or any other device). Failure to effectively predict and respond to user experience/IT/website/application market trends, or to offer our customers appropriate technology innovations, will result in a poorer customer experience.

- Customer Experience Team more focused on creating and re-creating a consistently engaging ASOS digital experience.
- Increased customer relationship management activities ensure more engaging and relevant contacts at more appropriate times between the Company and registered customers.
- Programme of rolling upgrades and ongoing improvements to all elements of our digital experience, including our site and our apps.
- Customer user groups in place to give direct feedback on all elements of our digital experience.
- Customer Care Team now working more closely with the Customer Experience Team to ensure seamless customer experience.

Risk

Mitigating activities

**SUPPLY CHAIN RISKS**

**Logistics and fulfilment**

ASOS delivers to 240 countries and territories, and has agreements with several logistics providers to fulfil deliveries to customers. The interruption, deterioration or loss of delivery services from suppliers to the Group’s warehouses, and from our warehouses to our customers, may affect our ability to complete sales.

- ASOS has multiple delivery routes and options and uses multiple delivery service providers to reduce dependency on any one provider.
- We also have relationships with many more providers than we currently use, in case we need extra support.

**Insufficient warehouse capacity**

ASOS continues to grow at a fast pace, particularly internationally. This means we need ever more warehousing space that is close enough to customers to enable us to serve them in line with their expectations. Failure to ensure that warehouse capacity and capability keep pace with the business could act as a drag on the Company’s ability to grow.

- Continuing to maximise the available capacity in our main fulfilment centre in Barnsley by investing in a new mini-load extension, further sorters and increasing automation (see case study on page 16).
- Further expanding our existing international fulfilment centres in the US and particularly in Germany, with a view to enabling them to become substantial stand-alone fulfilment centres in their own right.
- Sufficient warehouse capacity in place to accommodate expected future growth in order volumes.

**Warehouse disruption**

Any disruption to the Group’s warehousing facilities due to physical property damage, breakdown in warehouse systems, capacity shortages or poor logistics management could have a detrimental effect on our ability to complete customers’ orders.

- All warehouses are managed by large multi-national companies specialising in the provision of these services.
- Continuous monitoring of service levels and warehouse handling to ensure goods are handled, packed and delivered in a timely manner.
- Business recovery plans in place to minimise effects of any material disruption within any of our warehouses.
- All products are on relatively short lead-times, with a steady flow of products into the warehouse, enabling the supply chain to be diverted to alternative locations if necessary within a manageable timeframe.



## Risk

## Mitigating activities

## REPUTATIONAL RISKS

**Brand name**

Internet-only businesses depend on their brand name. Failure or inability to support and protect trademarks, brands and online domain names, in all relevant business locations, given that they are the ASOS shop window and so the primary mechanism by which customers purchase our products, could have a detrimental effect on the Group's performance.

- The Company was first to use the ASOS brand name both for online retailing and on clothing labels.
- Robust strategy for actively pursuing and defending the ASOS brand name and all supporting trademarks, domain names and other intellectual property, in all key markets in all relevant classes.
- Experienced, growing team of intellectual property legal experts engaged to carry out that strategy, and manage the ASOS trademark and domain name portfolios, headed by the Brand & IP Director, reporting into the General Counsel & Company Secretary.
- Ever increasing number of trademarks and domain names applied for and registered across the world.

**Security of customer data**

As an online retailer, ASOS needs to gather and use customers' personal data in order to process orders, receive payment and carry on its business. Unauthorised access to our customer data could lead to reputational damage, compliance issues and a loss of customer confidence.

- Controls and processes in place, both within the website and with our key service partners, to ensure that all handling and use of customer data is appropriate and compliant with all applicable laws and customer expectations.
- Technical and physical security controls in place (including secured infrastructure and firewalls) to mitigate unauthorised access to customer data held on the Group's servers, including access restrictions and encryption of customer credit card data, with regular testing of those systems.
- An alert system in place in case of attempted unauthorised access.
- ASOS employs a team of IT Security Officers, as a discrete team within the IT Department, dedicated to considering and mitigating IT security violations.
- IT Security Monthly Forum held between key IT Security team members and relevant Executive Board members, with IT security and data also discussed regularly at Audit Committee meetings.
- Physical security passes required to enter non-public areas of all buildings.
- References taken from all employees to check character.
- Data security now regularly considered in all contracts and business discussions.

## PEOPLE RISKS

**Reliance on key personnel**

Almost all the sectors that are relevant to our business are very competitive, and our people across all departments are frequently targeted by other companies for recruitment. Our performance depends on our ability to attract, motivate and retain key staff.

- The Remuneration Committee monitors the structure and levels of remuneration for all staff, including senior management, and seeks to ensure that, as a whole, remuneration is designed to attract, retain and motivate senior management to run the Group successfully.
- All employees are provided with the opportunity to have fulfilling careers through employment policies, competitive remuneration and benefits packages, and career development opportunities.

## Fashion with Integrity

Our corporate responsibility programme, 'Fashion with Integrity', epitomises our approach to business. For ASOS, Fashion with Integrity means managing all aspects of our business transparently, so our customers can enjoy their fashion in the knowledge that, when buying our products, they are buying from a responsible company that is actively working to minimise the negative effects of the fashion industry on people, animals and the environment.



### Our corporate responsibility strategy

To support and deliver our wider business vision, we have restructured our Fashion with Integrity strategy to provide greater clarity by focusing on four pillars: our products, our customers, our business and our community.



**Louise McCabe**, Head of Corporate Responsibility, outlines the strategy.

This year we've achieved greater coherence and focus in corporate responsibility. Our Fashion with Integrity strategy has matured and is becoming part of everyday business. The more our corporate responsibility programme is understood by our people, our suppliers, our shareholders, even our customers, the greater the buy-in and impact it will have. In particular, we need all our colleagues to work together to drive forward the changes we need.

A good example is moving our Ethical Trade and Product Sustainability Teams into the heart of our retail operations. This has helped us make real changes in how we source and buy products in a way that works for everyone involved. Key to success in improving labour conditions is to build trust and openness in supplier relationships and to take a critical look at our own practice. That needs real dialogue with the key players

– workers, factory managers, suppliers – which can only really happen if our buyers are engaged in what we're trying to do. And I'm pleased to say that, increasingly, they are.

The challenges haven't gone away, of course. Our rate of growth and the complexity of fashion supply chains mean that improving the sustainability of our business isn't easy. Much of our environmental impact comes through third-party partners – and we don't have direct control of their operations. However, what we can do is influence their practices, which again is about working in partnership – with our colleagues, our supplier partners, expert advisers, NGOs, government and as part of cross-industry groups. I strongly believe that the four clear pillars of our restructured Fashion with Integrity strategy will help to further foster those partnerships.

*"Corporate responsibility is not a 'nice to have' any more – it's a 'have to have'. 20-somethings are now probably the most engaged and interested group when it comes to sustainability and integrity. They rightly expect ASOS to play its part in finding solutions to our most pressing sustainability challenges. We're intent on delivering on their expectations."*

**Andrew Magowan**, General Counsel & Company Secretary

## HIGHLIGHTS OF THE YEAR

- **Launched our new Supplier Scorecard, featuring sustainability and ethical trade data, giving buyers the tools they need to buy more sustainably**
- **Joined a cross-industry working group of 14 retailers and trade unions to address the issue of living wages in supply chains**
- **Partnered with the British Paralympic Association to design formal and ceremony wear for ParalympicsGB in Rio de Janeiro, Brazil in September 2016**
- **Reduced our carbon intensity, as measured by grams of CO<sub>2</sub> per customer order, by approximately 19%**
- **Cut the size and number of swing tickets we attach to our products, saving approximately 7 tonnes of cardboard annually**
- **Developed and delivered our first Prince's Trust 'Get Into IT' Service Desk programme, with three graduates joining the ASOS IT Department**
- **Achieved our 'Big Challenge' fundraising target, raising £250,000 for the ASOS Foundation to build a new Udayan Care family home in Greater Noida, India for 12 abandoned or orphaned girls**
- **Expanded our rural water catchment in Kenya so it now provides drinking water to the 7,000 local people it serves all year round, making it easier for people to devote more time to education, enterprise, jobs and training**



## OUR PRODUCTS

*Respecting people and the planet with great products that our customers can trust.*

**At ASOS, we focus on three key things when sourcing our products: ethical trading, sustainable sourcing and animal welfare.**

### ETHICAL TRADING

Ethical trading is all about one very important thing – the people who work in our supply chain. In part because of the length, reach and complexity of modern supply chains in the fashion industry, garment workers around the world continue to be vulnerable, particularly in terms of health and safety standards in their workplaces, wages and effective representation. At ASOS, we believe the workers in our supply chain should be safe at work, financially secure and respected by their employers. We are committed to being a responsible retailer, where every worker in our supply chain is protected. Achieving that requires us to set and uphold high standards ourselves, and to work with suppliers to make sure they uphold these standards too.

Responsibility for improving working conditions starts with us, and our Sourcing and Ethical Trade Department is fundamental to that. It ensures we develop our commercial strategy within a sustainable and ethical framework, and then works hand in hand with the buyers, designers, merchandisers and technologists in our own retail teams to help them understand where they can have an impact on factory standards and how to make the right strategic choices.

### Sourcing practices – working together across ASOS

As our sourcing practices have a huge direct impact on what happens throughout our supply chain, we have defined our own sourcing standards, practices and policies that clearly set out how we work, what we expect from those we work with, and how we will help our suppliers improve where needed.

We review our purchasing practices each year and, in 2014, we engaged Impactt, a leading consultancy specialising in ethical trade, human rights and labour standards, to carry out an independent review which highlighted key areas of improvement. Since then, our Ethical Trade Team has worked closely with our Buying and Merchandising Teams to carry out those improvements and to further embed ethical trading in our sourcing decisions. Examples include:

- training sessions for Buying, Merchandising and Technical Teams on the importance of supplier relationships, communication and sampling

- factory visits for assistant buyer and buyers' admin assistant levels to improve their knowledge of production processes and timings
- regular catch-ups with Buying Teams to review and improve awareness of their supplier and factory base
- involving buyers directly in their suppliers' ethical risk rating improvement plans.

### Sourcing practices – working together with our Partners

Having set out sourcing standards, the support and commitment of our suppliers is essential in turning these standards from words into deeds. We currently have 182 suppliers, who between them use 476 factories across 30 countries. To ensure that we are able to select the right long-term partners and can have collaborative relationships with them, we do a number of things:

- **supplier scorecards:** covering assessments against key ethical trade indicators. These enable our buyers to quickly and easily understand the relative ethical positioning of one supplier compared with another
- **factory health and safety education:** since 2014, we have been focusing on improving health and safety standards in our supply chain, including outsourced processes such as printing and washing; we have done this by helping factory managers understand how good health and safety management can benefit both them and their workers, through mechanisms that enable greater dialogue
- **regular factory audits:** ultimately, the only way to tell what's happening is to see it for yourself – so we aim to visit all 476 factories regularly, and audit how they are performing against our standards
- **improvement plans:** after any audit, we work proactively with our suppliers and factories to enable them to reach our required standards, even if they are finding it difficult to meet all of them – automatically de-listing a factory or supplier as a result of a breach often only displaces the issue, rather than fixes it, at the same time as potentially making things worse for the workers in those factories; instead, we genuinely try to make things better on the ground
- **living wage:** we have joined ACT – Action, Collaboration and Transformation – a group of 14 retailers working with suppliers and the global Trade Union, IndustriALL, on an agreed set of Enabling Principles to address living wages through better purchasing practices, improved skills and productivity, freedom of association and collective bargaining, and positively influencing governments.

*“Ethical trade is central to our sourcing strategy. We’re building strong, open relationships with our suppliers, encouraging transparency, demonstrating how good working conditions can benefit our suppliers’ businesses, and investing in projects to put worker/management dialogue centre stage. At the same time we’re taking a regular, critical look at our own business practices and making changes to ensure we are supporting and not hindering our suppliers as they strive to make improvements.”*

**Maria Hollins**, Retail Director

## SUSTAINABLE SOURCING

As a key element of our sourcing strategy, this year we launched a redefined sustainable sourcing programme focused on four pillars:

- **improved traceability of raw materials:** better understanding where exactly more of our materials come from
- **lower environmental impact:** increasing the use of lower- impact materials and processes
- **craftsmanship:** highlighting products manufactured by hand or using handmade materials
- **engaging customers on sustainability:** offering a broad range of sustainable fashion and beauty products.

To better embed sustainability into our retail operations, the Sustainable Fashion Team joined the Sourcing Team, moving from an ‘advisory’ capacity to a ‘hands on’ capacity, engaging daily with our buyers and our suppliers on areas including:

- empowering our Buying, Design and Merchandising Teams to take ownership of our sustainable product goals
- supporting our partnership with suppliers to lower the environmental impact of our products
- capturing all relevant sustainability data in our newly launched supplier scorecards
- relaunching the Green Room section of our site to increase the profile and sales from sustainable fashion and beauty products, with a target to double the number of Green Room products by 2020.

## ANIMAL WELFARE

ASOS firmly believes that animals should not suffer in the name of fashion or cosmetics. In the past 12 months we have continued to strictly enforce our animal welfare guidelines, and raise customer awareness of alternatives to fashionable animal-sourced fabrics, by featuring ‘faux’ and ‘non-leather’ products. We carried out induction programmes and regular training and reminders for buyers to ensure they follow our animal welfare guidelines, and this year eliminated feathers and down from all own-brand products.

*“We can’t take it for granted that the resources we have available to us today as fashion retailers will be available to us in the future. We have to be proactive here. Being behind the game is not an option.”*

**Simon Platts**, Sourcing Director

## Case study: ‘Better’ fabric



As a signatory of SCAP (Sustainable Clothing Action Plan), this year we have been working on reducing the impacts of two key clothing materials.

Our greatest impacts are from cotton, so we have set a target for 50% of our own-label cotton clothing to be manufactured from Better Cotton sources by 2020. The Better Cotton Initiative aims to transform cotton production worldwide, by working with diverse stakeholders throughout the cotton supply chain to promote measurable and continuing improvements to the environment, farming communities and the economies of cotton-producing areas. During the last 12 months we placed our first Better Cotton orders, with more planned in 2016.

Alongside our cotton strategy, we are focusing on the impact of fabrics sourced from wood pulp on global deforestation. In 2014, we announced our support for the campaign fronted by Canopy, a not-for-profit organisation dedicated to protecting the world’s forests, and we are working towards having our clothing supply chain free of viscose fibre sourced from ancient or endangered forests by 2020.



## OUR CUSTOMERS

*Helping young people to look, feel and be their best.*

**At ASOS, we focus relentlessly on reflecting the needs of our customers all over the world. Within our corporate responsibility programme, we do this in two ways: ensuring that our products and communications are inclusive, responsible and recognise cultural difference, and providing the best possible customer care 24/7.**

### **Inclusive products and communications**

We celebrate and promote the diversity of our customers through our clothing ranges, our social media presence, our editorial content and our website.

### **Positive body image**

We want to use our influence among young fashion lovers in a responsible way, by promoting a healthy, positive body image to our customers. We do this by:

- participating in government advisory panels to tackle body confidence issues
- bringing in experts to train our employees on body image and health
- ensuring our own Model Welfare policy and guidelines on digital manipulation are fully applied, to protect our models and our customers
- enabling all our customers to post images of themselves wearing the clothes they have bought through our #AsSeenOnMe feature
- publishing articles on diverse and inspirational young women in our ASOS magazine, focusing on their achievements not their looks
- working with the anti-bullying charity, The Diana Award, recognising that online channels and activities are having a huge impact in the area of bullying and self-esteem
- continuing to fund the charity, B-eat, which provides online support for young adults with eating disorders.

### **Focusing on disability**

This year, through our Celebrating Diversity programme, we focused particularly on recognising that many of our customers and employees have hidden or visible disabilities. Since joining the Business Disability Forum in 2013 and completing our first Disability Standard self-assessment, we have worked across our business to implement improvements, particularly in the areas of awareness and communication, including:

- launching an employee training programme to increase awareness, skills and confidence
- launching a partnership with the British Paralympic Association (BPA) aiming to raise the profile of 20-somethings with disabilities in fashion. The opportunity to work closely with the BPA and Paralympic athletes is helping us learn more about how we can provide a good experience for all our customers and employees.

### **Customer Care**

We now provide a 24/7 customer care service for all our key markets, channels and languages via any device. This year we handled 7.5 million contacts including telephone calls, social media, email and live chat. We also continually update our website Help pages, and 92% of customers who use these pages find the answers to their questions without needing to get in touch.

Protection from fraud and data security measures are some of the most important services we provide for our customers. We use an automatic anti-fraud system that reviews every order and selects 1.6% for manual review by the Profit Protection Team, which works 24 hours a day, seven days a week to ensure threats are mitigated as efficiently and effectively as possible. This year, our profit protection measures prevented £11.0m of fraud on 68,451 orders. We also have technical and physical security controls to prevent unauthorised access to customer data, including access restrictions, encryption of certain customer data, and alert systems.

## Case study: Stylishly dressing our Paralympians for Rio 2016



*Paralympians Will Bayley, Jordanne Whiley, Sam Ruddock and Lauren Steadman on the ASOS catwalk*

This year, ASOS launched a partnership with the British Paralympic Association (BPA) to design formal and ceremonial wear for ParalympicsGB in Rio de Janeiro, Brazil in September 2016.

The ASOS Design and Garment Technology Teams are using their expertise in celebrating individuality to design fashionable formalwear for different body types and sizes. More than 500 people, including both athletes and support staff, will be provided with a capsule wardrobe of simple, functional yet fashionable pieces to wear at a range of official team occasions. This includes high-profile team appearances in addition to the Opening and Closing Ceremonies of the Rio 2016 Paralympic Games.



*"ASOS is an established, dynamic brand and our athletes will exude confidence wearing ASOS designs. We'll be sending out the right message to the rest of the world when the team marches into the stadium."*

**Penny Briscoe**, *Chef de Mission, British Paralympic Association*

## OUR BUSINESS

*Achieving growth in a way that adds social value and minimises environmental impacts.*

**We believe in growing our Company in a sustainable way, while ensuring our long-term commercial viability. We do this by focusing on two things: our people and the environment.**

### OUR PEOPLE

At ASOS, we work hard to create a unique culture where people can enjoy their work, have fun with their colleagues, feel valued and respected and understand that they make a difference each day. We want ASOS to be a fast-paced, diverse and inspiring place for people to work, to ensure we are able to attract the best talent available in all areas of our business.

All our employees and third-party workers are central to the Group's success. As at 31 August 2015, we employed 2,038 people, including 1,798 full-time and 240 part-time employees. The majority of our employees are based at our headquarters in Camden, North London, and our Customer Care site in Hemel Hempstead, with smaller teams in Paris, Birmingham, Berlin, New York, Sydney and Shanghai. To support our operations, people are employed through our outsourced partners at our Barnsley fulfilment centre, and at our International Customer Care centres based in Gatestead, Glasgow, Lisbon and Vladimir.

We communicate regularly with employees about the Group's performance and objectives, and we encourage employees to contribute their own ideas. We regularly include our third-party workers in Group communications and show our belief in their contribution to the business by including them in our employee discount programme.

Having strong and ethical standards is important to us. We expect all our employees and third-party workers to act with integrity and behave ethically in everything they do.

### Attracting talent and investing in our people

Attracting, developing and retaining the best talent that will thrive in our fast-paced environment remains our number one priority. Over the last 12 months, we have strengthened our senior team in critical areas with the promotion of Nick Beighton to be our new Chief Executive Officer, the appointments of a new Chief Financial Officer, People Director, and Chief Information Officer, and the hiring of key people in Merchandising, IT Security, Retail and Reward. More widely across the business, apprenticeships and internships continue to be important ways of attracting more junior talent, and we also continue to build relationships with a variety of universities and colleges.

Once we've brought the best talent in the door, we work hard to develop and retain our people by offering opportunities that match both their professional and personal aspirations. Beginning with an in-depth induction programme, we equip new employees with everything they need to know to be effective in their roles quickly. We then focus on enabling all employees to develop within their roles through 'The Collection', our suite of learning and development courses. This year we invested significantly in our management and leadership development programmes, with more than 400 people developing their leadership capabilities throughout the organisation. Training on compliance, business essentials and soft skills is predominantly designed and delivered in-house to ensure that it fits our specific requirements.

We also believe in encouraging our employees to be more involved with the community, and provide various opportunities for them to do so (see Our Community section on pages 33 to 34). As well as being good things to do in their own right, this kind of voluntary participation also helps people feel more connected to ASOS and happier in their jobs. Our overall aim is to 'ignite the passion' which so clearly exists throughout the Company, creating an environment where fulfilling one's true potential is a given.

### Equal opportunities

Reflecting our customer base, ASOS is committed to encouraging diversity and ensuring that discrimination has no place in our business. We want each employee to feel respected and able to perform to the best of his or her ability. ASOS will treat all employees equally regardless of age, disability, sex, sexual orientation, gender reassignment, marital or civil partner status, family status, race, colour, nationality, ethnic or national origin, religion or belief. Should an employee develop a long-term health concern or disability, we do our best to support him or her to return to work.

We are particularly keen to ensure that women have equal opportunities to have fulfilling careers and rise to the top of the business. As at 1 September 2015, of the eight members of our Board, four (50%) were women and four (50%) were men. Across the business, 67% of full-time employees were women and 33% men (2014: 68% women; 32% men), while 96% of the part-time workforce were women and 4% men (2014: 97% women; 3% men).



*"We work hard to develop innovative and efficient delivery mechanisms, so that customers receive their products successfully first time. As well as being good for customers, it's good for us and the environment, because it reduces the cost of fuel and carbon emissions from failed deliveries."*

**Matt Rogers**, Director of Delivery Solutions and Inbound Supply Chain

## Safety

Our employees and people working on behalf of ASOS are entitled to work in a safe environment. We carry out health and safety risk assessments regularly and review our Safety Policy, 'Be Smart', frequently. During the 2015 financial year, we had no reportable work-related incidents under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995 (RIDDOR) (2014: none).

## ENVIRONMENT

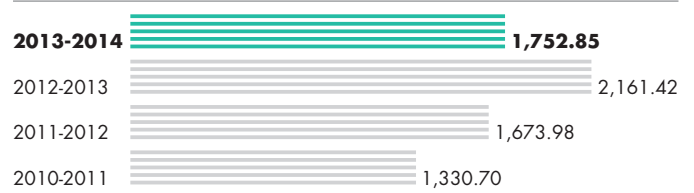
As an online business, ASOS delivers products directly to customers without the need for bricks and mortar stores. We have offices in the UK, New York, Sydney, Berlin, Paris and Shanghai, and ship to customers in 240 countries and territories from our fulfilment centres in the UK, Germany, the US and China. The biggest environmental impacts from our business activities are carbon emissions from customer deliveries and the running of our buildings, and waste from our packaging. We aim to make our operations and use of resources as efficient as possible by controlling emissions, and focusing on the sustainability of our packaging.



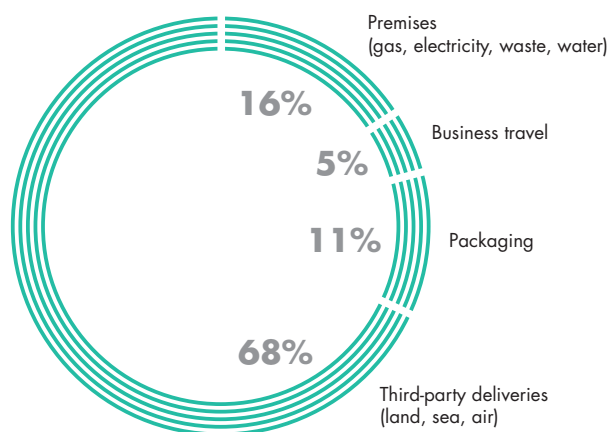
## Carbon footprint

As the growth of ASOS continues, our total carbon footprint is inevitably increasing. It is therefore more important than ever that we identify and implement systems that will improve the environmental efficiency of our activities so that the intensity of our environmental impact will reduce despite our continuing growth.

**Grams of greenhouse gas emitted per customer order (gCO<sub>2</sub>e)**



**Greenhouse gas emissions by source**



Due to differing reporting deadlines, at the time of this report we are only able to report emissions data from the previous year. For the year ended 31 August 2014, our total carbon footprint increased to 44,331 tonnes CO<sub>2</sub> (2013: 42,914 tonnes). Although overall emissions have increased compared to the previous year, through improved data capture and more efficient use of warehouse space we have reduced our carbon intensity by approximately 19% (measured by grams CO<sub>2</sub> per customer order). In addition, the scope of the data collection has been increased from the previous year with the total footprint now including emissions relating to our packaging and data centres.

### Customer deliveries

The largest contributor to our footprint continues to be third-party deliveries (the delivery of parcels to customers), which account for 68%. Air freight continues to make up a large proportion of this figure at 97%. ASOS continues to take environmental criteria into account when selecting carriers, while also looking at how we can best structure our operations to reduce our carbon intensity.

For example, we are continuing to expand our range of delivery and return methods, with particular focus on Pick-Up-Drop-Off (PUDO), which allows customers to collect and return their order from a convenient location. In the UK, ASOS has partnered with major high street retailers to trial click-and-collect. Internationally, the deliver-to-store option was launched at more than 12,500 locations across France, Spain, Belgium and Luxembourg. All of these reduce the number of failed deliveries, helping make sure that only one journey is needed to get our customers their deliveries.

Also, over the last year, we have significantly grown the amount of stock we hold in our German fulfilment centre (Eurohub) so it now represents over 15% of total stock units. Excluding the UK, 38% of European orders are fulfilled by Eurohub, helping us cut down on stock and vehicle movements across Europe, and reducing emissions as a result.

### Energy efficiency in buildings

Our buildings generate approximately 16% of our carbon footprint. The emissions generated by our buildings have more than halved this year; however, we aim to continue to improve energy efficiency. We are currently working towards a UK energy compliance scheme that requires energy audits of all our buildings. We are also in the process of analysing 90% of ASOS energy use to reveal how we can become even more energy efficient.

### Waste from packaging

We are always looking at ways to reduce the volume of materials we use in our packaging, while ensuring our products are delivered in the right condition. In the last year, we have reduced the size and number of tickets we attach to our products, giving us annual savings of approximately 7 tonnes of cardboard, approximately 240kg of metal and 68,000 metres of string.

Our plastic mailing bags continue to contain 25% recycled content. In addition, customers are able to reuse their ASOS mailing bag if they want to return their product. When the return is received by ASOS, the mailing bag is then returned to the manufacturer to produce new bags, thus reducing environmental impact.

### Case study: Reforestation project: the Kasigau corridor



A large proportion of our emissions are not directly within our control, for example third-party deliveries, and it is therefore not possible to eradicate all emissions. As a result, during the year we have continued to offset carbon emissions through projects in developing countries, including a reforestation project in the Kasigau corridor, Kenya. The project reduces atmospheric carbon by planting trees, with the added benefit of providing vital habitat for local fauna and flora, including five endangered mammal species. Many local people are also employed by the project. In addition, a proportion of carbon credit funding is invested in a trust to support education, training and community infrastructure in this Kasigau region. The ASOS Foundation also contributes to the community through Project Pipeline, which helps young adults overcome barriers to progress by providing access to water, educational support and vocational training (see Our Community section on pages 33 to 34).

## OUR COMMUNITIES

*Making a positive difference to young people's lives in the communities where we operate.*

Our community programmes are focused on creating opportunities for young adults to 'be their best' and achieve their potential. Through the activities of both the Company and the ASOS Foundation – an independent charity (charity number 1153946) – most of our community work takes place in the UK, particularly around the four areas where we employ the most people (London, Hemel Hempstead, Barnsley and Birmingham). We also support projects overseas in Kenya (where the ASOS Africa range is manufactured) and India (where some retail and IT suppliers are based). The ASOS Foundation works with long-term charity partners including the Prince's Trust and Arrival Education in the UK, SOKO Community Trust and Wildlife Works Carbon Trust in rural Kenya, and Udayan Care in New Delhi, India.

### UK

- 229 young people achieved a national qualification at the ASOS-funded Stitching Academy in Haringey, London of whom 54 moved on to secure employment or further training
- Developed and delivered our first Prince's Trust 'Get Into IT' Service Desk programme with three graduates joining the ASOS IT Department
- 87 young people were trained at ASOS on our 'Get Started with Fashion', 'Get Started with Customer Care' and 'Get Into Web Design' programmes in partnership with the Prince's Trust
- 49 young people were awarded small grants via the Prince's Trust for equipment to enable them to access work or training
- Supported 'Call to Create' at the Roundhouse in Camden including circus, dance, poetry and music for young adults, and coding clubs for 11- to 14-year-olds
- Supported the delivery of Arrival Education's 'Success for Life' programme for young people with potential for success who are disengaged from school and learning due to challenging circumstances in their personal life
- Funded Enterprise programmes at Barnsley College to develop young people's confidence and business skills

### Case study: Prince's Trust 'Get Into IT: Service Desk' programme



In February 2015, ASOS employees delivered our first 'Get Into IT: Service Desk' programme to 11 young people in partnership with the Prince's Trust. Sessions included basic coding, hardware, server infrastructure and customer service to expand their IT skills as well as CV writing, job search and interview sessions to prepare them for the world of work. After they've completed the programme, candidates are helped to look for jobs – and three of the young people secured jobs in our own IT Department: two Service Desk Trainees and one Junior Database Analyst Trainee.

Claudia Macario (Service Desk Trainee) says:  
*"Thank you for giving me this amazing opportunity which has not stopped giving."*

### Kenya – Project Pipeline

- Expanded a rural water catchment to provide 7,000 local people with year-round drinking water, freeing up more people to take part in education, enterprise, jobs and training
- 38 people graduated from our Stitching Academy in Kenya with professional manufacturing skills that will enable them to get jobs in the industry or to establish small businesses
- Built a hall at Buguta High School – used as a dining hall by the children and in the evenings by the local community
- Over 70 people attended a Partner Africa training workshop on managing personal finance

### India – Udayan Care

- Achieved our ‘Big Challenge’ fundraising target for the ASOS Foundation, raising £250,000 to build a new Udayan Care family home in Greater Noida for 12 abandoned or orphaned girls
- Our second ‘Give a Week Away’ gave 10 ASOS employees the opportunity to volunteer in India at Udayan Care, refurbishing living space and running workshops for the children

### EMPLOYEE INVOLVEMENT

We encourage our employees to be more involved with the community, and our community programme provides various opportunities for them to do so. In the past 12 months, ASOS employees have been engaged in:

- **Workplace Giving:** over 20% of employees made regular donations from their pay to charity, for which ASOS was awarded a third Platinum Quality Mark for Payroll Giving
- **Payday Pennies:** launched in 2014, now 15% of employees donate the pennies from their salary directly to the ASOS Foundation
- **Give a Day Away:** 16% of our employees volunteered to give time and expertise to our community programme partners or to their chosen charity or community group
- **ASOS Active and ASOS Engage:** employees undertaking sponsored challenges and organising fundraising events contributed over £40,000 to the ASOS Foundation

### Case study: Financial inclusion in rural Kenya



Project Pipeline aims to remove some of the barriers preventing young women and men from achieving their potential – by providing access to water, training for jobs, and support for enterprise. We recognise that there are specific challenges faced by lower income women in the developing world around financial inclusion. Many Kasigau community members, even those in employment, struggle with debt and lack the financial skills to lift their families out of poverty. Alongside our Stitching Academy training programmes in 2015, we engaged Partner Africa to devise and deliver a participatory financial management programme in Kiswahili for members of the Kasigau community. The key objective of the training was to enable participants to:

- set life and financial goals
- improve use of money and develop an income spending plan
- manage debt through developing a debt reduction plan
- develop a savings plan and use saving rules
- learn how to grow savings through investments options.

Participants responded very positively and left with personal financial plans. Those who had debts left the sessions with a plan to clear them, others formed accountability groups to support each other in meeting objectives. Several women requested further training and support in financial management and this is forming the basis of 2016 developments for Project Pipeline.

*“I will change the life I have now and plan for my life in the future.” – Kasigau community member*



---

<b>36</b>	<b>Board of Directors</b>
<b>38</b>	<b>Corporate Governance Report</b>
<b>42</b>	<b>Audit Committee Report</b>
<b>44</b>	<b>Directors' Remuneration Report</b>
<b>54</b>	<b>Directors' Report</b>
<b>56</b>	<b>Statement of Directors' Responsibility</b>

## BOARD OF DIRECTORS

---



### **Brian McBride**

Chairman

Prior to joining ASOS Plc, Brian was Managing Director at Amazon.co.uk from 2006 to 2011. He was appointed Chairman of ASOS Plc on 1 November 2012. He is Senior Non-Executive Director at AO World PLC and also Senior Adviser at Scottish Equity Partners. He is a member of the Court (Governing Body) of the University of Glasgow, and is a member of the UK Government's Digital Advisory Board, which is helping deliver government services digitally to Britain. Brian became Chairman of Wiggle Ltd, a private equity-owned online cycling and apparel business, in April 2015.



### **Nick Beighton**

Chief Executive Officer  
(Chief Operating Officer until  
2 September 2015)

Nick is a chartered accountant who qualified at KPMG, working in transaction services and within the strategic business management group. He joined Matalan in 1999 as Head of Finance and became Business Change and IT Director ahead of his appointment to the Company's retail board in 2003. In August 2005, Nick joined the board of Luminar Entertainment Group as Finance Director. He is a member of the EU e-Commerce Task Force and the Future Fifty Programme Advisory Panel. He was appointed Chief Financial Officer of ASOS Plc in April 2009, and from October 2014 held the title of Chief Operating Officer. On 2 September 2015, he succeeded Nick Robertson as Chief Executive Officer.



### **Helen Ashton**

Chief Financial Officer  
(Joined 1 September 2015)

Helen is a chartered management accountant with 20 years of post-qualification experience, including 12 years working at director level. She has spent 10 years within regulated financial services businesses driving major change and growth programmes both in Managing Director and Finance Director roles. This included consumer-facing roles at Barclays, Lloyds Banking Group and, latterly, as Chief Executive Officer of a private equity-backed UK consumer debt purchaser, Capquest. Prior to this, Helen held senior finance roles at ASDA and GUS. Helen joined ASOS on 1 September 2015.



### **Ian Dyson**

Senior Independent  
Non-Executive Director

Ian joined the ASOS Plc Board in October 2013 as Senior Independent Non-Executive Director and Chairman of the Audit Committee. He has more than a decade's experience in the public market arena and has held both executive and non-executive directorships at FTSE100 and FTSE250 companies. He was Group Finance and Operations Director of Marks & Spencer Plc from 2005 to 2010, before becoming Chief Executive of Punch Taverns Plc in 2010. Prior to that, Ian was Group Finance Director of Rank Group Plc. He is currently a Senior Independent Director and Chairman of the Audit Committee at Betfair Plc, a Non-Executive Director of Punch Taverns Plc, a Non-Executive Director and Chairman of the Audit Committee at Intercontinental Hotels Group Plc, and a Non-Executive Director and Chair of the Audit Committee at SSP Group. Ian was also previously a Non-Executive Director and Chair of the Audit Committee at Misys Plc.



### Rita Clifton

Non-Executive Director

Rita joined the ASOS Plc Board in April 2014 as a Non-Executive Director. She has a portfolio of chairmanships and non-executive roles. She is currently Chairman of BrandCap and Populus, the research consultancy, and a Non-Executive Director of Bupa and Nationwide Plc. Previous non-executive directorships include Dixons Retail Plc and Emap Plc. Rita started her career in advertising, becoming Vice Chairman and Strategy Director at Saatchi & Saatchi. She joined Interbrand as Chief Executive Officer of the London office in 1997, becoming Chairman in 2002. She is a Fellow of WWF, is on the Advisory Board for BP Target Neutral, and has been a member of the Government's Sustainable Development Commission. Rita also chairs the sustainability charity TCV and in 2014 was awarded a CBE for services to the advertising industry.



### Karen Jones

Non-Executive Director

Karen joined the ASOS Plc Board in September 2009 as a Non-Executive Director and chairs the Remuneration Committee. Karen is the Founder and Chairman of Food & Fuel Limited and also chairs Hawksmoor. She is a Non-Executive Director of Booker Group Plc, Cofra Holdings AG, Firmenich International, Corbin & King Restaurants Limited and the Royal National Theatre Enterprises. She was the co-founder of Café Rouge and former Chief Executive of Spirit Group Limited. She is also a former Non-Executive Director of HBOS Plc, Virgin Active Ltd, Gondola Holdings Plc and Emap Plc. Karen was awarded a CBE in 2006 for her services to the hospitality industry.



### Hilary Riva

Non-Executive Director

Hilary joined the ASOS Plc Board in April 2014 as a Non-Executive Director. She is a Non-Executive Director of Shaftesbury Plc and London & Partners. Between 1996 and 2001, Hilary was a member of the Management Board of Arcadia serving as Managing Director of Evans, Top Shop, Principles, Wallis, Dorothy Perkins and Warehouse. In 2001, as Managing Director of Rubicon Retail, she jointly led the management buy-out of Principles, Hawkshead, Warehouse and Racing Green from Arcadia. Following the sale of Rubicon in 2005, Hilary joined the British Fashion Council as Chief Executive, standing down in 2009 having put in place the industry engagement, strategic plan, financial resources and management structure to provide a sustainable future for the organisation. Hilary was awarded an OBE for services to the fashion industry in 2008.



### Nick Robertson

Founder and Non-Executive Director (Chief Executive Officer until 2 September 2015)

Nick co-founded ASOS.com Ltd in 2000, and served as its Chief Executive Officer until 2 September 2015, before changing his role to become a Non-Executive Director. His career began in 1987 at the advertising agency Young and Rubicam. In 1991, Nick moved to Carat, the UK's largest media planning and buying agency. In 1995, he co-founded Entertainment Marketing Limited, a marketing services business. Nick was awarded an OBE in 2011 for his achievements in the world of fashion retailing.

The Board is committed to appropriate standards of corporate governance, as an important part of an effective and efficient approach to managing the Company, its subsidiaries and all its businesses (together 'the Group') for the long-term benefit of all shareholders. The Board monitors the Company's policies to ensure that they are appropriate for the nature, status, size and circumstances of the business, something that is particularly important in a high-growth business like ASOS. These policies are explained below.

### THE BOARD

The Board's primary tasks are to enhance shareholders' long-term interests by:

- reviewing and approving the Group's overall strategy and direction
- determining, maintaining and overseeing controls, audit processes and risk management policies, to ensure the Company operates effectively in the long term
- approving the financial statements, as well as revenue and capital budgets and plans
- approving material agreements and non-recurring projects
- reviewing and approving remuneration policies.

### Board composition

As at 19 October 2015, the Board comprised the Chairman, two Executive Directors and five other Non-Executive Directors. There were no changes to the composition of the Board during the financial year to 31 August 2015, although, at the start of the following financial year, Nick Beighton was appointed Chief Executive Officer of the Company, while Nick Robertson, the previous Chief Executive Officer, became a Non-Executive Director. Helen Ashton was also appointed as Chief Financial Officer on 1 September 2015. Short biographies of each of the Board Directors are set out on pages 36 to 37.

The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and experience, including (without limitation) in the areas of retailing, finance, international trading operations, e-commerce and marketing. The Board is also satisfied that it has a suitable balance between independence (of both character and judgement) on the one hand, and knowledge of the Company on the other, to enable it to discharge its duties and responsibilities effectively. All Directors are encouraged to use their independent judgement and to challenge all matters, whether strategic or operational.

### Appointment, removal and re-election of Directors

The Board makes decisions regarding the appointment and removal of Directors, and there is a formal, rigorous and transparent procedure for appointments. The Company's Articles of Association require that one-third of the Directors must stand for re-election by shareholders annually in rotation; that all Directors must stand for re-election at least once every three years; and that any new Directors appointed during the year must stand for election at the AGM immediately following their appointment.

With regard to those Directors who are offering themselves for re-election at the next AGM, the Board unanimously believes that those Directors' contributions continue to be effective and that the Company and its shareholders should support their re-election. With regard to the appointment of Helen Ashton as a Director, the Board is looking forward to her bringing a new perspective and fresh contribution, and again believes that shareholders should support her election.

### Roles of the Chairman and Chief Executive Officer

There is a clear division of responsibility at the head of the Company. The Chairman is responsible for running the business of the Board and for ensuring appropriate strategic focus and direction. The Chief Executive Officer is responsible for proposing the strategic focus to the Board, implementing it once it has been approved, and overseeing the management of the Company through the Executive Board.

### Board meetings

The Board manages the Company through a formal schedule of matters reserved for its decision, with a minimum of eight meetings scheduled each year. Prior to the start of each financial year, a schedule of dates for that year's eight Board meetings is compiled to align as far as reasonably practicable with the Company's financial calendar on the one hand, and its trading calendar on the other, whilst also ensuring an appropriate spread of meetings across the financial year. This may be supplemented by additional meetings as and when required. During the year to 31 August 2015, the Board met for its eight scheduled meetings and also for a conference call.

The Board delegates specific responsibilities to the Board Committees, as detailed in this Corporate Governance Report, with the role and responsibilities of each Committee set out in clearly defined Terms of Reference.

The Board and its Committees receive appropriate and timely information prior to each meeting; a formal agenda is produced for each meeting, and Board and Committee papers are distributed several days before meetings take place. Any Director may challenge Company proposals, and decisions are taken democratically after discussion. Any Director who feels that any concern remains unresolved after discussion may ask for that concern to be noted in the minutes of the meeting. Any specific actions arising from such meetings are agreed by the Board or relevant Committee, and then followed up by the Company's management.

### Board performance

The performance of the Board is fundamental to the Company's success. The performance of the Board and its Committees, including individual members, is evaluated regularly, and the evaluation is conducted with the aim of improving their effectiveness. The last evaluation was facilitated internally, and involved a questionnaire to each Board Director. The review produced a number of key actions that have been implemented to help the Board work together more effectively, including:

- a revised programme of deep dives into key operational areas and planning
- a clear set of principles for scheduling Board meetings, to ensure they are aligned with financial reporting and trading calendars as far as possible without excessive gaps between meetings



- a clearer format for Board reports, such that they focus succinctly on key issues and upcoming projects; this serves also to reduce the workload for senior executives in producing these reports
- a review of the business KPIs to ensure they give the Board an accurate picture of the business.

### **Advice, support and professional development**

The Directors have access to the advice and services of the General Counsel & Company Secretary, who is responsible for ensuring that all Board procedures have been complied with. There is also an agreed procedure to enable individual Directors to take independent legal and financial advice at the Company's expense, as and when necessary to support the performance of their duties as Directors of the Company. Throughout their period in office, the Directors are also updated on the Group's businesses and the regulatory and industry-specific environments in which they operate, by way of written briefings and meetings with senior executives plus, where appropriate, external parties. Appropriate training is also available to all Directors to develop their knowledge and ensure they remain up to date in relevant matters for which they have responsibility as a member of the Board.

### **Directors' conflicts of interest**

The Company has effective procedures in place to deal with conflicts of interest. The Board is aware of the other commitments and interests of its Directors, and changes to these commitments and interests are reported to the Board.

### **Board Committees**

The Board is supported by the Audit, Remuneration and Nomination Committees.

Each Committee has access to such resources, information and advice as it deems necessary, at the cost of the Company, to enable the Committee to discharge its duties. The Terms of Reference of each Committee are available on the Company's corporate website, [www.asosplc.com](http://www.asosplc.com). Each Committee is responsible for reviewing the effectiveness of its own Terms of Reference and for making recommendations to the Board for changes when necessary. Executive Directors are not members of the Board Committees, although they may be invited to attend meetings. The General Counsel & Company Secretary acts as Secretary to all the Committees. The minutes of Committee meetings are circulated to all Committee members, and reports on each are given by the relevant Committee Chairman to the Board. The specific responsibilities of each of the Committees are set out below.

#### *Audit Committee*

The composition, responsibilities and activities of the Audit Committee are set out in the separate Audit Committee Report on pages 42 to 43.

#### *Remuneration Committee*

The composition, responsibilities and activities of the Remuneration Committee are set out in the Directors' Remuneration Report on pages 44 to 53, along with the Company's remuneration policy and details of how that policy was implemented during the year to 31 August 2015.

#### *Nomination Committee*

The Nomination Committee currently comprises four independent Non-Executive Directors – Rita Clifton, Ian Dyson, Karen Jones, and Hilary Riva; and the Company's Chairman, Brian McBride, who is the Committee Chairman. The Chief Executive Officer is also invited to attend meetings unless he has a conflict of interest. Other Directors, and the General Counsel & Company Secretary, are invited only as appropriate (and only if they do not have a conflict of interest). The Committee is also assisted by executive search consultants as and when required.

The Committee's principal responsibility is to evaluate the Board's requirements and ensure that appropriate procedures are in place for the nomination, selection and succession of Directors to meet those requirements. The Committee met once during the year to 31 August 2015, primarily with regard to the succession process for Executive Directors. For the appointments made to the Board since the date of the last Annual Report, the external search consultancy JCA Group advised on the appointment of Nick Beighton as Chief Executive Officer, while Spencer Stuart advised on the appointment of a new Chief Financial Officer.

The Company is committed to encouraging diversity among its workforce and, with the appointment of Helen Ashton, half of the ASOS Plc Board are now women (four of eight). For further information on diversity within ASOS, see the People section in the Corporate Responsibility Report on page 30.

**Attendance at Board/Committee meetings**

The table below shows the attendance record of individual Directors at Board meetings and relevant Committee meetings.

	Board meetings		Committees					
	Eligible to attend	Attended	Audit		Remuneration		Nomination	
			Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Brian McBride	8	7	–	–	–	–	1	1
Nick Robertson	8	7	–	–	–	–	–	–
Nick Beighton	8	8	–	–	–	–	–	–
Rita Clifton	8	7	4	3	3	2	1	–
Ian Dyson	8	8	4	4	3	3	1	1
Karen Jones	8	8	4	4	3	3	1	1
Hilary Riva	8	8	4	4	3	3	1	1

At the date of this Annual Report, the Board had met twice since 31 August 2015, the end of the financial year. The Remuneration Committee and the Audit Committee had also each met once since 31 August 2015.

**EXECUTIVE BOARD**

The Executive Board consists of the Executive Directors and key functional directors and meets weekly. Under the chairmanship of the Chief Executive Officer, the Executive Board is responsible for the day-to-day management of the Group's business and its overall trading, operational and financial performance in fulfilment of the strategy, plans and budgets approved by the Board of Directors. It also manages and oversees key risks, management development, and corporate responsibility programmes. The Chief Executive Officer reports to the Board on issues, progress and recommendations for change which come out of the Executive Board's meetings. With the appointment of Helen Ashton, one-third of the Executive Board are women (three of nine).

Internal control procedures are delegated by the Board to the Executive Board.

**Financial controls**

The Company has an established framework of internal financial controls, the effectiveness of which is regularly reviewed by the Executive Board, the Audit Committee and the Board in light of an ongoing assessment of significant risks facing the Company. The key elements of this are set out below.

- As outlined in this Corporate Governance Report, the Board is responsible for reviewing and approving overall Company strategy, approving revenue and capital budgets and plans, and for determining the financial structure of the Company, including treasury, tax and dividend policy. Monthly results and variances from plans and forecasts are reported to the Board.
- The Audit Committee assists the Board in discharging its duties regarding the financial statements, accounting policies and the maintenance of proper internal business, operational and financial controls, including the results of work performed by the internal audit function. The Committee provides a direct link between the Board and the external and internal auditors through regular meetings.
- The Board has established an organisational authority structure, with clearly defined lines of responsibility and approval thresholds, to specify the transactions requiring its approval. The Chief Financial Officer is responsible for the functional leadership and development

of the Company's finance activities, including compliance with this organisational authority structure.

- There is a comprehensive procedure both for budgeting and planning, and for monitoring and reporting to the Board business performance against those budgets and plans. These cover profits, cash flows, capital expenditure and balance sheets. Monthly results are reported against budget and compared with the prior year, and forecasts for the current financial year are regularly revised in light of actual performance.
- The Company has a uniform system of investment appraisal, with defined financial controls and procedures with which each business area is required to comply in order to be granted investment funds for development.

**Non-financial controls**

ASOS has a wide range of non-financial controls covering areas such as legal and regulatory compliance, business integrity, health and safety, risk management, business continuity and corporate responsibility (including ethical trading, supplier standards, environmental concerns, and employment diversity). The effectiveness of these controls is reviewed regularly by the Executive Board, and reported on to the Audit Committee and the Board. The key elements of those non-financial controls are set out below.

- **Appropriate standards and policies:** the Board is committed to maintaining appropriate standards for all the Company's business activities, and ensuring that these standards are set out in written policies. Key examples of such standards and policies include the Company's Safety Policy, 'Be Smart' (designed to reduce the risk of accidents and ensure all notified accidents are properly investigated); the ASOS Supplier Standards (which set out the core trading requirements expected of all ASOS suppliers); and 'Do The Right Thing', the Company's Code of Integrity (designed to ensure that all those who work for and on behalf of ASOS act with integrity, behave ethically and work within best practice). The Board has also determined a set of corporate responsibility standards, which include objectives relating to the impacts that the Group's activities have on the environment, workplace, marketplace and community.

- **Appropriate oversight:** as businesses change, so too do their challenges and risks. As a result, the Board regularly reviews all standards and policies to ensure they remain appropriate to ASOS as its size and shape change. The most significant of these is the Company's Business Risk Register. Through its review, risks facing the business are re-assessed, and potential mitigating actions to help protect against those risks are considered.
- **Appropriate assistance:** each year, Deloitte, our internal auditors, carry out reviews to assist with our risk management processes, to provide an objective independent view of the effectiveness of various procedures and policies, and to identify where improvements could be made. Deloitte report into the Audit Committee, with the day-to-day relationship being managed by the General Counsel & Company Secretary. The internal audit plan for each year is approved by the Audit Committee, and the reports and recommendations from each audit are reviewed by the relevant business department, the Executive Board and the Audit Committee.
- **Appropriate communications:** all Group standards and policies are communicated throughout the organisation, with training provided in key areas including business integrity, anti-bribery, gifts, intellectual property and design rights.
- **Appropriate approvals:** all material contracts are required to be reviewed by the Procurement and Legal Departments, and signed by a senior executive of the Company.
- **Appropriate internal disclosure:** ASOS has an external provider which employees and suppliers can contact to disclose any concerns about the business. This service, which is anonymous and independent, can be contacted by a website portal or by calling a local rate telephone number. The Audit Committee is advised as appropriate of any significant concerns raised through this service, and of their investigation.

## RELATIONS WITH SHAREHOLDERS

The Company remains committed to openly communicating with its shareholders to ensure that its strategy and performance are clearly understood. The Company communicates with shareholders and encourages their participation through the Annual Report and Accounts, full-year and half-year announcements, trading updates, the Annual General Meeting (AGM), and face-to-face meetings. A range of corporate information (including all Company announcements and presentations) is also available to shareholders, investors and the public on the Company's corporate website, [www.asosplc.com](http://www.asosplc.com).

### Retail shareholders

The AGM is the principal forum for dialogue with retail shareholders, and the Company encourages all shareholders to attend and participate. The Notice of Meeting is sent to shareholders at least 21 days before the meeting. The chairs of the Board and all Committees, together with all other Directors, routinely attend the AGM and are available to answer questions raised by shareholders. Shareholders vote on each resolution by a show of hands, unless a poll is validly called, and after each such vote the number of proxy votes received for, against and withheld is announced. The results of the AGM are subsequently published on the Company's corporate website.

### Institutional shareholders

The Directors actively seek to build a mutual understanding of objectives with institutional shareholders. Shareholder relations are managed primarily by the Chief Executive Officer, Chief Financial Officer and Director of Investor Relations. The Chief Executive Officer and Chief Financial Officer make presentations to institutional shareholders and analysts immediately following the release of the full-year and half-year results. The Company communicates with institutional investors frequently through a combination of formal meetings, participation at investor conferences, and informal briefings with management. In addition, analysts' notes and brokers' briefings are reviewed to achieve a wide understanding of investors' views.

The Board as a whole is kept informed of the views and concerns of major shareholders by briefings from the Chief Financial Officer, supported by the Director of Investor Relations when required. Significant investment reports from analysts are also circulated regularly to the Board. The Non-Executive Directors, including the Senior Independent Non-Executive Director, are available to meet with major shareholders if required to discuss issues of importance to them.

# AUDIT COMMITTEE REPORT

## AUDIT COMMITTEE CHAIRMAN'S STATEMENT

ASOS has developed a risk management process that applies to every part of the Group, enabling us to determine what our key risks are and, through a series of internal controls, to manage them appropriately. The Audit Committee plays a critical role in ensuring the effectiveness of our risk management process and internal controls. This report sets out the roles and responsibilities of the Audit Committee and summarises activity during the year, our approach towards risk, and the recent steps and actions we've undertaken to ensure we are managing it appropriately.

## AUDIT GOVERNANCE

### The Audit Committee: composition

The Audit Committee currently comprises four independent Non-Executive Directors: Ian Dyson (Committee Chairman), Rita Clifton, Karen Jones and Hilary Riva. The table below sets out each member's attendance record at Committee meetings during the financial year.

Committee member	Role	Attendance record
Ian Dyson	Committee Chairman	4/4
Rita Clifton	Non-Executive Director	3/4
Karen Jones	Non-Executive Director	4/4
Hilary Riva	Non-Executive Director	4/4

Although not members of the Audit Committee, the Company Chairman, the Chief Executive Officer, the Chief Financial Officer, the General Counsel & Company Secretary, and the Director of Finance are also invited to attend meetings (unless they have a conflict of interest), as are the external and internal auditors.

The Board is satisfied that the Chairman of the Committee, Ian Dyson, has recent and relevant financial experience. He is a chartered accountant, has held executive roles in financial positions in other companies, and has chaired audit committees for a number of other listed companies. The Committee's other members have all played an active role in Committee meetings held throughout the year.

### The Audit Committee: responsibilities

The Committee's principal responsibilities are:

- **financial reporting:** including monitoring the integrity of the Company's financial statements; ensuring the Company has followed appropriate accounting standards and made appropriate estimates and judgements; and reviewing both the consistency of and any changes to accounting policies, and the methods used to account for significant or unusual transactions where different approaches are possible
- **external audit:** including considering and making recommendations on the appointment, reappointment and removal of the Company's external auditors; reviewing and approving the annual external audit plan and the remuneration for that work; developing and implementing a policy on the supply of non-audit services by the external auditors; and determining the external auditors' independence
- **risk management and internal controls:** including keeping the effectiveness of the Company's internal controls and risk management processes under review, in particular the Company's systems, processes and controls for ensuring compliance with applicable laws and standards; and reviewing the adequacy

and security of the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters

- **internal audit:** including monitoring the remit and effectiveness of the Company's internal audit function; assessing the annual internal audit plan; reviewing reports from the internal auditors; and overseeing management's responsiveness to the findings and recommendations of those internal audit reports.

The full Terms of Reference of the Audit Committee are available on the Company's corporate website, [www.asosplc.com](http://www.asosplc.com). They were last updated on 18 March 2014.

The Audit Committee met four times for scheduled meetings during the year. Its activities included:

- reviewing and approving the Annual Report and Accounts and half-year results to 28 February 2015
- considering reports from the external auditors identifying any accounting or judgemental issues requiring its attention
- overseeing the appointment of and relationship with the external auditors, including an assessment of their independence, and a review of the policy for use of external auditors to provide non-audit services
- reviewing and considering reports on the work of the internal audit function
- reviewing and approving the Group's tax and treasury strategies and policies, and the ASOS Foreign Exchange Risk Policy
- receiving regular reports on our IT security processes and systems, and the work of the IT Security Team
- reviewing the Company's Business Risk Register, and the risk mitigation actions undertaken during the year
- considering reports on the Company's Gifts and Corporate Hospitality Policy, Safety Policy, and 'SpeakUp' whistle-blowing service
- reviewing the Committee's Terms of Reference.

### The Audit Committee: advisers

The Committee has engaged the external advisers listed below to assist it in meeting its responsibilities:

- PricewaterhouseCoopers LLP (PwC) act as external auditors to ASOS. For that advice, PwC received fees totalling £233,000 in the financial year to 31 August 2015. PwC also provided non-audit services to the Company, but, as explained below, the Committee is satisfied that the advice that it received was nonetheless objective and independent.
- Deloitte LLP act as internal auditors to the Company. For that advice, Deloitte received fees totalling £142,702 in the financial year to 31 August 2015.

- During the year, the Company also received advice from PwC and Slaughter and May LLP on tax and legal matters relating to corporate affairs.

The Committee receives advice and assistance from the Chief Executive Officer, the Chief Financial Officer, the General Counsel & Company Secretary, and the Director of Finance as a matter of course. The Audit Committee Chairman and members regularly meet with both the external and internal auditors, without the Executive Directors or members of the Finance Team present.

## FINANCIAL REPORTING

The following significant risks were reviewed and assessed in the audit of the Company's performance in the financial year to 31 August 2015.

- **Risk of fraud in revenue recognition:** the greatest risk of revenue recognition fraud is at the financial statement level, through the posting of manual journals. There is also a potential revenue recognition risk for goods in transit over the year end.
- **Capitalisation of costs may not be appropriate:** given the significant levels of capital expenditure and internal IT costs capitalised, there is a risk that additions may be incorrectly capitalised.
- **Risk of share option schemes being incorrectly accounted for:** due to the complexity of IFRS 2 'Share-based payment' and the introduction of the new ASOS Long-Term Incentive Scheme (ALTIS) in the year, there is a heightened risk of error from incorrect accounting treatment.
- **Tax provisions and exposure may not be accurately accounted for:** due to the complexity of tax in a number of smaller areas, such as tax related to share option schemes, VAT and overseas tax exposure, there is a risk of material misstatement in relation to tax accounting.

The Committee reviewed the appropriateness of management's accounting in relation to each of these significant risks and PwC reported to the Committee on the work they had performed in assessing each during their audit. Details of this work is provided in PwC's Audit Report on pages 58 to 61.

## EXTERNAL AUDIT

The external auditors, PwC, were first appointed in the financial year to 31 March 2008. The Board is satisfied that the Company has adequate policies and safeguards in place to ensure PwC maintain their objectivity and independence.

The external auditors report to the Audit Committee annually on their independence from the Company. Periodic rotation of key audit partners is also required. There are no contractual restrictions on the Audit Committee as to the choice of external auditors.

The Board has a formal policy on the Company's relationship with PwC in respect of non-audit work. Proposals for all non-audit services must be approved by the Audit Committee before any such work is carried out, and PwC may only provide such services if their advice does not conflict with their statutory responsibilities and ethical guidance. The fees paid to PwC in respect of non-audit services are shown in Note 4 to the financial statements on page 68.

In line with its Terms of Reference, the Audit Committee undertakes a thorough assessment of the quality, effectiveness, value and independence of the audit provided by PwC each year, seeking the views of the Board, together with those of relevant members of the Executive Board.

Following the most recent review, the Audit Committee recommended the reappointment of PwC as auditors of the Company, and PwC expressed its willingness to continue in office. A resolution to reappoint PwC and a resolution to enable the Directors to determine their remuneration will be proposed at the 2015 AGM.

## RISK MANAGEMENT AND INTERNAL CONTROLS

We look to maintain a good understanding of our performance and decision-making processes by monitoring the effectiveness of our internal financial and non-financial risk management and controls, and carrying out a robust external audit for our major financial report.

Details of the principal risks and uncertainties faced by the business, along with details of the actions we take to mitigate those risks as far as we reasonably can, are set out in the Risk Report on pages 19 to 23 that forms part of the Strategic Report. These are taken from our Business Risk Register, which is central to our risk management process. In a high-growth, fast-moving business like ours, we review and refresh our Business Risk Register and risk management processes regularly, something that is vital to ensure that our understanding and management of risk keeps pace with the business, and we will continue to do so in the coming year. We make particular efforts to ensure that our internal controls are written and positioned in such a way that they are understood and engaged with by all our employees; such an understanding is essential for those controls to be effective. We spend considerable time focusing on this matter.

## INTERNAL AUDIT

Our internal audit function is outsourced to Deloitte, who update the Committee at each meeting on their ongoing reviews. Key internal audits conducted during the year included a review of our IT asset management, our fulfilment of international orders, our treasury and hedging functions, our social media processes, our procurement practices, our budgeting and forecasting processes and a review of our technology project management and governance.

We carried out an effectiveness review of this function during summer 2015. As a result of the review, we are implementing a number of key actions to increase the effectiveness of the internal audit function, including a revised three-year schedule of internal audit review projects; a plan to deepen the internal audit function's knowledge of all our business functions; and improvements in the speed with which reviews are completed and recommendations are followed up by the business.



**Ian Dyson**  
Audit Committee Chairman  
19 October 2015

# DIRECTORS' REMUNERATION REPORT

## REMUNERATION COMMITTEE CHAIRMAN'S STATEMENT

I am pleased to present the Report of the Remuneration Committee, which sets out the remuneration policy and the remuneration paid to Directors for the year. In order to provide accountability to our shareholders, there is an advisory shareholder vote to adopt this Remuneration Report at this year's AGM.

### Remuneration policy

The Board and Remuneration Committee's policy remains to ensure that ASOS has the best possible team, fully engaged and committed to the business, continually driving ASOS to success, thereby creating and sustaining shareholder value. In short, our job is to encourage sustained long-term performance. We do this by:

- striving to make ASOS a business and an environment where high-performing, engaged employees actively want to work
- harnessing the commitment and engagement of those employees to drive high performance across the business
- rewarding performance in a fair and responsible manner, which means:
  - paying appropriate levels of remuneration to secure the calibre of employees we need
  - ensuring that all incentives are suitably challenging, carrying stretching targets that are aligned with the Company's strategy and with shareholders' long-term interests.

### Remuneration payable for the year under review

For the year under review, financial performance was just above our business plan and, through continued investment and a relentless focus on the core elements of the strategy, ASOS is well prepared to seize the opportunities ahead of it. This performance resulted in a level of bonus payable to Executive Directors and all other (permanent) employees at just above the target pay out level.

The year under review also represented the end of the performance period for the ASOS Long-Term Incentive Plan (ALTIP), under which awards were granted in 2012 with performance measured over three financial years. The thresholds for the earnings per share (EPS) and total shareholder return (TSR) performance target ranges were not achieved and so all outstanding awards lapsed. Furthermore, the significant investment into the plan by the Executive Directors at that time was also forfeited.

During the year to 31 August 2015, the Remuneration Committee has undertaken a number of initiatives, as follows:

- we have continued to enhance our focus on 'pay for performance', strengthening our commitment to rewarding performance fairly and responsibly. A key step in that regard has been changing our salary review date from April, midway through each financial year, to fall at the end of each financial year, ensuring that reviews reflect a full year's performance by each employee
- following its approval by our shareholders at the last AGM, we made the initial awards under the ASOS Long-Term Incentive Scheme (ALTIS) – our new long-term incentive scheme for Executive Directors and members of management – under which annual share-based awards may be granted to vest after three years, subject to the achievement of long-term performance conditions set in line with our business strategy

- we have increased the proportion of the annual bonus for senior executives that is based on the achievement of non-financial objectives from 20% to 30%.

### Remuneration policy for the 2016 financial year

The Committee has considered carefully the remuneration packages for the new Chief Executive and Chief Financial Officer.

For Nick Beighton's promotion to the role of Chief Executive, the Committee determined that the annual base salary level should be set at £550,000 and the annual bonus opportunity increased from 100% to 150% of base salary. The long-term incentive opportunity under the ALTIS will remain unchanged at 200% of base salary.

For Helen Ashton's appointment as Chief Financial Officer, her base salary has been set at £340,000, with an annual bonus and long-term incentive opportunity of 100% and 200% of base salary respectively. In addition, to secure her recruitment, it was necessary to buy out a proportion of her current long-term incentives from her existing employment, by making a one-off payment and a grant of a long-term incentive award. The Committee took the view that these payments were necessary to secure the appointment of a candidate of Helen's calibre.

For all senior executives, appropriately stretching performance conditions will be set for the annual bonus and awards under the ALTIS. Performance conditions for the annual bonus will now be based 70% on the achievement of a sliding scale range of profit before tax (PBT) targets and 30% on the achievement of non-financial objectives linked to the business strategy. Targets, together with annual bonus payments against them, will be disclosed retrospectively in next year's report. The performance conditions for ALTIS awards granted during the year will be unchanged from the three-year EPS growth and TSR targets set for last year's awards.

During the next financial year, the Committee plans to review all the people management systems in ASOS, to ensure they will support the growth of the business in the future.

At last year's AGM, 91% of shareholders voted in favour of the 2014 Directors' Remuneration Report. I very much hope that you will support this year's report in a similar fashion.



**Karen Jones**  
Chairman of the Remuneration Committee  
19 October 2015

## REMUNERATION GOVERNANCE

### The Remuneration Committee: composition

Throughout the financial year to 31 August 2015, the Remuneration Committee comprised four independent Non-Executive Directors: Karen Jones (Committee Chairman), Rita Clifton, Ian Dyson and Hilary Riva. The table below sets out each member's attendance record at Committee meetings during the financial year.

Committee member	Role	Attendance record
Karen Jones	Committee Chairman	4/4
Rita Clifton	Non-Executive Director	3/4
Ian Dyson	Non-Executive Director	4/4
Hilary Riva	Non-Executive Director	4/4

Members of the management team, as well as the Committee's advisers, are invited to attend meetings as appropriate, unless there is any potential conflict of interest.

### The Remuneration Committee: responsibilities

The Committee's principal responsibilities are to:

- determine and recommend to the Board the Company's overall remuneration policy, and then monitor the ongoing effectiveness of that policy
- determine and recommend to the Board the remuneration of Executive Directors, the other members of the Executive Board, and the Chairman
- monitor, review and approve the levels and structure of remuneration for other senior managers and employees
- determine the headline targets for any performance-related bonus or pay schemes
- determine specific targets and objectives for any performance-related bonus or pay schemes for senior executives
- review and approve any material termination payment.

The full Terms of Reference of the Remuneration Committee are available on the Company's corporate website, [www.asosplc.com](http://www.asosplc.com). These were last updated on 11 June 2014.

The remuneration of Non-Executive Directors other than the Chairman is determined by the Chairman of the Board and the Executive Directors.

### The Remuneration Committee: advisers

The Committee has engaged the external advisers listed below to assist it in meeting its responsibilities:

- New Bridge Street, part of Aon Plc, have been appointed as independent advisers to the Committee, and provided advice encompassing all elements of our remuneration packages. For that advice, New Bridge Street received fees totalling £71,480 in the financial year to 31 August 2015. Aon Plc, the parent company of New Bridge Street, also provides insurance broking services to the Company. New Bridge Street are a signatory to the Remuneration Consultants' Code of Conduct, and the Committee is satisfied that the advice that it receives is objective and independent.
- During the year, the Company also received advice relating to remuneration from PricewaterhouseCoopers LLP and Slaughter and May LLP on tax and legal matters respectively.

As a matter of course, the Committee also receives advice and assistance from the People Director, the General Counsel & Company Secretary, the Chief Executive Officer and the Chief Financial Officer.

## REMUNERATION POLICY

The overall aim of our remuneration policy is to provide appropriate incentives that reflect the Group's high performance culture and values, through a number of specific remuneration components (detailed in the table on the following pages). In summary, we aim to:

- attract, retain and motivate high calibre, high performing engaged employees
- encourage strong performance and engagement, both in the short and the long term, to enable the Group to achieve its strategic objectives and create sustainable shareholder value
- reward individuals in a fair and responsible manner, over both the short and the long term, for their contributions to the success of the Group
- reward high performance with high rewards, while also recognising when performance does not meet our expectations or the required standards
- ensure that the total reward cost to the Company should be affordable and sustainable
- issue employee communications around pay and rewards that are straightforward, effective, and easy to understand.

In determining the practical application of the policy, the Remuneration Committee considers a range of internal and external factors, including pay and conditions for employees generally, shareholder feedback, and appropriate market comparisons with remuneration practices in FTSE-listed, AIM-listed and other retail and internet/technology-based companies.

The Remuneration Committee is satisfied that this policy successfully aligns the interests of Executive Directors, senior managers, and other employees with the long-term interests of shareholders, by ensuring that an appropriate proportion of total remuneration is directly linked to the Group's performance over both the short and the long term, with an emphasis on share-based remuneration and long-term shareholding.

**Remuneration policy components**

Each component forms part of an overall competitive remuneration package designed to attract and retain appropriate talent with the necessary skills to implement the Company's strategy in order to create long-term value for shareholders.

**FIXED REMUNERATION ELEMENTS**

Element	Purpose	How it operates	Maximum opportunity	Performance-related framework
<b>Base salary</b>	Reflects an individual's responsibilities, experience and performance in their role.	<p>Reviewed annually, normally with effect from 1 September, with any changes taking effect from that date.</p> <p>Salaries are normally paid monthly.</p> <p>Decisions on salary levels are influenced by:</p> <ul style="list-style-type: none"> <li>■ responsibilities, abilities, experience and performance of an individual</li> <li>■ the performance of the individual in the period since the last review</li> <li>■ the Company's salary and pay structures and general workforce salary increases.</li> </ul> <p>Salaries are benchmarked periodically against FTSE-listed, AIM-listed and other retail and internet/tech-based companies.</p>	<p>There is no prescribed maximum annual base salary or salary increase.</p> <p>The Committee is guided by the general increase for the broader employee population but has discretion to decide to award a lower or higher increase to Executive Directors to recognise, for example, an increase in the scale, scope or responsibility of the role and/or take account of relevant market movements.</p>	The performance of the individual in the period since the last review is considered when their salary is being reviewed.
<b>Pension</b>	To contribute financially post retirement.	<p>Defined contribution arrangement or salary supplement.</p> <p>Only base salary is pensionable.</p> <p>The Company's contribution depends on the employee's seniority and may be matched to the level of contributions the employee chooses to make.</p>	<p>The Company may contribute up to 15% of base salary (in the case of the Chief Executive Officer) and up to 12.5% of base salary (in the case of other Executive Directors).</p> <p>The Committee has discretion to amend the contribution level should market conditions change.</p>	Not applicable.
<b>Other benefits</b>	<p>To support the personal health and wellbeing of employees.</p> <p>To reflect and support the Company's culture.</p>	<p>Package of taxable benefits offered through the Company's flexible benefits scheme, 'ASOS Extras', which offers all employees a fixed value depending upon the employee's seniority, which can be used either to purchase a variety of benefits, or be taken in cash.</p> <p>Benefits include private medical insurance and life assurance.</p> <p>Other benefits may be added to the package where appropriate.</p>	<p>There is no overall maximum level of benefits provided to Executive Directors, and the level of some of these benefits is not pre-determined but may vary from year to year based on the overall cost to the Company.</p>	Not applicable.

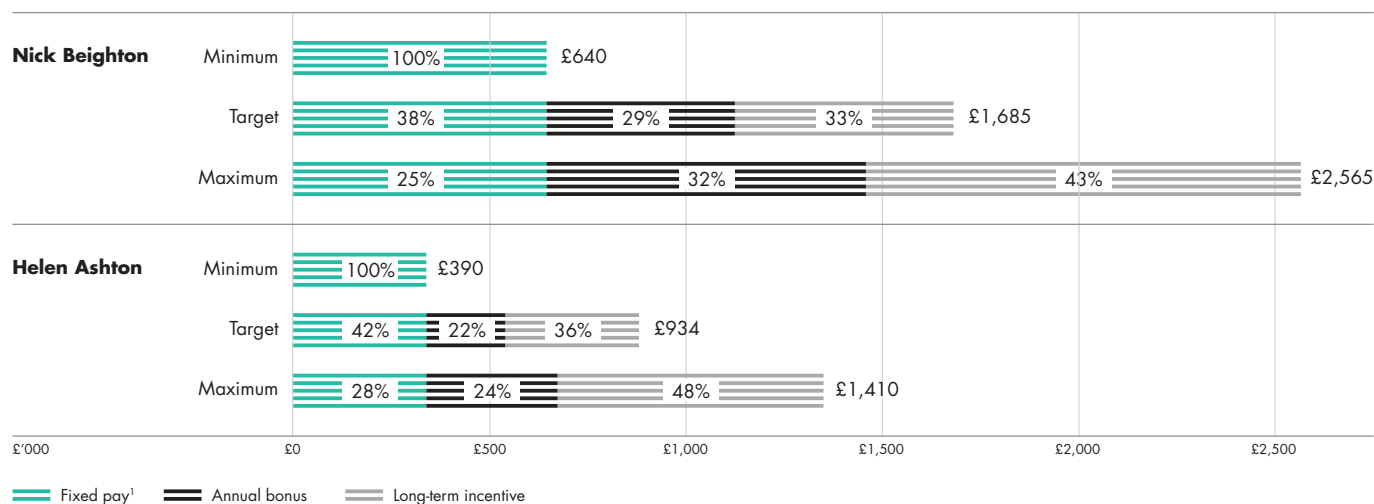


## VARIABLE REMUNERATION ELEMENTS

Element	Purpose	How it operates	Maximum opportunity	Performance-related framework
<b>Annual bonus</b>	Provides a link between remuneration and both short-term Company and individual performance.	<p>The annual bonus plan is applicable to all employees, including Executive Directors, in each case with reference to a percentage of each individual's base salary.</p> <p>The bonus is earned based on performance against targets set and assessed by the Committee. Targets are reviewed annually, and the Committee has discretion to adapt the targets appropriately to take into account exceptional items.</p> <p>Bonus payments are normally awarded in cash and are not pensionable.</p>	150% of base salary for the Chief Executive Officer and 100% of base salary for other Executive Directors. 60% of that maximum is payable for on-target performance.	Normally measured over a one-year performance period, based on a mix of financial targets (e.g. profit before tax and exceptional items), non-financial performance and personal objectives relevant to the year, which are set taking into account the Company's strategic objectives over that period.
<b>Long-term incentive – ASOS Long-Term Incentive Scheme (ALTIS)</b>	Supports the strategy and business plan by incentivising and retaining the ASOS senior management team in a way that is aligned both with the Company's long-term financial performance and with the interests of shareholders.	<p>Annual awards of shares to selected employees, which vest after three years subject to the achievement of performance conditions.</p> <p>Clawback and malus provisions allow awards to be recouped in certain circumstances.</p>	<p>200% of base salary (300% in exceptional circumstances) in any financial year.</p> <p>The value of any dividends paid by the Company over the vesting period will be payable on vesting, to the extent that awards vest.</p>	<p>Subject to three-year performance conditions linked to the business strategy and ensuring strong alignment with the long-term interests of shareholders.</p> <p>Current performance conditions are based on earnings per share (EPS) and total shareholder return (TSR).</p>
<b>Share ownership guidelines</b>	<p>Increases alignment between the Board of Directors and shareholders.</p> <p>Shows a clear commitment by all Board Directors to creating value for shareholders in the long term.</p>	<p>Guidelines require Executive Directors to retain 50% of any shares acquired on vesting of the ALTIS, and any subsequent share awards thereafter (net of tax), until the required shareholdings are achieved.</p> <p>The guideline limit for the Chief Executive Officer and other Executive Directors is 500% and 200% of salary respectively.</p>	Not applicable.	Not applicable.
<b>All-employee share plans – SAYE and SIP</b>	<p>Increase alignment between employees and shareholders in a tax-efficient manner.</p> <p>Support retention of employees.</p>	<p>Two HMRC-approved all-employee share schemes encourage employees to take a stake in the business, aligning their interests with those of shareholders:</p> <ul style="list-style-type: none"> <li>■ Save As You Earn share option scheme (SAYE)</li> <li>■ Share Incentive Plan (SIP).</li> </ul> <p>Mirror arrangements are in place for overseas participants.</p>	Consistent with prevailing HMRC limits.	Not applicable.
<b>Non-Executive Directors</b>	Provide fees appropriate to time commitments and responsibilities of each role.	<p>Cash fee normally paid on a monthly basis.</p> <p>Fees are reviewed periodically.</p>	There is no prescribed maximum annual fee or fee increase. The Board is guided by the general increase for the broader employee population and takes into account relevant market movements.	Not applicable.

**Total potential remuneration for Executive Directors in the 2016 financial year**

The chart below shows the potential remuneration of each Executive Director in the 2016 financial year from the remuneration opportunity granted to them by the Company's remuneration policy at different levels of performance.



<sup>1</sup> Fixed pay comprises the Director's salary, benefits and pension as at 1 September 2015.

**Executive Directors' service contracts and payments for loss of office**

All Executive Directors are employed under service contracts. It is the Company's policy that all Executive Directors should have rolling service contracts with an indefinite term but a fixed period of notice of termination. The services of all Executive Directors may be terminated on a maximum of 12 months' notice by the Company or the individual. The Company's approach to remuneration in each of the circumstances in which an Executive Director may leave is set out in the table below, with an individual's status being determined by the Remuneration Committee in accordance with the rules of any applicable scheme.

Remuneration component	'Bad' leaver situation	'Good' leaver situation
Salary in lieu of notice	Provided up to the point of leaving.	Up to a maximum of one year's worth of salary; normal practice is to make a phased payment.
Pension and other benefits	Provided up to the point of leaving. No benefits would be provided after that date, unless it is in the interests of ASOS to do so.	Up to one year's worth of pension and benefits.
Bonus	None.	Paid in accordance with bonus scheme terms. Normal practice would be for payment to be time pro-rated to the point of leaving.
Long-term incentives	Awards lapse.	May vest in accordance with scheme rules. Normal practice would be for the vested award to be time pro-rated to the point of leaving.
Other payments	None.	Disbursements such as contributions to legal costs and outplacement fees.

## Non-Executive Directors' letters of appointment

Non-Executive Directors do not have service contracts with the Company; instead they have letters of appointment, which provide for a maximum of three months' notice of termination by the Company or the individual at any time, with no pre-determined amounts of compensation.

## Recruitment

When recruiting any Executive Director or senior executive, the remuneration level will take into account the skills and experience of the individual, the market rate for a candidate of that experience, and the importance of securing the relevant individual. Where possible, the Company seeks to apply consistent policies on fixed and variable remuneration components, in line with the remuneration policy set out in the table above, so that any new Executive Director is on the same remuneration footing as existing Executive Directors.

The granting of payments or share awards on joining in order to secure the appointment of an Executive Director or senior executive is normally limited to the value of any deferred remuneration that would be forfeited at the previous employer. Any such proposal for Executive Directors would require the prior approval of the Remuneration Committee.

For external and internal appointments, the Committee may agree that the Company will meet certain relocation and/or incidental expenses as appropriate.

On 1 September 2015, Helen Ashton joined the Company as Chief Financial Officer. Her base salary has been set at £340,000, with an annual bonus and long-term incentive opportunity of 100% and 200% of base salary respectively. In addition, to secure her recruitment it was necessary to buy out a proportion of her current long-term incentives from her existing employment, by making a one-off cash payment of £204,000 and a grant of a long-term incentive award under the ASOS Long-Term Incentive Scheme, worth £340,000 as at the date of grant, subject to the same three-year EPS and TSR performance conditions as for the award made to other senior executives in January 2015. The Committee took the view that these payments were necessary to secure the appointment of a candidate of Helen's calibre.

## Policy developments

Revisions to the remuneration policy and its implementation require the approval of the Remuneration Committee, to whom responsibility for the policy has been delegated by the Board. The Directors' Remuneration Report will continue to be submitted for shareholder approval each year.

## REMUNERATION POLICY IMPLEMENTATION

Details of how the Company's remuneration policy has been applied in the year to 31 August 2015 are set out below. Certain information within this section has been audited as highlighted.

### Directors' remuneration table (audited)

The remuneration of the Directors for the years to 31 August 2015 and 31 August 2014 is set out in the table below.

#### Executive Directors

Director	Year to 31 August 2015					Total remuneration £	Year to 31 August 2014 Total remuneration £
	Fixed remuneration			Variable remuneration			
	Base salary £	Benefits £	Pensions £	Bonus £	LTIP £		
Nick Robertson <sup>1</sup>	<b>77,420</b>	<b>3,860</b>	-	-	-	<b>81,280</b>	337,193
Nick Beighton	<b>436,594</b>	<b>3,067</b>	<b>56,030</b>	<b>308,707</b>	-	<b>804,398</b>	407,371
Jon Kamaluddin <sup>2</sup>	-	-	-	-	-	-	115,934
	<b>514,014</b>	<b>6,927</b>	<b>56,030</b>	<b>308,707</b>	-	<b>885,678</b>	860,498

1 While Nick Robertson's annual base salary is £500,000, he opted to waive receipt of £442,580 of that salary, and any entitlement to bonus.

2 Resigned from the Board on 1 October 2013 and from the Company on 31 December 2013.

## DIRECTORS' REMUNERATION REPORT continued

### Directors' remuneration table (audited) continued

#### Non-Executive Directors

Director	Year to 31 August 2015				Basis for additional fee	Year to 31 August 2014
	Base fee £	Additional fee £	Other taxable benefits £	Total remuneration £		Total remuneration £
Brian McBride	190,000	–	–	190,000	Chairman of Board	191,005
Ian Dyson	50,000	10,000	–	60,000	SID and Audit Chair	55,000
Karen Jones	50,000	5,000	–	55,000	Remuneration Chair	55,000
Rita Clifton	50,000	–	–	50,000		20,833
Hilary Riva	50,000	–	–	50,000		20,833
Peter Williams <sup>1</sup>	–	–	–	–		14,636
Mary Turner <sup>1</sup>	–	–	–	–		20,833
	<b>390,000</b>	<b>15,000</b>	<b>–</b>	<b>405,000</b>		<b>378,140</b>

<sup>1</sup> Resigned 4 December 2013.

#### Payments to past Directors

During the year to 31 August 2015, no payments were made to any past Directors.

#### Directors' bonuses

Nick Robertson waived his entitlement to an annual bonus. For Nick Beighton, the annual bonus plan for 2015 was based 80% on a sliding scale range of PBT targets and 20% on personal objectives. The PBT targets and the extent of their achievement is summarised in the table below (straight-line interpolation between points in the range).

	Start to earn	Target bonus	Above target bonus	Maximum bonus
PBT target for 2015	£42.8m	£45.0m	£51.8m	£58.5m
Percentage of bonus potentially payable subject to personal performance	30%	60%	80%	100%
<b>Actual PBT for 2015</b>	<b>£47.5m</b>			

Personal objectives were set for each Director and assessments were made by the Committee at the end of the year. Nick Beighton's objectives included translating the ASOS strategy into an actionable operating plan; supporting the business to deliver the top four priority focus areas, alongside functional excellence; driving customer satisfaction; delivering the financial plan; and embedding and maintaining a 'start-up style' agility and transformational approach in our people. Following careful consideration, the Committee determined that, taking into account the PBT outcome and the achievement of those personal objectives, out of the maximum 100% of base salary, Nick Beighton's annual bonus was 68.6% of his annual salary as Chief Operating Officer.

### Directors' interests in share plans (audited)

#### ASOS Long-Term Incentive Plan

The long-term incentive awards held by Executive Directors under the ASOS Long-Term Incentive Plan (ALTIP), the performance period for which ended on 31 August 2015, are set out in the table below.

	Date of grant	Base award value	Granted during the year	Vested during the year	Lapsed	Normal vesting date
Nick Robertson	1 May 2013	£5,000,000	–	–	£5,000,000	31/10/16
Nick Beighton	1 May 2013	£3,500,000	–	–	£3,500,000	31/10/16

These ALTIP awards were subject to challenging, interdependent EPS (fully diluted underlying earnings per share, before exceptional items, but after the cost of the ALTIP) and relative TSR targets measured from 1 September 2012 to 31 August 2015 (the performance period), full details of which are set out in the Annual Report and Accounts 2014.

Under the terms of the ALTIP, Executive Directors were required to invest between one-third and 100% of the tax fair value of their awards to strengthen the link between their personal interests and those of the Company and its shareholders. In return for that investment, capital gains tax (and potentially entrepreneur's relief) would be payable by a participant on any gain made at vesting. These investments are forfeited if the performance conditions of the ALTIP are not met. Both Executive Directors chose to invest 100% of the tax fair value of their awards.

At the end of the performance period, the performance targets were not achieved, as a result of which all awards under the ALTIP lapsed, and the Executive Directors' personal investments were forfeited.

*Other share plans*

Director	Share option scheme	Date of grant	31 August 2014 (no. of shares)	Granted during the year to 31 August 2015 (no. of shares)	Lapsed during the year to 31 August 2015 (no. of shares)	Exercised during the year to 31 August 2015 (no. of shares)	31 August 2015 (no. of shares)	Exercise price (pence)	Exercise date/period
<b>Nick Robertson<sup>1</sup></b>	SAYE	06/12/11	764	–	–	(764)	–	1,177.0	01/03/15 – 31/08/15
	SAYE	08/05/14	255	–	–	–	255	3,519.0	01/07/17 – 31/12/17
<b>Nick Beighton</b>	SAYE	12/06/13	304	–	–	–	304	2,955.0	01/08/16 – 31/01/17
	SAYE	08/05/14	255	–	–	–	255	3,519.0	01/07/17 – 31/12/17
	ALTIS <sup>2</sup>	16/01/15	–	33,923	–	–	33,923	–	31/10/17 – 15/01/25

1 Nick Robertson exercised 764 share options during the year, and then gifted his shares to the ASOS Foundation so no gain was made.

2 The performance conditions applying to the first awards granted under the ALTIS to the Company's Executive Directors cover the performance period from 1 September 2014 to 31 August 2017 and comprise two independent conditions based on:

(a) compound annual fully diluted EPS growth over the three financial years of the Company ('the EPS Condition') ending on or around 31 August 2017 ('the 2017 Financial Year')

(b) a relative TSR-based condition measuring the Company's TSR performance against that of a comparator group of companies comprising the constituents of the FTSE All-Share General Retailers Index ('the Comparator Group') over a period of three years starting on 1 September 2014 ('the TSR Condition').

The EPS Condition applies to 70% of the total number of shares held under an award. The part of an award subject to the EPS Condition shall only vest if compound annual fully diluted EPS growth over the three years to the 2017 Financial Year is at least equal to 10%; thereafter, the part of such awards subject to the EPS Condition shall vest in accordance with the table below.

Compound annual EPS growth	Percentage of award subject to the EPS Condition that vests
Below 10%	0%
10%	25%
Between 10% and 20%	Between 25% and 100%
20% or more	100%

The TSR Condition applies to 30% of the total number of shares held under such awards. For the purposes of the TSR Condition, the Committee will compare the TSR of the Company over the performance period against the TSR performance of each member of the Comparator Group over the same period, calculated by reference to a three-month averaging period prior to the start and to the end of the performance period. If, at the end of the performance period, the Company is notionally ranked at least median against the members of the Comparator Group, the part of such awards subject to the TSR Condition shall vest in accordance with the table below.

Rank of the Company	Percentage of award subject to the TSR Condition that vests
Below median	0%
Median	25%
Between median and upper quartile	Pro rata between 25% and 100% based on rankings plus interpolation between intermediate rankings
Upper quartile or above	100%

**Share award to the Chairman**

In accordance with his service agreement, Brian McBride was granted 4,434 shares on 1 November 2014. This was the last of three share allotments relating to his appointment, as explained in the stock exchange announcement of 1 November 2012 regarding that appointment.

**Share price during the financial year to 31 August 2015**

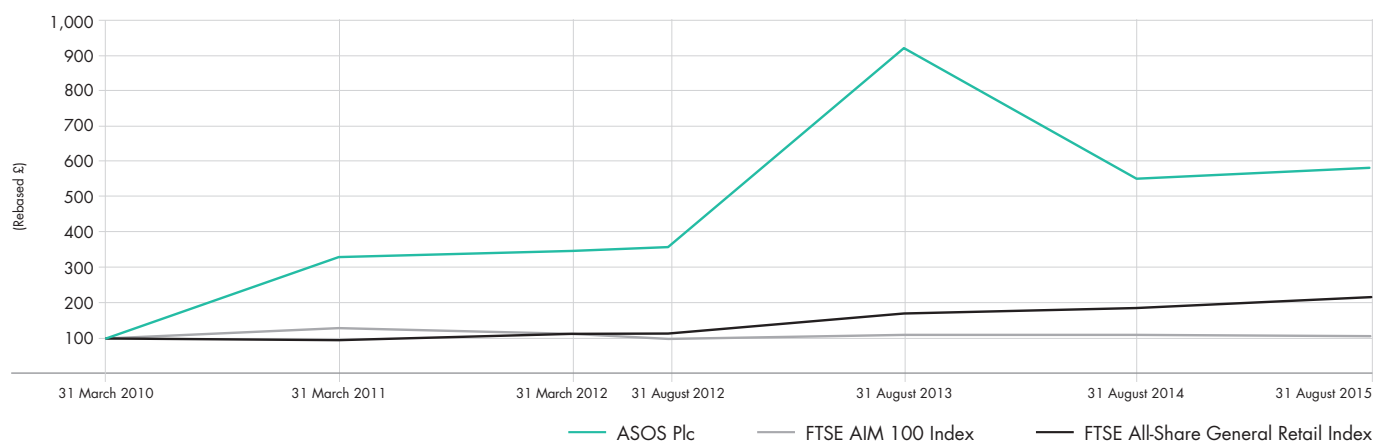
The market price of ordinary shares at 31 August 2015 was £29.94 (31 August 2014: £28.33) and the range during the year to 31 August 2015 was from £17.84 to £41.94 (year to 31 August 2014: £21.76 to £70.50).

**Directors' shareholdings**

The Directors who held office at 31 August 2015 had the following interests, including family interests, in the shares of the Company.

Director	Beneficially owned as at 31 August 2015 (no. of shares)	Beneficially owned as at 31 August 2014 (no. of shares)	Outstanding share options (SAYE/ALTIS) (no. of shares)	Shareholding guideline met
Brian McBride	13,302	8,868	–	N/A
Nick Robertson	7,000,000	7,744,600	255	Yes
Nick Beighton	149,944	127,794	34,482	Yes
Rita Clifton	–	–	–	N/A
Ian Dyson	–	–	–	N/A
Karen Jones	20,780	20,780	–	N/A
Hilary Riva	227	227	–	N/A

**ASOS Plc vs FTSE AIM 100 and FTSE All-Share General Retail Indices – total shareholder return index**



This graph shows the value, by 31 August 2015, of £100 invested in ASOS Plc on 31 March 2010 compared with that of £100 invested in the FTSE AIM 100 and the FTSE All-Share General Retail Indices. The other points plotted are the values at the intervening financial year ends, including the five-month period to 31 August 2012. Source: *Thomson Reuters*

**Chief Executive Officer's remuneration over the past six years**

	Year to 31 March 2010	Year to 31 March 2011	Year to 31 March 2012	Year to 31 August 2013	Year to 31 August 2014	Year to 31 August 2015
Salary (£)	340,000	340,000	350,200	500,000	333,333	77,420
Other taxable benefits (£)	1,596	1,706	3,320	3,843	3,860	3,860
Pension (£)	–	–	–	–	–	–
Annual bonus (£)	–	–	210,120	300,000	–	–
Long-term incentive (£) <sup>1</sup>	1,742,914	1,399,115	54,646,748	–	–	–
<b>Total remuneration (£)</b>	<b>2,084,510</b>	<b>1,740,821</b>	<b>55,210,388</b>	<b>803,843</b>	<b>337,193</b>	<b>81,280</b>
Annual bonus % of maximum	–	–	60%	60%	–	–
long-term incentive % of maximum	100%	100%	100%	–	–	–

<sup>1</sup> Gains made under long-term incentive plans are recognised above in the final year of the performance period to which they relate. The gain in the year to 31 March 2012 is the sum of two tranches of the Management Incentive Plan which covered the performance period from 1 April 2009 to 31 March 2012. Note that the data above is for 12-month periods only and excludes the five-month period to 31 August 2012 to give a consistent view of the Chief Executive Officer's annual remuneration.

### Percentage change in Chief Executive Officer's remuneration

The table below shows the percentage change in the Chief Executive Officer's salary, benefits and annual bonus between the financial years ended 31 August 2015 and 31 August 2014, compared with all employees of the Group.

	Salary change	Benefits change	Bonus change
Chief Executive Officer <sup>1</sup>	(76%)	0%	0%
All employees	12%	74%	100%

<sup>1</sup> For FY14, no bonus was payable. For FY15, Nick Robertson waived his bonus entitlement.

### Relative importance of spend on pay

The following table shows the Company's actual spend on pay (for all employees) relative to dividends and retained profit.

	2015	2014	Change
Staff costs (£m)	<b>87,644</b>	68,401	28%
Dividends (£m)	-	-	-
Profit before tax (£m)	<b>47,532</b>	46,901	1%

### APPROVAL

On behalf of the Board



**Karen Jones**

Chairman of the Remuneration Committee  
19 October 2015

## DIRECTORS' REPORT

The Strategic Report is on pages 2 to 34 and is incorporated in this Directors' Report by reference. The Strategic Report includes disclosures on likely future developments in the business of the Group, greenhouse gas emissions, and information on the Group's employment policies, including the employment, training and career development of disabled persons, and the Group's approach to employee consultation and engagement.

### GOING CONCERN

The Group's business activities, financial position and cash flows, together with the factors that are likely to affect its future performance and position, are set out in the Strategic Report on pages 2 to 23. In addition, details of the Group's objectives and policies on financial risk management are set out in Note 19 to the financial statements on pages 78 and 79.

The Group continues to have a strong financial position including cash and cash equivalents of £119.2m at 31 August 2015 and an undrawn £20m revolving credit facility, which includes an ancillary £10m guaranteed overdraft facility which is available until October 2018. The Directors have reviewed current performance and cash flow forecasts, and are satisfied that the Group's forecasts and projections, taking account of potential changes in trading performance, show that the Group will be able to operate within the level of its current facilities for the foreseeable future. The Directors have therefore continued to adopt the going concern basis in preparing the Group's financial statements.

### DIVIDENDS

As last year, the Directors do not recommend the payment of a dividend (2014: £nil).

### SIGNIFICANT EVENTS SINCE THE END OF THE FINANCIAL YEAR

On 2 September 2015, Nick Robertson stepped down as Chief Executive Officer of the Company, to become a Non-Executive Director. Nick Beighton has been appointed to succeed Nick Robertson as Chief Executive Officer and Helen Ashton has been appointed as Chief Financial Officer. The role of Chief Operating Officer will not be filled.

Other than the above, there have been no important events affecting the Group since 31 August 2015.

### FUTURE DEVELOPMENTS

The likely future developments in the business of the Group are set out in the Strategic Report on page 18.

### COMPANY LOCATIONS

The Company has offices in the United Kingdom, Europe, North America, Australia and China.

Details of the Company's locations can be found on page 5.

### DIRECTORS

The names of the Directors as at the date of this Report, together with short biographical details, are set out on pages 36 and 37.

The interests of the Directors and their immediate families in the share capital of the Company, along with details of Directors' share options and awards, are contained in the Directors' Remuneration Report on pages 44 to 53. At no time during the year did any of the Directors have a material interest in any significant contract with the Company or any of its subsidiaries.

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

### SHARE CAPITAL

The authorised and issued share capital of the Company, together with the details of shares issued during the year to 31 August 2015, are shown in Note 6 to the financial statements on page 93. The issued share capital of the Company at 31 August 2015 was 83,429,874 ordinary shares of 3.5p.

### EMPLOYEE BENEFIT TRUST

ASOS uses an employee benefit trust to facilitate the acquisition of ordinary shares in the Company for the purpose of satisfying awards and options granted under the Company's share schemes, in particular the PSP, the SAYE Scheme and the SIP. During the financial year, the Company used both the ASOS.com Limited Employee Benefit Trust (EBT) and the Capita Trust (CT) to satisfy awards granted under the Company's different share schemes.

The EBT is a discretionary trust, the sole beneficiaries being employees (including Executive Directors) and former employees of the Group and their close relations, who have received awards under the PSP and the SAYE Scheme. With effect from 28 August 2014, the Trustee of the EBT became Capita Trustees Limited; prior to this date the Trustee was Ogier Employee Benefit Trustee Limited. Both companies are independent professional trustee companies based in Jersey. Under the terms of the Trust Deed, the Company funds the EBT to purchase on the EBT's own account ordinary shares in the Company on the open market in return for the EBT agreeing to use the ordinary shares in the Company that it holds to satisfy certain outstanding awards and options made under the Company's share schemes.



The CT holds shares awarded under the SIP solely for the benefit of current employees (including Executive Directors) who participate in it. Under the terms of the Trust Deed, the Company funds the CT to purchase the shares on the open market and retain those shares on behalf of the underlying beneficiaries until such time as they are given to the employee.

The EBT and CT are both recognised within the EBT reserve for accounting purposes. As at 31 August 2015, the EBT and CT (combined) held 421,561 shares in ASOS Plc (2014: 506,260 shares) to the value of £3,638,127 (2014: £5,329,823). The Group's accounting policies are detailed within Note 25 to the financial statements and movements are detailed in the Consolidated Statement of Changes in Equity on page 63.

### COMPANY'S SHAREHOLDERS

As at 1 October 2015, the Company was aware of the following interests in 3% or more of the Company's ordinary share capital:

Holder	Number	Percentage as at date of notification
Aktieselskabet af 5.5.2010	23,025,522	27.60
Baillie Gifford & Co	8,207,742	9.84
The Capital Group Companies, Inc.	7,575,750	9.08
Nick Robertson	7,000,000	8.39
Sands Capital Management LLC	4,817,888	5.77
Tybourne Capital Management (HK) Ltd	3,196,082	3.83

### STATEMENT ON DISCLOSURE OF INFORMATION TO AUDITORS

The Directors confirm that, so far as each is aware, there is no relevant audit information of which the Group's auditors are unaware, and each of the Directors has taken all the steps he or she should have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

### POLITICAL DONATIONS

No political donations have been made during this financial year.

### ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at 11.00am on 3 December 2015 at the Company's offices at Greater London House, Hampstead Road, London NW1 7FB. The Notice of Meeting will be available to view on the Company's corporate website, [www.asosplc.com](http://www.asosplc.com), sufficiently in advance of that meeting.

On behalf of the Board



**Andrew Magowan**  
Company Secretary  
19 October 2015

## STATEMENT OF DIRECTORS' RESPONSIBILITY

---

### **The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.**

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Parent Company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable IFRS as adopted by the EU have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website, [www.asosplc.com](http://www.asosplc.com). Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Each of the Directors, whose names and functions and short biographies are set out on pages 36 and 37 confirm that, to the best of his or her knowledge:

- the Group financial statements, which have been prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group
- the Strategic Report on pages 2 to 34 includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board



**Andrew Magowan**

*Company Secretary*

19 October 2015

---

58	Independent Auditors' Report to the Members of ASOS Plc
62	Consolidated Statement of Total Comprehensive Income
63	Consolidated Statement of Changes in Equity
64	Consolidated Statement of Financial Position
65	Consolidated Statement of Cash Flows
66	Notes to the Financial Statements
88	Independent Auditors' Report to the Members of ASOS Plc
89	Company Statement of Changes in Equity
90	Company Statement of Financial Position
91	Company Statement of Cash Flows
92	Notes to the Company Financial Statements
95	Five-Year Financial Summary (unaudited)
97	Company Information



## REPORT ON THE GROUP FINANCIAL STATEMENTS

### Our opinion

In our opinion, ASOS Plc's Group financial statements (the 'financial statements'):

- give a true and fair view of the state of the Group's affairs as at 31 August 2015 and of its profit and cash flows for the year then ended
- have been properly prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union
- have been prepared in accordance with the requirements of the Companies Act 2006.

### What we have audited

The financial statements comprise:

- the Consolidated Statement of Financial Position as at 31 August 2015
- the Consolidated Statement of Total Comprehensive Income for the year then ended
- the Consolidated Statement of Cash Flows for the year then ended
- the Consolidated Statement of Changes in Equity for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report and Accounts (the 'Annual Report'), rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRS as adopted by the European Union.

### Our audit approach

Overview



- Overall group materiality: £2,061,000 which represents 5% of profit before tax
- Full scope audit of ASOS.com, the main group trading entity
- Specified procedures on VAT and inventory in ASOS China due to risk profile and on intangibles in ASOS Marketplace due to size
- Risk of fraud in revenue recognition
- Capitalisation of assets
- Accounting for ASOS share option schemes
- Accounting for taxation

### The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)').

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as 'areas of focus' in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

**Area of focus****How the scope of our audit addressed the area of focus****Risk of fraud in revenue recognition**

Refer to page 67 (Note 3), page 85 (Accounting Policies).

We have identified a risk of fraud in relation to the potential misstatement of revenue for the year.

Due to the nature of ASOS' core sales, transactions are individually low in value and are highly automated through the website and related systems. As a result, the risk of manipulation is highest at the financial statement level as management may seek to inflate results through the posting of fictitious sales transactions by way of manual journals or by manipulating the provision for sales returns.

Whilst there are no significant sales around the year-end compared to the remainder of the year, there is judgement involved in management's policy of recognising revenue on despatch, rather than on receipt of the goods by the customer, when the customer assumes the risks and rewards of the goods, which would be later. There is therefore a risk that revenue recognised by the Group relating to goods in transit over the year-end period may overstate the revenue recorded in the year to 31 August 2015.

We used computer-assisted auditing techniques to identify any revenue transactions which were not settled by cash or had a corresponding debtor outstanding at the year-end, both indicators that the transaction may be unusual. For material unusual transactions identified, we understood the business rationale for the transaction and traced the related amount to supporting documentation such as invoice or bank statement which, in all cases, corroborated our understanding of the transaction and its validity.

We tested all material manual journal entries impacting revenue in the year by understanding the rationale for the journal and agreeing these to supporting documentation. This testing confirmed that the revenue resulting from material manual journal entries had been appropriately recognised.

We discussed the revenue recognition policy with management, performed an independent calculation to assess the estimated financial impact of recognising sales at despatch rather than on receipt, and determined the impact for the year of recognising revenue on despatch rather than on receipt was not material.

We obtained management's calculation of the provision for returns recognised against revenue and performed detailed testing over the reports that drive the historical trends from which the returns provision is calculated. We also considered historical accuracy and compared the provision to actual returns processed in September 2015. The methodology used to calculate the provision is consistent with the prior year and we noted no discrepancies from the testing performed.

**Capitalisation of assets**

Refer to pages 73 and 74 (Notes 11 and 12), page 87 (Accounting Policies).

During the year the Group capitalised £17.4m of costs as tangible assets due to the warehouse improvement programme and £32.1m as intangible assets relating to a number of website and software-related projects.

Given the significance of the capital expenditure during the year, there is a risk that both externally- and internally-generated expenditure relating to these projects was incorrectly capitalised instead of being written off as an expense.

With respect to the internally generated expenditure capitalised, there is also a risk that staff costs capitalised in relation to website- and software-related projects were incorrectly allocated to capital projects and do not meet the criteria for capitalisation under IAS 38 'Intangible Assets'.

We tested management's operational controls in relation to their review of significant capital acquisitions and dead projects, which are designed to ensure that only valid project spend which will generate future economic inflows to the Group is capitalised and that all significant assets capitalised must be approved. We were able to place reliance on these controls for the purpose of our audit.

In relation to the warehouse improvement programme, we tested a number of items capitalised during the year, focusing on those items that we considered significant due to their amount or nature, against third-party invoices to check that they had been appropriately capitalised in line with the criteria of IAS 16 'Property, Plant and Equipment'.

In relation to the capitalisation of internal staff costs, we tested a sample of costs by assessing whether the nature of the project was in line with IAS 38 and agreeing the amounts allocated to the project to payroll records and timesheets. We also understood the nature of the project to which the staff costs related, challenged management on their rationale for capitalisation and independently assessed whether economic benefits were likely to flow from the project. Our testing did not identify any costs that had been inappropriately capitalised.

**Accounting for ASOS share schemes**

*Refer to pages 80 to 83 (Note 20), page 86 (Accounting Policies).*

Management have a number of share option schemes in place and due to the complexity of IFRS 2 'Share-based Payment' and the introduction of the new ASOS Long-Term Incentive Scheme (ALTIS) in the year, there is a heightened risk of error from incorrect accounting treatment in the current year.

We obtained and read the relevant parts of the scheme rules for the ALTIS to enable us to determine whether management have appropriately applied the requirements of IFRS 2 in accounting for the scheme, and found the requirements to have been appropriately applied.

We obtained the valuations prepared by management's experts for the purposes of calculating the IFRS 2 charge and evaluated assumptions and methodology used in the valuations, in light of those which we would use to independently perform a valuation of this kind. In addition, we independently recalculated the value of awards granted during the year. The methodology applied and the assumptions adopted by management were in line with what we expect in the industry.

**Tax accounting**

*Refer to pages 70 and 76 (Notes 8 and 15), page 86 (Accounting Policies).*

ASOS ships to 240 countries and territories globally and has bases in six countries outside of the UK through its marketing offices, warehouses and returns centres. Due to this growing international presence, there is increased complexity in accounting for international tax, both in the realms of VAT and corporation tax.

As a result of this global expansion and the resultant number of currencies in which the Group trades, management have increased hedging activity, which exposes them to further tax implications in respect of their derivative financial instruments.

In addition, as noted above, the inclusion of the new ALTIS scheme, together with a number of existing and past share schemes, means there is an increased risk of incorrect accounting for the related tax entries.

We obtained management's detailed calculation for deferred tax and corporation tax and agreed the inputs to the financial statements and underlying records. Using our accumulated knowledge of the Group and cross-border tax legislation, we questioned whether management's calculation considered the impact of all likely tax exposures. We identified that deferred tax had not been recognised on the hedged derivatives. Management updated the financial statements in respect of this.

We considered whether the Company's presence in each overseas location represents a tax nexus, and therefore whether tax liabilities should be recorded based on local tax regulations and the activities ASOS performs in each territory. We identified areas where UK and overseas tax were inappropriately offset against each other, but these were not material for adjustment.

We recalculated the year-end EU VAT position based on the sales in each territory and applicable rates, and tested the inputs into the VAT returns filed, noting no exceptions.

With regards to the share schemes, we considered the tax implications of the schemes and agreed that they are adequately reflected in the financial statements.

**How we tailored the audit scope**

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

ASOS Plc trades internationally through the ASOS.com website. All trading activity is recorded in the ASOS.com entity with the exception of transactions in China, which are recorded in a separate entity. The central accounting function and financial reporting procedures are performed from the UK HQ, with submissions for ASOS China being received on a monthly basis.

Our scoping considerations for the Group audit were based both on financial information and risk. ASOS.com represents the majority of the trading results for the Group and, as such, is the only reporting unit which we considered required an audit of its complete financial information. In addition, we performed procedures over the VAT and

inventory balances within ASOS China following our risk assessment of the entity and the fact its business is in its infancy. Additionally, we performed procedures over intangible assets for ASOS Marketplace, due to the material nature of the balance at the year-end.

**Materiality**

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall Group materiality	£2,061,000 (2014: £2,345,000)
How we determined it	5% of profit before tax excluding insurance reimbursements
Rationale for benchmark applied	We have applied a profit-before-tax-based benchmark, a generally accepted auditing practice, in the absence of indicators that an alternative benchmark would be appropriate. As the insurance reimbursements represent non-recurring income for the Group and, hence, are not in the ordinary course of business, we have excluded them from our materiality calculation.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £103,000 (2014: £117,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

### Going concern

As part of our audit we concluded that the Directors' use of the going concern basis in preparing the financial statements is appropriate. However, because not all future events or conditions can be predicted, the Directors' statement and our conclusion are not a guarantee as to the Group's ability to continue as a going concern.

## OTHER REQUIRED REPORTING

### Consistency of other information

#### *Companies Act 2006 opinion*

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### *Adequacy of information and explanations received*

Under the Companies Act 2006, we are required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility.

#### *Directors' remuneration*

Under the Companies Act 2006, we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

## RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

### Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' Responsibility set out on page 56, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### What an audit of financial statements involves

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made by the Directors
- the overall presentation of the financial statements.

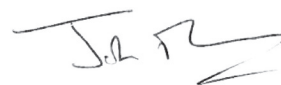
We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

### OTHER MATTER

We have reported separately on the Company financial statements of ASOS Plc for the year ended 31 August 2015.



### John Minards

Senior Statutory Auditor

for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
St Albans

19 October 2015

# CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

For the year to 31 August 2015

	Note	Year to 31 August 2015 £'000	Year to 31 August 2014 £'000
Revenue	3	<b>1,150,788</b>	975,470
Cost of sales		<b>(575,989)</b>	(490,463)
Gross profit		<b>574,799</b>	485,007
Distribution expenses		<b>(168,681)</b>	(147,303)
Administrative expenses		<b>(365,157)</b>	(294,108)
Warehouse fire: stock loss and other incremental costs	4	-	(8,486)
Warehouse fire: insurance reimbursements	4	<b>6,299</b>	11,536
Net other income	4	<b>6,299</b>	3,050
<b>Operating profit</b>	4	<b>47,260</b>	46,646
Finance income	6	<b>353</b>	312
Finance expense	7	<b>(81)</b>	(57)
<b>Profit before tax</b>		<b>47,532</b>	46,901
Income tax expense	8	<b>(10,680)</b>	(10,313)
<b>Profit for the year</b>		<b>36,852</b>	36,588
Net translation movements offset in reserves		<b>(83)</b>	(176)
Net fair value gains on derivative financial assets	19	<b>4,099</b>	2,015
<b>Other comprehensive income for the year<sup>1</sup></b>		<b>4,016</b>	1,839
<b>Total comprehensive income for the year</b>		<b>40,868</b>	38,427
<b>Profit/(loss) for the year attributable to:</b>			
Owners of the parent company		<b>36,866</b>	36,950
Non-controlling interest	17	<b>(14)</b>	(362)
		<b>36,852</b>	36,588
<b>Total comprehensive income/(loss) for the year attributable to:</b>			
Owners of the parent company		<b>40,882</b>	38,789
Non-controlling interest	17	<b>(14)</b>	(362)
		<b>40,868</b>	38,427
<b>Earnings per share</b>			
Basic	9	<b>44.4p</b>	44.6p
Diluted	9	<b>44.4p</b>	44.5p

1 All items of other comprehensive income may subsequently be reclassified to profit or loss.



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year to 31 August 2015

	Note	Called up share capital £'000	Share premium £'000	Retained earnings <sup>1</sup> £'000	Employee Benefit Trust reserve £'000	Hedging reserve £'000	Translation reserve £'000	Equity attributable to owners of the parent £'000	Non-controlling interest £'000	Total equity £'000
At 1 September 2013		2,890	6,368	152,133	(1,770)	225	(45)	159,801	(2)	159,799
Profit/(loss) for the year		-	-	36,950	-	-	-	36,950	(362)	36,588
Other comprehensive income/(loss) for the year		-	-	-	-	2,015	(176)	1,839	-	1,839
Total comprehensive income/(loss) for the year		-	-	36,950	-	2,015	(176)	38,789	(362)	38,427
Shares allotted in the year	16	30	533	-	-	-	-	563	-	563
Net purchase of shares by Employee Benefit Trust	16	-	-	-	(3,914)	-	-	(3,914)	-	(3,914)
Transfer of shares from Employee Benefit Trust on exercise		-	-	(354)	354	-	-	-	-	-
Share-based payments credit	20	-	-	(2,813)	-	-	-	(2,813)	-	(2,813)
Acquisition of subsidiary		-	-	-	-	-	-	-	(42)	(42)
Deferred tax on share options	15	-	-	(8,730)	-	-	-	(8,730)	-	(8,730)
Current tax on items taken directly to equity	8	-	-	9,741	-	-	-	9,741	-	9,741
Balance as at 31 August 2014		2,920	6,901	186,927	(5,330)	2,240	(221)	193,437	(406)	193,031
At 1 September 2014		<b>2,920</b>	<b>6,901</b>	<b>186,927</b>	<b>(5,330)</b>	<b>2,240</b>	<b>(221)</b>	<b>193,437</b>	<b>(406)</b>	<b>193,031</b>
Profit/(loss) for the year		-	-	<b>36,866</b>	-	-	-	<b>36,866</b>	<b>(14)</b>	<b>36,852</b>
Other comprehensive income/(loss) for the year		-	-	-	-	<b>4,099</b>	<b>(83)</b>	<b>4,016</b>	-	<b>4,016</b>
Total comprehensive income/(loss) for the year		-	-	<b>36,866</b>	-	<b>4,099</b>	<b>(83)</b>	<b>40,882</b>	<b>(14)</b>	<b>40,868</b>
Net cash received on exercise of Shares from Employee Benefit Trust	16	-	-	-	<b>912</b>	-	-	<b>912</b>	-	<b>912</b>
Transfer of shares from Employee Benefit Trust on exercise		-	-	<b>(780)</b>	<b>780</b>	-	-	-	-	-
Share-based payments charge	20	-	-	<b>3,530</b>	-	-	-	<b>3,530</b>	-	<b>3,530</b>
Acquisition of non-controlling interest in Covetique Ltd	10	-	-	<b>(394)</b>	-	-	-	<b>(394)</b>	<b>394</b>	-
Deferred tax	15	-	-	<b>(1,323)</b>	-	-	-	<b>(1,323)</b>	-	<b>(1,323)</b>
Current tax on items taken directly to equity	8	-	-	<b>297</b>	-	-	-	<b>297</b>	-	<b>297</b>
<b>Balance as at 31 August 2015</b>		<b>2,920</b>	<b>6,901</b>	<b>225,123</b>	<b>(3,638)</b>	<b>6,339</b>	<b>(304)</b>	<b>237,341</b>	<b>(26)</b>	<b>237,315</b>

1 Retained earnings includes the share-based payments reserve.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 August 2015

	Note	31 August 2015 £'000	31 August 2014 £'000
<b>Non-current assets</b>			
Goodwill	10	1,060	1,325
Other intangible assets	11	75,104	62,576
Property, plant and equipment	12	64,379	55,400
Derivative financial assets	19	256	–
		<b>140,799</b>	119,301
<b>Current assets</b>			
Inventories		193,769	161,480
Trade and other receivables	13	18,055	20,385
Derivative financial assets	19	6,083	2,240
Current tax asset		–	2,217
Cash and cash equivalents	18	119,191	74,340
		<b>337,098</b>	260,662
<b>Current liabilities</b>			
Trade and other payables	14	(232,542)	(185,539)
Current tax liability		(3,600)	–
Deferred tax liability	15	(1,156)	–
		<b>(237,298)</b>	(185,539)
<b>Net current assets</b>		<b>99,800</b>	75,123
<b>Non-current liabilities</b>			
Deferred tax liability	15	(3,284)	(1,393)
<b>Net assets</b>		<b>237,315</b>	193,031
<b>Equity attributable to owners of the parent</b>			
Called up share capital	16	2,920	2,920
Share premium		6,901	6,901
Employee Benefit Trust reserve		(3,638)	(5,330)
Hedging reserve		6,339	2,240
Translation reserve		(304)	(221)
Retained earnings		225,123	186,927
<b>Total</b>		<b>237,341</b>	193,437
<b>Non-controlling interest</b>	17	<b>(26)</b>	(406)
<b>Total equity</b>		<b>237,315</b>	193,031

Notes 1 to 25 are an integral part of the financial statements.

The consolidated financial statements of ASOS Plc, registered number 4006623, on pages 62 to 87, were approved by the Board of Directors and authorised for issue on 19 October 2015 and were signed on its behalf by:



Nick Beighton



Helen Ashton

Directors

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year to 31 August 2015

	Note	Year to 31 August 2015 £'000	Year to 31 August 2014 £'000
<b>Operating profit</b>		<b>47,260</b>	46,646
Adjusted for:			
Depreciation of property, plant and equipment	4	<b>8,294</b>	5,860
Amortisation of other intangible assets	4	<b>14,760</b>	9,501
Loss on disposal of non-current assets	4	<b>4,893</b>	150
Increase in inventories		<b>(32,111)</b>	(18,352)
Decrease/(increase) in trade and other receivables		<b>2,300</b>	(1,844)
Increase in trade and other payables		<b>47,615</b>	33,522
Share-based payments charge/(credit)	20	<b>2,245</b>	(2,813)
Other non-cash items		<b>637</b>	(297)
Income tax paid		<b>(2,837)</b>	(3,714)
<b>Net cash generated from operating activities</b>		<b>93,056</b>	68,659
<b>Investing activities</b>			
Payments to acquire other intangible assets		<b>(32,470)</b>	(32,627)
Payments to acquire property, plant and equipment		<b>(17,926)</b>	(29,750)
Finance income		<b>339</b>	296
Acquisition of subsidiary, net of cash acquired		<b>-</b>	182
<b>Net cash used in investing activities</b>		<b>(50,057)</b>	(61,899)
<b>Financing activities</b>			
Proceeds from issue of ordinary shares		<b>-</b>	563
Net cash inflow/(outflow) relating to Employee Benefit Trust		<b>912</b>	(3,914)
Finance expense		<b>(87)</b>	(65)
<b>Net cash generated/(used in) from financing activities</b>		<b>825</b>	(3,416)
<b>Net increase in cash and cash equivalents</b>		<b>43,824</b>	3,344
<b>Opening cash and cash equivalents</b>		<b>74,340</b>	71,139
Effect of exchange rates on cash and cash equivalents		<b>1,027</b>	(143)
<b>Closing cash and cash equivalents</b>	18	<b>119,191</b>	74,340

# NOTES TO THE FINANCIAL STATEMENTS

For the year to 31 August 2015

---

## 1 SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the course of preparing the financial statements, management necessarily makes estimates and judgements that affect the application of policies and reported amounts. Estimates and judgements are continually reviewed and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. Actual results may differ from the initial estimate or judgement and any subsequent changes are accounted for with an effect on the financial statements at the time such updated information becomes available. The Audit Committee considers estimates and judgements made by management, as detailed in the Audit Committee Report on page 42-43.

The estimates and assumptions which have the most significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities are:

### ***Inventory valuation***

Inventory is carried at the lower of cost and net realisable value, on a weighted average cost basis, which requires an estimation of products' future selling prices.

### ***Refund accruals***

Accruals for sales returns are estimated on the basis of historical returns and are recorded so as to allocate them to the same period in which the original revenue is recorded. These accruals are reviewed regularly and updated to reflect management's latest best estimates, although actual returns could vary from these estimates.

### ***Calculation of share-based payment charges***

The charge related to equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date they are granted, using an appropriate valuation model selected according to the terms and conditions of the grant. Judgement is applied in determining the most appropriate valuation model and in determining the inputs to the model. Third-party experts are engaged to advise in this area where necessary. Judgements are also applied in relation to estimations of the number of options that will vest, by reference to historic leaver rates and expected outcomes under relevant performance conditions.

### ***Depreciation of property, plant and equipment and amortisation of other intangible assets***

Depreciation and amortisation are provided to write down assets to their residual values over their estimated useful lives. The determination of these residual values and estimated lives requires the exercise of management judgement.

### ***Impairment of property, plant and equipment and other intangible assets***

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

### ***Legal contingencies***

Where legal proceedings are brought against the Group and material future economic outflow is considered possible but not probable, or cannot be reliably measured, the Group discloses the nature of the contingent liability in the notes to the financial statements but does not recognise a liability in respect of the contingency. A liability is recognised only when a future economic outflow is probable and the amount of that outflow can be reliably measured. Judgement is required in both the probability determination and as to whether the Group's exposure can be reliably estimated.

---

## 2 CHANGES TO ACCOUNTING POLICIES

The accounting policies applied are consistent with those adopted and disclosed in the Group financial statements for the year to 31 August 2014. Various new accounting standards and amendments were issued during the year, none of which have had or are expected to have any significant impact on the Group, and none of which have been adopted early.

Accounting policy references are included in the relevant notes throughout the financial statements and also in Note 25.

### 3 SEGMENTAL ANALYSIS

IFRS 8 'Operating Segments' requires operating segments to be determined based on the Group's internal reporting to the Chief Operating Decision Maker. The Chief Operating Decision Maker has been determined to be the Executive Board and it has determined that the primary segmental reporting format of the Group is geographical by customer location, based on the Group's management and internal reporting structure.

The Executive Board assesses the performance of each segment based on revenue and gross profit after distribution expenses, which excludes administrative expenses.

See Note 25 for the Group's accounting policy on revenue recognition.

	Year to 31 August 2015				
	UK £'000	US £'000	EU £'000	RoW £'000	Total £'000
Retail sales	473,884	119,530	293,983	232,549	1,119,946
Delivery receipts	11,496	3,660	5,085	5,426	25,667
Third-party revenues	4,403	755	17	-	5,175
Internal revenues	39	-	336	3,067	3,442
Total segment revenues	489,822	123,945	299,421	241,042	1,154,230
Eliminations	(39)	-	(336)	(3,067)	(3,442)
Total revenues	489,783	123,945	299,085	237,975	1,150,788
Cost of sales	(260,709)	(49,301)	(151,783)	(114,196)	(575,989)
Gross profit	229,074	74,644	147,302	123,779	574,799
Distribution expenses	(52,825)	(38,382)	(40,761)	(36,713)	(168,681)
Segment result	176,249	36,262	106,541	87,066	406,118
Administrative expenses					(365,157)
Net other income					6,299
Operating profit					47,260
Finance income					353
Finance expense					(81)
Profit before tax					47,532

Internal revenues relate principally to the sale of products from ASOS.com Limited to ASOS (Shanghai) Commerce Co. Limited.

	Year to 31 August 2014				
	UK £'000	US £'000	EU £'000	RoW £'000	Total £'000
Retail sales	372,241	92,311	256,385	234,358	955,295
Delivery receipts	7,412	1,773	3,162	3,604	15,951
Third-party revenues	4,224	-	-	-	4,224
Internal revenues	111	-	-	7,654	7,765
Total segment revenues	383,988	94,084	259,547	245,616	983,235
Eliminations	(111)	-	-	(7,654)	(7,765)
Total revenues	383,877	94,084	259,547	237,962	975,470
Cost of sales	(207,853)	(40,137)	(126,460)	(116,013)	(490,463)
Gross profit	176,024	53,947	133,087	121,949	485,007
Distribution expenses	(39,618)	(28,804)	(37,062)	(41,819)	(147,303)
Segment result	136,406	25,143	96,025	80,130	337,704
Administrative expenses					(294,108)
Net other income					3,050
Operating profit					46,646
Finance income					312
Finance expense					(57)
Profit before tax					46,901

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

No analysis of the assets and liabilities of each operating segment is provided to the Chief Operating Decision Maker in the monthly management accounts. Therefore no measure of segmental assets or liabilities is disclosed in this Note.

There are no material non-current assets located outside the UK.

**4 OPERATING PROFIT**

Year to  
**31 August 2015**  
£'000

Year to  
31 August 2014  
£'000

<b>a) Operating profit is stated after charging/(crediting):</b>		
Depreciation of property, plant and equipment	<b>8,294</b>	5,860
Amortisation of other intangible assets	<b>14,760</b>	9,501
Loss on disposal of property, plant and equipment <sup>1</sup>	<b>82</b>	49
Loss on disposal of other intangible assets <sup>1</sup>	<b>4,811</b>	101
Cost of inventory recognised as an expense	<b>576,557</b>	490,120
Adjustment to inventories to net realisable value	<b>(524)</b>	4,207
Net foreign exchange gains	<b>1,503</b>	(1,550)
Operating leases	<b>8,660</b>	7,072
Net other income	<b>(6,299)</b>	(3,050)
<b>b) Auditors' remuneration:</b>		
<i>Audit and audit-related services:</i>		
Statutory audit of parent company and consolidated financial statements	<b>47</b>	45
Statutory audit of the Company's subsidiaries pursuant to legislation	<b>186</b>	173
<b>Total</b>	<b>233</b>	218
<i>Fees payable to Company's auditors for other services:</i>		
Taxation compliance	<b>12</b>	5
All other services	<b>6</b>	97
<b>Total fees for other services</b>	<b>18</b>	102

<sup>1</sup> 2014 includes losses on disposal recognised within net other income.

Costs relating to the audit and non-audit services of the parent company are borne by ASOS.com Limited.

The policy for the approval of non-audit fees is set out in the Audit Committee Report on pages 42 to 43.

Net other income recognised during the year relates to final business interruption reimbursements as a result of a fire in the Group's main distribution centre in June 2014. Amounts recognised during the year to 31 August 2014 related to insurance reimbursements related to stock loss and other incremental costs plus a portion of business interruption losses.

Year to  
**31 August 2015**  
£'000

Year to  
31 August 2014  
£'000

Stock loss and other incremental costs	<b>-</b>	8,486
Insurance reimbursements	<b>(6,299)</b>	(11,536)
<b>Total</b>	<b>(6,299)</b>	(3,050)

At 31 August 2014, the Group disclosed a contingent asset in relation to these expected final business interruption reimbursements. This contingent asset no longer exists as at 31 August 2015 as a result of the reimbursements received above.

## 5 STAFF COSTS INCLUDING DIRECTORS' REMUNERATION

The Group's monthly average number of employees during the year was as follows:

	Year to 31 August 2015	Year to 31 August 2014
By activity:		
Fashion	526	492
Operations	1,089	912
Technology	277	223
	<b>1,892</b>	1,627

The Group's employee costs, including Directors, during the year were as follows:

	Year to 31 August 2015 £'000	Year to 31 August 2014 £'000
Wages and salaries	78,529	60,147
Social security costs	6,827	6,371
Other pension costs	2,288	1,883
Share-based payment charge/(credit) (Note 20)	2,245	(2,813)
	<b>89,889</b>	65,588

Wages and salaries in the year to 31 August 2015 included a charge of £0.7m (2014: £0.8m) related to a waiver of excess loan balances due from participants in the ASOS Long-Term Incentive Plan, following the modification of this plan in July 2014 (see further details in Note 20).

The Group contributes to the personal pension plans of 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.

The aggregate amount of salaries deemed to relate exclusively to capital projects was £11.6m (2014: £9.5m). This amount has been capitalised and is not included above.

The aggregate compensation to key management personnel, being the Directors of ASOS Plc (Executive and Non-Executive) plus the members of the Executive Board of ASOS.com Limited, was as follows:

	Year to 31 August 2015 £'000	Year to 31 August 2014 £'000
Short-term employee benefits	4,158	3,576
Post-employment benefits	179	116
Share-based payment credit	(32)	(2,376)
	<b>4,305</b>	1,316

One Director of ASOS Plc exercised share options during the year to 31 August 2015, but no gain was made as these shares were gifted to the ASOS Foundation. In the comparative year to 31 August 2014, one Director of ASOS Plc exercised share options with an aggregate gain of £41.1m. Also in the comparative year, three Directors of ASOS Plc and one member of the Executive Board of ASOS.com Limited exchanged shares in ASOS.com Limited for shares in ASOS Plc under the terms of the Management Incentive Plan (MIP). Aggregate gains made by key management personnel as a result of this share exchange were £92.6m, with no gains made in the current year to 31 August 2015.

The highest paid Director made no gain on exercise of share options during the year (2014: £78.6m); all other components of the highest paid Director's remuneration are detailed in the Directors' Remuneration table on page 49.

Directors' aggregate emoluments and pension payments are detailed in the Directors' Remuneration Report on pages 49 and 50, along with Directors' interests in issued shares and share options on pages 51 and 52.

## 6 FINANCE INCOME

Finance income receivable on cash and cash equivalents is recognised in the Statement of Comprehensive Income as it is earned.

	Year to 31 August 2015 £'000	Year to 31 August 2014 £'000
Interest receivable on cash and cash equivalents	353	312

## NOTES TO THE FINANCIAL STATEMENTS continued

### 7 FINANCE EXPENSE

Finance expense is recognised in the Statement of Comprehensive Income as it is incurred.

	Year to 31 August 2015 £'000	Year to 31 August 2014 £'000
Interest payable on bank overdraft	81	57

### 8 INCOME TAX EXPENSE

See Note 25 for the Group's accounting policy on taxation.

	Year to 31 August 2015 £'000	Year to 31 August 2014 £'000
Tax on profit	8,853	9,873
Adjustment in respect of prior year corporation tax	103	(1,081)
<b>Total current tax charge</b>	<b>8,956</b>	8,792
Deferred tax		
– Origination and reversal of temporary differences	485	834
– Adjustment in respect of prior year	1,239	687
<b>Total deferred tax charge (Note 15)</b>	<b>1,724</b>	1,521
<b>Tax on profit</b>	<b>10,680</b>	10,313
<i>Effective tax rate</i>	<b>22.5%</b>	22.0%

The income tax related to items included in other comprehensive income is £1,206,000 (2014: £nil).

### RECONCILIATION OF TAX CHARGE

The tax on the Group's profit before tax differs from the income tax expense as follows:

	Year to 31 August 2015 £'000	Year to 31 August 2014 £'000
Profit before tax	47,532	46,901
Tax on profit at standard rate of UK corporation tax of 20.58% (2014: 22.16%)	9,782	10,393
Effects of:		
Expenses not deductible for taxation purposes	734	532
Non-taxable income	(1,293)	(683)
Overseas tax	–	21
Rate differences: overseas tax	(94)	(211)
Rate differences: UK tax	(21)	(122)
Deferred tax assets not provided	268	762
Tax adjustments on share-based payments	5	10
Unpaid consortium relief	–	–
Adjustment in respect of prior years	1,343	(389)
Business combination	(44)	–
<b>Tax on profit</b>	<b>10,680</b>	10,313



## 8 INCOME TAX EXPENSE (continued)

### TAX ON RECOGNISED INCOME AND EXPENSES NOT INCLUDED IN THE STATEMENT OF COMPREHENSIVE INCOME

	Year to 31 August 2015 £'000	Year to 31 August 2014 £'000
Current tax credit on exercise of share options	297	9,741
Deferred tax charge on movement of derivative financial instruments	(1,206)	–
Deferred tax charge on movement in tax base of share options	(117)	(8,730)
	<b>(1,026)</b>	1,011

These amounts have been recognised in equity and are included in the Consolidated Statement of Changes in Equity on page 63.

## 9 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to the owners of the parent company by the weighted average number of ordinary shares in issue during the year. Own shares held by the Employee Benefit Trust and Capita Trust are eliminated from the weighted average number of ordinary shares.

Diluted earnings per share is calculated by dividing the profit attributable to the owners of the parent company by the weighted average number of ordinary shares in issue during the period, adjusted for the effects of potentially dilutive share options.

	Year to 31 August 2015	Year to 31 August 2014
Weighted average shares in issue for basic earnings per share (no. of shares)	82,963,517	82,845,587
Weighted average effect of dilutive options (no. of shares)	70,742	279,864
Weighted average shares in issue for diluted earnings per share (no. of shares)	83,034,259	83,125,451
Earnings attributable to owners of the parent company (£'000)	36,866	36,950
Basic earnings per share	44.4p	44.6p
Diluted earnings per share	44.4p	44.5p

## 10 GOODWILL

See Note 25 for the Group's accounting policy on goodwill.

	Year to 31 August 2015 £'000	Year to 31 August 2014 £'000
Carrying value at start of year	1,325	1,060
Additions	–	265
Impairments	(265)	–
<b>Carrying value at end of year</b>	<b>1,060</b>	<b>1,325</b>

On 29 November 2013, the Group entered into an agreement with the shareholders of Covetique Limited ('Covetique'), an online marketplace for luxury fashion brands. ASOS acquired 30% of the issued share capital of Covetique immediately prior to this date, and the carrying value of this existing shareholding was £100,000 at the acquisition date. Under the terms of the agreement, ASOS was granted certain rights in the ongoing management of Covetique, including the right to make three appointments to Covetique's board of five directors. As a result, ASOS was deemed to control Covetique and Covetique was accounted for as a subsidiary of the ASOS Group from 29 November 2013. Goodwill of £265,000 was recognised on acquisition of this subsidiary.

During the current year, Covetique ceased to trade and so this goodwill was impaired to nil and on 12 June 2015 the Group acquired the remaining 70% of Covetique's share capital for consideration of £5 in order to retain its brand name.

The remaining Group goodwill balance relates to the historic acquisition of ASOS.com Limited, a 100% subsidiary of the Group.

Goodwill is not amortised, but tested annually for impairment with the recoverable amount being determined from value-in-use calculations. Goodwill has been allocated for impairment testing purposes to cash-generating units (CGUs), which include the geographical business segments as described in Note 3. The key assumptions for the value-in-use calculations are the long-term growth rate and the discount rates. Value-in-use was calculated from cash flow projections for five years using data from the Group's latest results and financial forecasts approved by the Board. The budgeted cash flow assumes a growth rate which is higher than the long-term growth rate of the UK economy, based on the Group's recent performance and current performance expectations. No reasonably possible change in the assumptions used in the value-in-use calculations could result in a material impairment of goodwill.

## 11 OTHER INTANGIBLE ASSETS

See Note 25 for the Group's accounting policy on intangible assets.

	Domain names £'000	Other intangible assets £'000	Assets under construction £'000	Total £'000
<b>Cost</b>				
At 1 September 2013	–	39,063	12,665	51,728
Additions	118	12,633	20,553	33,304
Transfers	–	9,152	(9,152)	–
Acquisition of subsidiary	–	249	–	249
Disposals	–	14	(116)	(102)
Exchange differences	–	(1)	–	(1)
At 31 August 2014	118	61,110	23,950	85,178
Additions	<b>32</b>	<b>10,218</b>	<b>21,850</b>	<b>32,100</b>
Transfers	–	<b>12,571</b>	<b>(12,571)</b>	–
Disposals	–	<b>(2,293)</b>	<b>(4,287)</b>	<b>(6,580)</b>
Exchange differences	–	<b>(1)</b>	–	<b>(1)</b>
<b>At 31 August 2015</b>	<b>150</b>	<b>81,605</b>	<b>28,942</b>	<b>110,697</b>
<b>Accumulated amortisation</b>				
At 1 September 2013	–	13,102	–	13,102
Charge for the year	–	9,501	–	9,501
Disposals	–	(1)	–	(1)
At 31 August 2014	–	22,602	–	22,602
Charge for the year	–	<b>14,760</b>	–	<b>14,760</b>
Disposals	–	<b>(1,769)</b>	–	<b>(1,769)</b>
<b>At 31 August 2015</b>	<b>–</b>	<b>35,593</b>	<b>–</b>	<b>35,593</b>
<b>Net book amount</b>				
<b>At 31 August 2015</b>	<b>150</b>	<b>46,012</b>	<b>28,942</b>	<b>75,104</b>
At 31 August 2014	118	38,508	23,950	62,576

All domain names have been determined to have an indefinite useful life as they relate to ongoing use of the ASOS brand, and are assessed for impairment annually based on their value-in-use. Domain names have been allocated for impairment testing based on the territory to which they relate. No impairment charge in respect of domain names has been recognised during the year (2014: £nil).

During the year, other intangible assets of £4.8m were written off following a review by management of assets no longer generating economic benefits for the Group. The impairment charge has been included within administrative costs in the Statement of Comprehensive Income.

During the comparative year to 31 August 2014, estimates of the useful economic life of certain intangible assets were amended to reflect the period over which the Group expects to obtain value from these assets. The estimated impact of this change in accounting estimates during that year was £1.4m. It is not practical to calculate the impact of this in future years.

**12 PROPERTY, PLANT AND EQUIPMENT**

See Note 25 for the Group's accounting policy on property, plant and equipment.

	Fixtures and fittings £'000	Computer equipment £'000	Assets under construction £'000	Total £'000
<b>Cost</b>				
At 1 September 2013	30,571	12,356	3,281	46,208
Additions	4,445	853	25,999	31,297
Transfers	3,045	–	(3,045)	–
Acquisition of subsidiary	1	1	–	2
Disposals	(1,432)	(1,311)	–	(2,743)
Exchange differences	(8)	(13)	–	(21)
At 31 August 2014	36,622	11,886	26,235	74,743
Additions	<b>10,687</b>	<b>1,942</b>	<b>4,731</b>	<b>17,360</b>
Transfers	<b>26,077</b>	<b>31</b>	<b>(26,108)</b>	–
Disposals	<b>(263)</b>	<b>(917)</b>	–	<b>(1,180)</b>
Exchange differences	<b>8</b>	<b>(19)</b>	–	<b>(11)</b>
<b>At 31 August 2015</b>	<b>73,131</b>	<b>12,923</b>	<b>4,858</b>	<b>90,912</b>
<b>Accumulated depreciation</b>				
At 1 September 2013	8,184	7,993	–	16,177
Charge for the year	4,068	1,792	–	5,860
Disposals	(1,384)	(1,310)	–	(2,694)
Exchange differences	1	(1)	–	–
At 31 August 2014	10,869	8,474	–	19,343
Charge for the year	<b>6,489</b>	<b>1,805</b>	–	<b>8,294</b>
Disposals	<b>(262)</b>	<b>(836)</b>	–	<b>(1,098)</b>
Exchange differences	<b>1</b>	<b>(7)</b>	–	<b>(6)</b>
<b>At 31 August 2015</b>	<b>17,097</b>	<b>9,436</b>	–	<b>26,533</b>
<b>Net book amount</b>				
<b>At 31 August 2015</b>	<b>56,034</b>	<b>3,487</b>	<b>4,858</b>	<b>64,379</b>
At 31 August 2014	25,753	3,412	26,235	55,400

During the comparative year to 31 August 2014, estimates of the useful economic life of certain tangible assets were amended to reflect the period over which the Group expects to obtain value from these assets. The estimated impact of this change in accounting estimates during that year was £0.5m. It is not practical to calculate the impact of this in future years.

### 13 TRADE AND OTHER RECEIVABLES

Trade and other receivables are non-interest bearing and are initially recognised at fair value. Subsequently, they are measured at amortised cost using the effective interest rate method less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that amounts will not be recovered. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Any provision made against an impaired receivable is recognised within revenue in the Statement of Comprehensive Income.

	31 August 2015 £'000	31 August 2014 £'000
Trade receivables	9,151	7,956
Provision for doubtful debts	(403)	(303)
Trade receivables net of provision for doubtful debts	8,748	7,653
Prepayments	8,056	8,667
Other receivables	1,251	4,065
	<b>18,055</b>	20,385

All other receivables are non-interest bearing. Included in other receivables are overseas VAT receivables of £496,441 (2014: UK and overseas VAT receivables of £1,551,971).

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

Trade and other receivables fall into the 'loans and receivables' category of the Group's financial assets.

At 31 August 2015, trade receivables with a gross value of £1,029,336 (2014: £528,464) were individually determined to be impaired and the provision for impairment of these trade receivables was £402,791 (2014: £303,037). The other amounts within trade and other receivables do not contain impaired assets, as they are deemed fully recoverable.

Movements on the provision for impairment of trade receivables are as follows:

	Year to 31 August 2015 £'000	Year to 31 August 2014 £'000
At start of year	(303)	(314)
(Credited)/charged during the year	(100)	11
<b>At end of year</b>	<b>(403)</b>	<b>(303)</b>

As at 31 August 2015, trade receivables of £36,343 (2014: £278,225) were past due but not impaired. These relate to a number of independent third parties for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	31 August 2015 £'000	31 August 2014 £'000
Three to six months	11	267
More than six months	25	11
	<b>36</b>	278

Management believes that all unimpaired receivables are fully recoverable.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

The Group does not hold any collateral as security.

#### 14 TRADE AND OTHER PAYABLES

Trade and other payables are non-interest bearing and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

	31 August 2015 £'000	31 August 2014 £'000
Trade payables	<b>58,288</b>	27,399
Taxation and social security	<b>4,005</b>	4,058
Accruals	<b>108,341</b>	79,520
Other payables	<b>61,908</b>	74,562
	<b>232,542</b>	185,539

The fair value of trade, other payables and accruals is not materially different from their carrying value. Included in other payables are UK VAT payables of £859,119 (2014: nil).

#### 15 DEFERRED TAX (LIABILITY)/ASSET

	Accelerated capital allowances £'000	Share-based payments £'000	Derivatives £'000	Other £'000	Total £'000
At 1 September 2013	(609)	9,272	–	239	8,902
(Charge)/credit to the Statement of Comprehensive Income	(1,846)	(360)	–	685	(1,521)
Deferred tax on acquisition of subsidiary	–	–	–	(44)	(44)
Charge to equity	–	(8,730)	–	–	(8,730)
At 31 August 2014	(2,455)	182	–	880	(1,393)
(Charge)/credit to the Statement of Comprehensive Income	<b>(2,417)</b>	<b>119</b>	<b>–</b>	<b>574</b>	<b>(1,724)</b>
Charge to equity	–	<b>(117)</b>	<b>(1,206)</b>	–	<b>(1,323)</b>
<b>At 31 August 2015</b>	<b>(4,872)</b>	<b>184</b>	<b>(1,206)</b>	<b>1,454</b>	<b>(4,440)</b>

The deferred tax assets and liabilities have been offset as they are due to reverse in the same jurisdiction.

The Company has losses of £246,000 (2014: £246,000) which are available for offset against future taxable profits. These were not recognised at the year end. The Group has other losses which are available to be carried forward against future taxable profits of £9,414,000 (2014: £5,900,000). A deferred tax asset of approximately £1,081,000 (2014: £880,000) relating to a portion of these losses has not been reflected in the financial statements, since it is not anticipated that they will reverse in the foreseeable future. Of this unrecognised deferred tax asset, £384,000 (2014: £280,000) relates to the UK and £697,000 (2014: £600,000) relates to China.

The deferred tax asset on share-based payments is created by the temporary difference between the carrying value of outstanding share-based payment options on the Statement of Financial Position and the tax base of these options, being the estimated future tax deduction expected to crystallise on exercise of the option. The tax base is calculated by reference to the Company's share price at the reporting date and the number of share options outstanding, which has decreased during the year to 31 August 2015.

It is estimated that deferred tax assets of £5,315 (2014: £300,208) will be recovered within one year. It is estimated that deferred tax liabilities of £1,155,692 (2014: nil) will be payable within one year. There has been no change to the substantially enacted tax rate during the year to 31 August 2015.

## 16 CALLED UP SHARE CAPITAL

31 August 2015  
£'000

31 August 2014  
£'000

Authorised:		
100,000,000 (2014: 100,000,000) ordinary shares of 3.5p each	<b>3,500</b>	3,500
Allotted, issued and fully paid:		
83,429,874 (2014: 83,425,440) ordinary shares of 3.5p each	<b>2,920</b>	2,920

Ordinary shares are classified as equity.

During the year no (2014: 840,000) ordinary shares of 3.5p each were issued as a result of exercise of employee share options. Total consideration received in respect of exercise of employee share options was £nil (2014: £562,600). A further 4,434 shares were issued to the Chairman (2014: 4,434) for zero consideration, as part of his remuneration package.

### Employee Benefit Trust

The provision of shares to satisfy certain of the Group's share incentive plans is facilitated by purchases of own shares by the Group's Employee Benefit Trust and Capita Trust ('the Trusts'). Shares held by the Trusts are valued at the weighted average historical cost of the shares acquired and the carrying value is shown as a reduction within shareholders' equity. The costs of operating the Trusts are borne by the Group but are not material.

During the year to 31 August 2015, 84,699 shares (2014: 70,963) were transferred from the Trusts to employees in settlement of share options and awards in exchange for cash consideration of £991,640 (2014: £534,111), and nil shares (2014: 141,190) were purchased by the Trusts to satisfy future options and awards, at a cost of £nil (2014: £4,447,700). The Trusts have waived the right to receive dividends on these shares. At 31 August 2015, the carrying value of the 421,561 shares held by the Trusts (2014: 506,260 shares) was £3,638,127 (2014: £5,329,823).

## 17 NON-CONTROLLING INTERESTS

31 August 2015  
£'000

31 August 2014  
£'000

At start of year	<b>(406)</b>	(2)
Share of loss for year	<b>(14)</b>	(362)
Acquisition of subsidiary	-	(42)
Acquisition of non-controlling interest in Covetique Ltd	<b>394</b>	-
<b>At end of year</b>	<b>(26)</b>	(406)

Non-controlling interests at the start of the year related to a 5% interest in Crooked Tongues Limited and a 30% interest in Covetique Limited, both of which are companies incorporated in the United Kingdom. On 12 June 2015, the Group acquired the remaining 70% of share capital in Covetique Limited for a consideration of £5, and a non-controlling interest of £394,000 held at that point was recognised directly in equity.

## 18 RECONCILIATION OF CASH AND CASH EQUIVALENTS

31 August 2015  
£'000

31 August 2014  
£'000

Net movement in cash and cash equivalents	<b>43,824</b>	3,344
Opening cash and cash equivalents	<b>74,340</b>	71,139
Effect of exchange rates on cash and cash equivalents	<b>1,027</b>	(143)
<b>Closing cash and cash equivalents</b>	<b>119,191</b>	74,340

Cash and cash equivalents comprise funds which the Group can access without restriction within a maximum of three months.

The Group has in place a £20.0m revolving loan credit facility which includes an ancillary £10.0m guaranteed overdraft facility and which is available until October 2018.

## 19 FINANCIAL INSTRUMENTS

### Categories of financial instruments

	31 August 2015 £'000	31 August 2014 £'000
<b>Financial assets</b>		
Loans and receivables	129,190	86,058
Financial assets at fair value through profit and loss	6,339	2,240
<b>Financial liabilities</b>		
Amortised cost	228,537	181,481

'Loans and receivables' includes trade and other receivables and cash and cash equivalents, and excludes prepayments.

Included in 'financial liabilities at amortised cost' are trade payables, accruals and other payables.

### Risk management

The Group's Treasury function seeks to reduce exposures to capital risk, liquidity risk, credit risk, interest rate risk and foreign currency risk, to ensure liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Group does not engage in speculative trading in financial instruments and transacts only in relation to underlying business requirements. The Group's treasury policies and procedures are periodically reviewed and approved by the Audit Committee.

### Capital risk

The Group's objectives when managing capital (defined as cash and cash equivalents plus equity attributable to owners of the parent) are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders through an appropriate balance of debt and equity funding, whilst maintaining a strong credit rating and sufficient headroom. The Group makes adjustments to its capital structure in light of changes to economic conditions and the Group's strategic objectives. At 31 August 2015, the Group had capital of £356.5m (2014: £267.8m).

### Liquidity risk

The Group manages its exposure to liquidity risk by continuously monitoring short- and long-term forecasts and actual cash flows and ensuring it has the necessary banking and reserve borrowing facilities available to meet the requirements of the business. At 31 August 2015, the Group had an undrawn revolving loan credit facility of £20.0m which includes an ancillary £10.0m guaranteed overdraft facility and which is available until October 2018. Borrowings under the revolving loan credit facility bear interest at a rate of 0.6% per annum above LIBOR plus 0.25% if between 33% and 66% utilised, and plus 0.5% if over 66% utilised. Borrowings under the overdraft bear interest at 1.7% above base rate. Commitment interest of 0.21% per annum is payable on the daily undrawn balance of the total facility. Any surplus cash is placed on deposit to maximise returns on cash balances.

The Group's financial liabilities at amortised cost as at 31 August 2015 and 31 August 2014 all mature in less than one year.

### Credit risk

Credit risk is the risk that a counterparty may default on its obligation to the Group in relation to lending, hedging, settlement and other financial activities. The Group's principal financial assets are trade and other receivables, bank balances, derivative financial assets and cash in hand. The Group's credit risk is primarily attributable to its trade and other receivables. The amounts included in the Statement of Financial Position are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows. The Group has a low retail credit risk due to transactions being principally of high volume, low value and short maturity. The Group's trade receivables are primarily with large advertising companies with which the Group has a long-standing relationship, and the risk of default and write-offs due to bad debts is considered to be low. The Group has no significant concentration of credit risk, as exposure is spread over a large number of counterparties and customers.

The credit risk on liquid funds is considered to be low, as the Board-approved Group Treasury Policy limits the value that can be placed with each approved counterparty to minimise the risk of loss. These limits are based on a minimum Standard and Poor's credit rating of BBB+.

### Interest rate risk

The Group is exposed to cash flow interest rate risk on its floating rate bank overdraft and revolving credit facilities.

At 31 August 2015, the Group had no drawings under its revolving loan credit facility. The Group may draw down periodically on the revolving loan credit facility in the future if required but no drawdown will be long-term in nature and therefore the Group has not entered into interest rate derivatives to mitigate the interest rate risk.

### Foreign currency risk

The Group operates internationally and is therefore exposed to foreign currency transaction risk, primarily on sales denominated in US dollars, Euros and Australian dollars. The Group's presentational currency is pounds sterling, therefore the Group is also exposed to foreign currency translation risks due to movements in foreign exchange rates on the translation of non-sterling assets and liabilities.



## 19 FINANCIAL INSTRUMENTS (continued)

The Group's policy is to match foreign currency transaction exposures where possible. Where appropriate, the Group uses financial instruments in the form of forward foreign exchange contracts to hedge future highly probable foreign currency cash flows. These forward foreign exchange contracts are classified as Level 2 derivative financial instruments under IFRS 13, 'Fair Value Measurement'. They have been fair valued at 31 August 2015 with reference to forward exchange rates that are quoted in an active market, with the resulting value discounted back to present value.

	At 31 August 2015 £'000	At 31 August 2014 £'000
Fair value of derivative financial assets	<b>6,339</b>	2,240

These forward foreign exchange contracts were assessed to be highly effective at 31 August 2015, and a net unrealised gain of £6,339,000 (2014: £2,240,000) was recognised in equity. Cash flows related to these contracts will occur during the years to 31 August 2016 and 31 August 2017, and will impact the Statement of Comprehensive Income over this same period. During the year to 31 August 2015, net gains of £2,240,000 (2014: £225,000) relating to unmatured forward foreign exchange contracts as at 31 August 2014 were reclassified to the Statement of Comprehensive Income and included within revenue.

The hedged highly probable forecast transactions denominated in foreign currency are expected to occur at various dates during the next 24 months. Therefore, the fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the balance sheet.

### Financial instrument sensitivities

#### Foreign currency sensitivity

The Group's principal financial instrument foreign currency exposures are to US dollars, Euros, Australian dollars and Chinese yuan. The table below illustrates the hypothetical sensitivity of the Group's reported profit before tax and closing equity to a 10% increase and decrease in the value of each of these currencies relative to pounds sterling at the reporting date, assuming all other variables remain unchanged. The sensitivity rate of 10% is deemed to represent a reasonably possible change based on historic exchange rate volatility.

The following assumptions were made in calculating the sensitivity analysis:

- all sensitivities affecting the Statement of Comprehensive Income also impact equity
- exchange rate fluctuations on currency derivatives that form part of an effective cash flow hedge relationship affect the fair value reserve in equity and the fair value of the hedging derivatives, with no impact on the Statement of Comprehensive Income
- all hedge relationships are fully effective
- translation of foreign subsidiaries and operations into the Group's presentation currency has been excluded from the sensitivity analysis.

Positive figures represent an increase in profit before tax or in equity.

	Profit before tax		Equity	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
<i>Sterling strengthens by 10% against:</i>				
US dollar	<b>115</b>	(304)	<b>247</b>	(339)
Euro	<b>172</b>	147	<b>147</b>	439
Australian dollar	<b>(256)</b>	(403)	<b>192</b>	(452)
Chinese yuan	<b>(259)</b>	(222)	<b>(259)</b>	(222)
<i>Sterling weakens by 10% against:</i>				
US dollar	<b>(115)</b>	304	<b>(247)</b>	339
Euro	<b>(172)</b>	(147)	<b>(147)</b>	(439)
Australian dollar	<b>256</b>	403	<b>(192)</b>	452
Chinese yuan	<b>259</b>	222	<b>259</b>	222

The above sensitivities are calculated with reference to a single moment in time and are subject to change due to a number of factors including fluctuating trade payable and cash balances and changes in the currency mix. As the sensitivities are limited to financial instrument balances as at the reporting date, they do not take account of the Group's revenues and costs of sale, which are sensitive to changes in exchange rates. In addition, each of the sensitivities is calculated in isolation while, in reality, foreign currencies do not move independently.

#### Interest rate sensitivity

The Group has determined that at 31 August 2015 and 31 August 2014 there was no significant sensitivity to changes in market interest rates.

## 20 SHARE-BASED PAYMENTS

See Note 25 for the Group's accounting policy on share-based payments.

The Group recognised a charge of £2.2m related to share-based payments during the year to 31 August 2015 (2014: credit of £2.8m), all of which relates to equity-settled schemes. In addition, £1.3m was charged directly to equity, representing the recycling of upfront cash paid by Executive Directors on joining the ALTIP scheme after it failed to meet its performance conditions during the year.

### Summary of movements in awards

	Save-As-You-Earn scheme (no. of shares)	Performance Share Plan (no. of shares)	Share Incentive Plan (no. of shares)	Enterprise Management Scheme (no. of shares)	ASOS Long-Term Incentive Plan (no. of shares)	ASOS Long-Term Incentive Scheme (no. of shares)	Total (no. of shares)	Weighted average exercise price (pence)
Outstanding at 1 September 2013	231,453	118,685	17,103	840,000	–	–	1,207,241	391
Granted during the year	157,325	25,521	10,986	–	653,939	–	847,771	1,268
Lapsed during the year	(40,975)	(45,129)	(5,061)	–	(84,991)	–	(176,156)	833
Exercised during the year	(49,627)	(21,010)	(188)	(840,000)	–	–	(910,825)	59
Outstanding at 31 August 2014	298,176	78,067	22,840	–	568,948	–	968,031	1,332
Exercisable at 31 August 2014	–	–	–	–	–	–	–	–
Outstanding at 1 September 2014	<b>298,176</b>	<b>78,067</b>	<b>22,840</b>	–	<b>568,948</b>	–	<b>968,031</b>	<b>1,332</b>
Granted during the year	<b>74,937</b>	–	–	–	–	<b>273,549</b>	<b>348,486</b>	<b>710</b>
Lapsed during the year	<b>(87,416)</b>	<b>(26,424)</b>	<b>(3,876)</b>	–	<b>(568,948)</b>	<b>(18,815)</b>	<b>(705,479)</b>	<b>1,079</b>
Exercised during the year	<b>(77,564)</b>	<b>(6,689)</b>	<b>(587)</b>	–	–	–	<b>(84,840)</b>	<b>1,075</b>
<b>Outstanding at 31 August 2015</b>	<b>208,133</b>	<b>44,954</b>	<b>18,377</b>	–	–	<b>254,734</b>	<b>526,198</b>	<b>1,302</b>
<b>Exercisable at 31 August 2015</b>	<b>641</b>	–	–	–	–	–	–	<b>1,177</b>

In addition to the information above, three grants of 4,434 shares were awarded to Brian McBride on his appointment as Chairman of the Company, to be settled by the issue of new ordinary shares on each of 1 November 2012, 1 November 2013 and 1 November 2014, subject only to Brian McBride still being Chairman of the Company on each date.

The weighted average share price at date of exercise of shares exercised during the year was 3,136p (2014: 4,987p).

The weighted average remaining contractual life of outstanding options at the end of the year was 2.1 years (2014: 2.8 years). The aggregate fair value of options granted in the year was £7.4m (2014: £7.1m).

### Save As You Earn (SAYE) Scheme

Under the terms of the current SAYE Scheme, the Board grants options to purchase ordinary shares in the Company to employees who enter into an HMRC-approved SAYE Scheme for a term of three years. Options are granted at up to a 20% discount to the market price of the shares on the day preceding the date of offer and are normally exercisable for a period of six months after completion of the SAYE contract. These option grants are settled on exercise through a transfer of shares from the Employee Benefit Trust.

Date of grant	1 September 2014 (no. of shares)	Granted during the year (no. of shares)	Lapsed during the year (no. of shares)	Exercised during the year (no. of shares)	31 August 2015 (no. of shares)	Exercise price (pence)	Exercise period
08/12/10	1,239	–	–	(1,239)	–	1,073.0	01/03/14 – 31/08/14
06/12/11	78,943	–	(1,977)	(76,325)	641	1,177.0	01/03/15 – 31/08/15
12/06/13	70,829	–	(21,234)	–	49,595	2,955.0	01/08/16 – 31/01/17
08/05/14	135,238	–	(50,950)	–	84,288	3,519.0	01/07/17 – 31/12/17
04/07/14	11,927	–	(9,563)	–	2,364	2,462.0	01/08/17 – 31/01/18
08/05/15	–	74,937	(3,692)	–	71,245	3,301.0	01/07/18 – 31/12/18
	298,176	74,937	(87,416)	(77,564)	208,133		

## 20 SHARE-BASED PAYMENTS (continued)

The fair value of SAYE options granted during the current and prior year was calculated using the Black-Scholes model, assuming the following inputs:

	Year to 31 August 2015	Year to 31 August 2014	
		Grant 1	Grant 2
Share price (pence)	<b>3,561</b>	3,898	3,231
Exercise price (pence)	<b>3,301</b>	3,519	2,462
Expected volatility (%)	<b>50.8</b>	42.8	47.6
Expected life (years)	<b>3.2</b>	3.2	3.1
Risk-free rate (%)	<b>0.85</b>	1.23	1.49
Dividend yield	-	-	-
Weighted average fair value of options (pence)	<b>1,368</b>	1,352	1,404

Volatility has been estimated by taking the historical volatility in the Company's share price over a three-year period.

### Performance Share Plan (PSP)

Under the terms of the PSP, selected employees may be granted conditional awards to acquire ordinary shares in the Company (in the form of nil-cost options), which will only vest and become exercisable to the extent that the related earnings per share performance targets are met. No employee who participates in the ALTIP is entitled to receive grants under the PSP. These grants are settled on exercise through a transfer of shares from the Employee Benefit Trust.

Date of grant	1 September 2014 (no. of shares)	Granted during the year (no. of shares)	Lapsed during the year (no. of shares)	Exercised during the year (no. of shares)	31 August 2015 (no. of shares)	Exercise price (pence)	Exercise date
28/09/11	4,045	-	-	<b>(4,045)</b>	-	nil	28/09/14
08/02/12	6,925	-	<b>(4,281)</b>	<b>(2,644)</b>	-	nil	08/02/15
28/05/12	9,800	-	<b>(9,800)</b>	-	-	nil	28/05/15
18/12/12	36,561	-	<b>(5,029)</b>	-	<b>31,532</b>	nil	18/12/15
24/10/13	20,052	-	<b>(6,630)</b>	-	<b>13,422</b>	nil	24/10/16
11/06/14	684	-	<b>(684)</b>	-	-	nil	11/06/17
	78,067	-	<b>(26,424)</b>	<b>(6,689)</b>	<b>44,954</b>		

The fair value of PSP options granted during the prior year was calculated using the Black-Scholes model, assuming the following inputs:

	Year to 31 August 2014	
	Grant 1	Grant 2
Share price (pence)	5,205	3,300
Exercise price (pence)	-	-
Expected volatility (%)	43.7	47.1
Expected life (years)	3	3
Risk-free rate (%)	0.84	1.28
Dividend yield	-	-
Weighted average fair value of options (pence)	5,205	3,300

Volatility has been estimated by taking the historical volatility in the Company's share price over a three-year period.

**20 SHARE-BASED PAYMENTS (continued)**
**Share Incentive Plan (SIP)**

Under the terms of the SIP, the Board grants free shares to every employee under an HMRC-approved SIP. Awards must be held in trust for a period of at least three years after grant date and become exercisable at this date. These option grants are settled on exercise through a transfer of shares from the Capita Trust.

Date of grant	1 September 2014 (no. of shares)	Granted during the year (no. of shares)	Lapsed during the year (no. of shares)	Exercised during the year (no. of shares)	31 August 2015 (no. of shares)	Exercise price (pence)	Exercise period
28/12/12	13,201	-	(2,091)	(362)	10,748	nil	Post 28/12/2015
15/11/13	9,639	-	(1,785)	(225)	7,629	nil	Post 15/11/2016
	22,840	-	(3,876)	(587)	18,377		

The fair value of SIP options granted during the prior year was calculated using the Black-Scholes model, assuming the following inputs:

	Year to 31 August 2014
Share price (pence)	5,745
Exercise price (pence)	-
Expected volatility (%)	43.7
Expected life (years)	3
Risk-free rate (%)	0.85
Dividend yield	-
Weighted average fair value of options (pence)	5,745

Volatility has been estimated by taking the historical volatility in the Company's share price over a three-year period.

**ASOS Long-Term Incentive Scheme (ALTIS)**

The Company implemented a new long-term incentive scheme for certain Executive Directors and members of management on 15 January 2015, covering the performance period from 1 September 2014 to 31 August 2017. The base value of each participant's award is calculated as a fixed multiple of salary, and will only vest to the extent the related performance targets, as detailed in the Directors' Remuneration Report on page 51, are met. All ALTIS awards granted to date under the ALTIS will vest on 31 October 2017. These options grants are settled on exercise through issue of new ordinary shares by the Company.

Options granted under the ALTIS scheme are shown below.

Date of grant	1 September 2014 (no. of shares)	Granted during the year (no. of shares)	Lapsed during the year (no. of shares)	Exercised during the year (no. of shares)	31 August 2015 (no. of shares)	Exercise price (pence)	Exercise period
15/01/15	-	254,450	(18,414)	-	236,036	nil	31/10/17
25/03/15	-	10,647	(401)	-	10,246	nil	31/10/17
27/07/15	-	8,452	-	-	8,452	nil	31/10/17
	-	273,549	(18,815)	-	254,734		

The fair value of options granted under the ALTIS EPS performance conditions was calculated using the Black-Scholes model and the fair value of options granted under the ALTIS TSR performance conditions was calculated using the Monte Carlo model. Both sets of inputs are shown below:

	Grant 1	2015 Grant 2	Grant 3
Share price (pence)	2,653	3,580	3,655
Exercise price (pence)	-	-	-
Expected volatility (%)	51.6	52.3	54.2
Expected life (years)	2.8	2.6	2.3
Risk-free rate (%)	0.68	0.51	0.90
Dividend yield	-	-	-
Weighted average fair value of options for EPS performance condition (pence)	2,653	3,580	3,655
Weighted average fair value of options for TSR performance condition (pence) <sup>1</sup>	1,364	1,840	1,879

<sup>1</sup> Inputs to the Monte Carlo model for all three grants were as follows: share price of 2,653p, exercise price of nil, expected volatility of 54.0%, expected life of 2.8 years, risk-free rate of 0.60% and dividend yield of nil.

## 20 SHARE-BASED PAYMENTS (continued)

### ASOS Long-Term Incentive Plan (ALTIP)

During the year to 31 August 2013, certain Executive Directors and members of senior management were granted awards under the ASOS Long-Term Incentive Plan (ALTIP). The total face value of awards approved under the Plan to 31 August 2013 was £33,600,946. The final number of ordinary shares required to satisfy these awards depends upon both the extent to which the Plan's performance conditions are met and the Company's share price at the vesting date on 31 October 2016, and accordingly the number of awards could not be readily determined and so is not disclosed.

On 31 January 2014, 50,640 awards in the form of new nil-cost options were granted, and, on 24 July 2014, the terms of the ALTIP were modified, following approval by the Remuneration Committee, resulting in the grant of 603,299 awards. These represented a modification of existing awards previously made to certain members of the senior management team under the ALTIP to a conventional share option format. Nick Robertson and Nick Beighton continued to hold unmodified awards under this Plan with a combined face value of £8,500,000.

The relevant performance period of the original and modified ALTIP grants was from 1 September 2012 to 31 August 2015. As the performance targets during this period were not met, all ALTIP shares, including those held by Nick Robertson and Nick Beighton, lapsed during the year to 31 August 2015.

Date of grant	1 September 2014 (no. of shares)	Granted during the year (no. of shares)	Lapsed during the year (no. of shares)	Exercised during the year (no. of shares)	31 August 2015 (no. of shares)	Exercise price (pence)	Exercise period
31/01/14	22,078	-	(22,078)	-	-	nil	31/10/15 – 31/10/17
31/01/14	22,078	-	(22,078)	-	-	nil	31/10/16 – 31/10/17
24/07/14	441,366	-	(441,366)	-	-	6.72	31/10/16 – 31/10/17
24/07/14	83,426	-	(83,426)	-	-	22.09	31/10/16 – 31/10/17
	568,948	-	(568,948)	-	-		

The fair value of ALTIP options granted prior to the modification of the Plan was calculated using the Monte Carlo model, assuming the following inputs:

	No loan vesting 2015	2014 No loan vesting 2016	Loan
Share price (pence)	6,316	6,316	6,696
Exercise price (pence)	-	-	2,210
Expected volatility (%)	39	39	39
Expected life (years)	1.75	2.75	2.75
Risk-free rate (%)	0.49	0.78	0.86
Dividend yield	-	-	-
Weighted average fair value of options (pence)	6,074	5,838	4,069

Whilst there was no optional exercise price payable on vesting prior to the modification of the Plan, investments made by participants via non-recourse loans were treated as an exercise price in the Monte Carlo valuation model.

The fair value of both original awards and revised option grants at the modification date was calculated using the Monte Carlo model, assuming the following inputs:

	2014 grants	
	Original award	Modified grant
Share price (pence)	2,900	2,900
Exercise price (pence)	6.86	6.72
Expected volatility (%)	47	47
Expected life (years)	2.27	3.27
Risk-free rate (%)	0.856	1.235
Dividend yield	-	-
Weighted average fair value of options (pence)	1,989	1,918

Volatility has been estimated by taking the historical volatility in the Company's share price over a three-year period.

## 21 CAPITAL COMMITMENTS

Capital expenditure committed at the reporting date but not yet incurred is as follows:

	31 August 2015 £'000	31 August 2014 £'000
Fixtures and fittings	4,377	5,766
Intangible assets	346	836
	<b>4,723</b>	<b>6,602</b>

## 22 OPERATING LEASE COMMITMENTS

At the reporting date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	31 August 2015 £'000	31 August 2014 £'000
Within one year	8,700	8,215
Within two to five years	23,284	28,117
In more than five years	20,541	23,926
Total	<b>52,525</b>	<b>60,258</b>

The Group's operating leases relate to warehousing and office space.

## 23 CONTINGENT LIABILITIES

From time to time, the Group can be subject to various legal proceedings and claims that arise in the ordinary course of business which, due to the fast growing nature of the Group and its e-commerce base, may include cases concerning the Group's brand and trading name. All such cases brought against the Group are robustly defended and a liability is recorded only when it is probable that the case will result in a future economic outflow which can be reliably measured. At 31 August 2015, there were no pending claims or proceedings against the Group which were expected to have a material adverse effect on its liquidity or operations.

At 31 August 2015, the Group had contingent liabilities of £3.6m (2014: £4.8m) in relation to supplier standby letters of credit, rent deposit deeds and other bank guarantees. The likelihood of cash outflow in relation to these contingent liabilities is considered to be low.

## 24 RELATED PARTY TRANSACTIONS

### Transactions with key management personnel

During the year to 31 August 2014, £840,000 cash received from Kate Bostock in respect of participation in the ALTIP was returned to her following her resignation, and the Group entered into additional aggregate loan agreements of £1,842,892 with three members of the Executive Board regarding their participation in the ALTIP. Subsequently, as part of the modification of the ALTIP, the Group purchased investments made by senior management ALTIP participants, and participants used the proceeds to settle outstanding loans. Loans settled by members of the Executive Board totalled £2,820,766. Also as part of the modification, the Group agreed to waive excess loan balances of £1,278,576 due from three members of the Executive Board.

During the year to 31 August 2015, the Group recognised a liability of £661,307 (2014: £751,803) representing employee and employer tax liabilities arising on this transaction.

There were no other material transactions or balances between the Group and its key management personnel or their close family during the year to 31 August 2015.

### Transactions with ASOS.com Limited Employee Benefit Trust and Capita Trust ('the Trusts')

During the year, the Group made a loan of £nil (2014: £4,447,700) to the Trusts to acquire shares in the Company to satisfy grants made under the rules of the Group's share schemes. This loan was offset by £911,640 (2014: £534,111) received by the Trusts on exercise of employee share options.

### Transactions with other related parties

During the year, the Group made purchases of inventory totalling £18,242,209 (2014: £13,877,893) from Aktieselskabet af 5.5.2010, a company which has a significant shareholding in the Group. At 31 August 2015, the amount due to Aktieselskabet af 5.5.2010 was £4,844,805 (2014: £2,572,024).

Also during the year, immaterial loan balances owed to the Group as at 31 August 2014 by two directors of Covetique Limited, a subsidiary of the Group, were forgiven on acquiring the remaining 70% share capital of the company on 12 June 2015.

## 25 ACCOUNTING POLICIES

### General information

ASOS Plc ('the Company') and its subsidiaries (together, 'the Group') is a global fashion retailer. The Group sells products across the world and has websites targeting the UK, US, Australia, France, Germany, Spain, Italy, Russia and China. The Company is a public limited company which is listed on the Alternative Investment Market (AIM) and is incorporated and domiciled in the UK. The address of its registered office is Greater London House, Hampstead Road, London NW1 7FB.

### Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. The going concern basis of accounting has therefore been adopted in preparing the financial statements. Further details are contained in the Directors' Report on page 54.

### Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations, as adopted by the European Union (EU), and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. As at the reporting date these are the standards, subsequent amendments and related interpretations issued and adopted by the International Accounting Standards Board (IASB) that have been endorsed by the EU.

#### a) Accounting convention

The financial statements are drawn up on the historical cost basis of accounting, excluding derivative financial instruments held at fair value through profit and loss. The financial statements are presented in sterling and all values are rounded to the nearest thousand pounds except where otherwise indicated.

#### b) Basis of consolidation

The consolidated Group financial statements include the financial statements of ASOS Plc, all its subsidiaries, and the Employee Benefit Trust and Capita Trust up to the reporting date. All intercompany transactions and balances between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

##### (i) Subsidiaries

Subsidiary undertakings are all entities over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are deconsolidated from the date on which control ceases. Subsidiary undertakings acquired during the period are recorded under the acquisition method of accounting. A list of all the subsidiaries of the Group is included in Note 8 of the parent company financial statements. All apply accounting policies which are consistent with those of the rest of the Group.

Any non-controlling interest acquired on acquisition of a subsidiary is recognised at the proportionate share of the acquired net assets. Subsequent to acquisition, the carrying amount of non-controlling interest equals the amount of those interests at initial recognition plus the non-controlling share of changes in equity since acquisition. Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. Total comprehensive income is attributed to a non-controlling interest even if this results in the non-controlling interest having a deficit balance.

##### (ii) Employee Benefit Trust and Capita Trust

The Employee Benefit Trust and Capita Trust ('the Trusts') are considered to be Special Purpose Entities (SPEs), where the substance of the relationship between the Group and the SPEs indicates that the SPEs are controlled by the Group. The activities of the Trusts are conducted on behalf of the Group according to its specific business needs in order to obtain benefits from its operation and, on this basis, the assets held by the Trusts are consolidated into the Group's financial statements.

### Additional accounting policy information

#### a) Revenue recognition

Revenue consists primarily of internet and advertising sales as well as postage and packaging receipts.

Retail sales and delivery receipts are recorded net of an appropriate deduction for actual and expected returns, relevant vouchers, sales taxes, and deferral of the fair value of loyalty incentives which are yet to be redeemed. Retail sales and delivery receipts are recognised upon despatch from the warehouse at which point title and risk passes to third parties.

Third-party revenue relates to advertising income earned from the website and the ASOS magazine and is measured at the fair value of the consideration received or receivable, net of value added tax, and is recognised when the magazine is delivered to customers, at which date the service is completed.

The amount of revenue arising from the sale of goods and provision of services has been disclosed in Note 3 to the financial statements.

The Group's trade receivables are primarily with large advertising companies with which the Group has a long-standing relationship, and the risk of default and write-offs due to bad debts is considered to be low.

**25 ACCOUNTING POLICIES (continued)****b) Foreign currency translation**

The trading results and cash flows of overseas subsidiaries are translated at the average monthly exchange rates during the period. The Statement of Financial Position of each overseas subsidiary is translated at year-end exchange rates. The resulting exchange differences are recognised in the translation reserve within equity and are reported in Other Comprehensive Income.

Transactions denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year-end exchange rates. Exchange differences on monetary items are recognised in the Statement of Comprehensive Income.

**c) Derivative financial instruments and hedging activities**

The Group holds derivative financial instruments to hedge its foreign currency exposure. These derivatives are designated as cash flow hedges.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and subsequent changes in the fair value of foreign currency derivatives which are designated and effective as hedges of future cash flows are recognised in equity in the hedging reserve and in Other Comprehensive Income, and are reclassified to profit or loss on maturity of the derivative. Changes in the fair value of foreign currency derivatives which are ineffective or do not meet the criteria for hedge accounting in accordance with IAS 39 are recognised immediately in the Statement of Comprehensive Income.

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

**d) Inventories**

Inventories are valued at the lower of cost and net realisable value, on a weighted average cost basis. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses. Cost of purchase comprises the purchase price including import duties and other taxes, transport and handling costs and any other directly attributable costs, less trade discounts.

A provision is made to write down any slow-moving or obsolete inventory to net realisable value. The provision is £5.1m at 31 August 2015 (2014: £7.0m).

**e) Taxation**

The tax expense included in the Statement of Comprehensive Income and Statement of Changes in Equity comprises current and deferred tax. Current tax is the expected tax payable based on the taxable profit for the period, and the tax laws that have been enacted or substantively enacted by the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current and deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the current or deferred tax is also recognised directly in equity.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates and in accordance with laws that are expected to apply in the period/jurisdiction when/where the liability is settled or the asset is realised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities and where there is an intention to settle the balances on a net basis.

**f) Share-based payments**

The Group issues equity-settled share-based payments to certain employees, whereby employees render services in exchange for shares or rights over shares of the parent company.

Equity-settled awards are measured at fair value at the date of grant. The fair value is calculated using an appropriate option pricing model and is expensed to the Statement of Comprehensive Income on a straight-line basis over the vesting period after allowing for an estimate of shares that will eventually vest. The level of vesting is reviewed annually and the charge adjusted to reflect actual and estimated levels of vesting.

Where an equity-settled share-based payment scheme is modified during the vesting period, an additional charge is recognised over the remainder of that vesting period to the extent that the fair value of the revised scheme at the modification date exceeds the fair value of the original scheme at the modification date. Where the fair value of the revised scheme does not exceed the fair value of the original scheme, the Group continues to recognise the charge required under the conditions of the original scheme.



## 25 ACCOUNTING POLICIES (continued)

In accordance with IFRS 2, ASOS.com Limited is required to recognise share-based payment arrangements involving equity instruments where ASOS.com Limited has remunerated those providing services to the entity in this way. ASOS Plc makes contributions to ASOS.com Limited equal to the charge for the share-based payment arrangement which is reflected as an increase in ASOS Plc's investment in ASOS.com Limited.

### g) Leases

Rents payable under operating leases, where substantially all the benefits and risks of ownership remain with the lessor, is charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

### h) Business combinations and goodwill arising thereon

The Group applies the acquisition method of accounting to account for business combinations in accordance with IFRS 3 (R), 'Business Combinations'.

The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of assets given, equity instruments issued and liabilities incurred or assumed in exchange for control of the acquiree. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Statement of Comprehensive Income. Acquisition expenses are recognised in the Statement of Comprehensive Income as incurred.

Goodwill represents the excess of the cost of acquisitions over the Group's interest in the fair value of the identifiable assets and liabilities (including intangible assets) of the acquired entity at the date of acquisition. Goodwill is recognised as an asset and assessed for impairment at least annually. Any impairment is recognised immediately in the Statement of Comprehensive Income. For the purposes of impairment testing, goodwill is allocated to those cash-generating units that have benefited from the acquisition. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of the goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit and loss on disposal.

### i) Other intangible assets

The costs of acquiring and developing software that is not integral to the related hardware is capitalised separately as an intangible asset. This does not include internal website development and maintenance costs which are expensed as incurred unless representing a technological advance leading to future economic benefit. Capitalised software costs include external direct costs of material and services and the payroll and payroll-related costs for employees who are directly associated with the project.

Capitalised software development costs are stated at historic cost less accumulated amortisation. Amortisation is calculated on a straight-line basis over the assets' expected economic lives, normally between three to five years. Amortisation is included within administrative expenses in the Statement of Comprehensive Income. Software under development is held at cost less any recognised impairment loss.

Acquired domain names and trademarks are recognised initially at cost. Those deemed to have a definite useful life are amortised on a straight-line basis according to the estimated life of the asset. Those deemed to have an indefinite useful life are tested for impairment annually or as triggering events occur. Any impairment in value is charged to the Statement of Comprehensive Income in the period in which it occurs.

### j) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any provision for impairment in value. Cost includes the original purchase price of the asset and the costs attributable in bringing the asset to its working condition for its intended use. Residual values and useful lives are assessed at each reporting date.

Depreciation is recognised to write off the cost of items of property, plant and equipment to their estimated residual values, on a straight-line basis as follows:

Fixtures and fittings	depreciated over five years or over the remaining lease term where applicable
Computer equipment	depreciated over three to five years according to the estimated life of the asset

Depreciation is included in administrative expenses in the Statement of Comprehensive Income. Assets under construction are not depreciated.

At each reporting date, property, plant and equipment is reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of expected future pre-tax cash flows of the relevant cash-generating unit or fair value, less costs to sell if higher. Any impairment in value is charged to the Statement of Comprehensive Income in the period in which it occurs.

## REPORT ON THE COMPANY FINANCIAL STATEMENTS

### Our opinion

In our opinion, ASOS Plc's company financial statements (the 'financial statements'):

- give a true and fair view of the state of the Company's affairs as at 31 August 2015 and of its cash flows for the year then ended
- have been properly prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union
- have been prepared in accordance with the requirements of the Companies Act 2006.

### What we have audited

The financial statements, included within the Annual Report and Accounts (the 'Annual Report'), comprise:

- the Company statement of financial position as at 31 August 2015
- the Company statement of cash flows for the year then ended
- the Company statement of changes in equity for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRS as adopted by the European Union.

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example, in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

### OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

#### Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

### Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

## RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

### Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 56, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)'). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for, and only for, the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### What an audit of financial statements involves

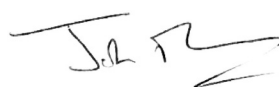
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made by the Directors
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.



### John Minards

Senior Statutory Auditor

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

St Albans

19 October 2015

## COMPANY STATEMENT OF CHANGES IN EQUITY

For the year to 31 August 2015

	Called up share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
At 1 September 2013	2,890	6,368	4,531	13,789
Shares allotted in the year	30	533	–	563
Loss for the year and total comprehensive loss	–	–	(356)	(356)
Share-based payment contribution	–	–	(2,813)	(2,813)
At 31 August 2014	2,920	6,901	1,362	11,183
Loss for the year and total comprehensive loss	–	–	<b>(426)</b>	<b>(426)</b>
Share-based payment contribution	–	–	<b>2,245</b>	<b>2,245</b>
<b>At 31 August 2015</b>	<b>2,920</b>	<b>6,901</b>	<b>3,181</b>	<b>13,002</b>

# COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 August 2015

	Note	31 August 2015 £'000	31 August 2014 £'000
<b>Non-current assets</b>			
Investments	8	10,487	8,242
<b>Current assets</b>			
Other receivables	3	2,550	2,976
Cash and cash equivalents		14	14
		<b>2,564</b>	2,990
<b>Current liabilities</b>			
Other payables	4	(49)	(49)
<b>Net current assets</b>			
		<b>2,515</b>	2,941
<b>Net assets</b>			
		<b>13,002</b>	11,183
<b>Equity</b>			
Called up share capital	6	2,920	2,920
Share premium		6,901	6,901
Retained earnings		3,181	1,362
<b>Total equity</b>			
		<b>13,002</b>	11,183

Notes 1 to 8 are an integral part of the financial statements.

The financial statements of ASOS Plc, registered number 4006623, on pages 89 to 94, were approved by the Board of Directors and authorised for issue on 19 October 2015 and were signed on its behalf by:



Nick Beighton



Helen Ashton

Directors

## COMPANY STATEMENT OF CASH FLOWS

For the year to 31 August 2015

	Year to 31 August 2015 £'000	Year to 31 August 2014 £'000
<b>Operating loss</b>	<b>(426)</b>	(356)
Adjusted for:		
(Decrease)/increase in other receivables	<b>426</b>	(771)
Decrease in other payables	-	(55)
<b>Net cash used in operating activities</b>	<b>-</b>	(1,182)
<b>Financing activities</b>		
Proceeds from issue of ordinary shares	-	563
<b>Net cash generated from financing activities</b>	<b>-</b>	563
<b>Net decrease in cash and cash equivalents</b>	<b>-</b>	(619)
<b>Opening cash and cash equivalents</b>	<b>14</b>	633
<b>Closing cash and cash equivalents</b>	<b>14</b>	14

# NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year to 31 August 2015

## 1 ACCOUNTING POLICIES

### a) Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations, as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. As at the year end, these are the standards, subsequent amendments and related interpretations issued and adopted by the International Accounting Standards Board (IASB) that have been endorsed by the European Union.

The financial statements are prepared under the historical cost convention. The accounting policies have been applied consistently in the current and prior years. The financial statements have been prepared on a going concern basis as explained on page 54 of the Directors' Report. No new accounting standards or amendments issued during the year have had, or are expected to have, any significant impact on the Company.

The principal accounting policies are included within the relevant notes to the financial statements.

## 2 LOSS FOR THE YEAR

The Company has not presented its own Statement of Comprehensive Income as permitted by section 408 of the Companies Act 2006. The loss for the year and total comprehensive loss attributable to shareholders was £426,000 (2014: loss of £356,000).

## 3 OTHER RECEIVABLES

Other receivables are non-interest bearing and are initially recognised at fair value. Subsequently they are measured at amortised cost using the effective interest rate method less provision for impairment. A provision for impairment of receivables due from subsidiary undertakings is established when there is objective evidence that amounts will not be recovered.

	31 August 2015 £'000	31 August 2014 £'000
Receivables from subsidiary undertakings	<b>2,550</b>	2,976

The fair value of other receivables is not materially different to their carrying value.

As at 31 August 2015, receivables from subsidiary undertakings of £2,550,000 (2014: £2,976,000) were unimpaired and considered by management to be fully recoverable. Receivables from subsidiary undertakings that are less than three months past due are not considered impaired. As at 31 August 2015, receivables of £2,803,000 (2014: £3,193,000) were more than three months past due but not impaired. These relate to subsidiary undertakings for which there is no history of default. The ageing analysis of these receivables is as follows:

	31 August 2015 £'000	31 August 2014 £'000
Three to six months	<b>(173)</b>	(19)
More than six months	<b>2,976</b>	3,212
	<b>2,803</b>	3,193

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

## 4 OTHER PAYABLES

	31 August 2015 £'000	31 August 2014 £'000
Accruals	<b>49</b>	49

All accruals are due within one year. The fair value of accruals is not materially different from their carrying value.

## 5 FINANCIAL INSTRUMENTS

31 August 2015  
£'000

31 August 2014  
£'000

<b>Financial assets</b>		
Loans and receivables	<b>2,564</b>	2,990
<b>Financial liabilities</b>		
Amortised cost	<b>49</b>	49

Loans and receivables includes cash and cash equivalents and receivables due from subsidiary undertakings, and excludes prepayments. Included in financial liabilities at amortised cost are accruals.

## 6 CALLED UP SHARE CAPITAL

31 August 2015  
£'000

31 August 2014  
£'000

Authorised:		
100,000,000 (2014: 100,000,000) ordinary shares of 3.5p each	<b>3,500</b>	3,500
Allotted, issued and fully paid:		
83,429,874 (2014: 83,425,440) ordinary shares of 3.5p each	<b>2,920</b>	2,920

During the year no (2014: 840,000) ordinary shares of 3.5p each were issued as a result of exercise of employee share options. Total consideration received in respect of exercise of employee share options was £nil (2014: £562,600). A further 4,434 shares were issued to the Chairman (2014: 4,434) for zero consideration, as part of his remuneration package.

## 7 RELATED PARTY TRANSACTIONS

During the year, the Company entered into transactions in the ordinary course of business with related parties as follows:

	<b>2015</b>	2014
	<b>£'000</b>	£'000
Costs recharged by subsidiary undertakings	<b>426</b>	385

For transactions with Directors of ASOS Plc, see Note 24 to the consolidated financial statements on page 84.

## 8 INVESTMENTS

Investments in subsidiary companies are stated at cost and are subject to review for impairment.

In accordance with IFRS 2, ASOS.com Limited is required to recognise share-based payment arrangements involving equity instruments where ASOS.com Limited has remunerated those providing services to the entity in this way. ASOS Plc makes contributions to ASOS.com Limited equal to the charge/(credit) for the share-based payment arrangement which is reflected as an increase/(decrease) in ASOS Plc's capital contribution to ASOS.com Limited. For the year to 31 August 2015, ASOS.com Limited recognised a charge of £2.2m (2014: credit of £2.8m) in respect of share-based payment arrangements. Accordingly, this is shown as an increase (2014: decrease) in the capital contribution balance in the table below.

	Investment £'000	Capital contribution £'000	Total £'000
<b>Cost and net book amount</b>			
At 1 September 2013	1,705	9,350	11,055
Additions	-	(2,813)	(2,813)
At 31 August 2014	1,705	6,537	8,242
Additions	-	<b>2,245</b>	<b>2,245</b>
<b>At 31 August 2015</b>	<b>1,705</b>	<b>8,782</b>	<b>10,487</b>

The Directors believe the carrying value of investments is supported by their underlying net assets.

**8 INVESTMENTS (continued)**

At 31 August 2015, the Company's subsidiaries were as follows:

Name of company	Country of incorporation	Proportion of ordinary shares held	Nature of business
ASOS Intermediate Holdings Limited	UK	100%	Holding company
Mornington & Co (No. 1) Limited	UK	100%	Vehicle for implementation of ALTIP
Mornington & Co (No. 2) Limited	UK	100%	Vehicle for implementation of ALTIP
ASOS.com Limited	UK	100%	Internet retailer
Crooked Tongues Limited	UK	95%	Internet retailer
Covetique Limited	UK	100%	Internet marketplace
ASOS Marketplace Limited	UK	100%	Internet marketplace
ASOS Global Limited	UK	100%	Holding company
ASOS US, Inc	US	100%	Employer of marketing staff based in the US
ASOS Germany GmbH	Germany	100%	Employer of marketing staff based in Germany
ASOS France SAS	France	100%	Employer of marketing staff based in France
ASOS Transaction Services France SAS	France	100%	Payment processing company
ASOS Australia Pty Limited	Australia	100%	Employer of marketing staff based in Australia
ASOS Brand Services Limited	UK	100%	Holding company
ASOS Canada Services Limited	Canada	100%	Non-trading company
ASOS Transaction Services Limited	UK	100%	Holding company
ASOS Transaction Services Australia Pty Limited	Australia	100%	Payment processing company
ASOS US Sales, LLC	US	100%	Payment processing company
ASOS Projects Limited	UK	100%	Holding company
ASOS Ventures Limited	UK	100%	Holding company
ASOS (Shanghai) Commerce Co. Limited	China	100%	Internet retailer

ASOS Intermediate Holdings Limited, Mornington & Co (No. 1) Limited and Mornington & Co (No. 2) Limited are direct subsidiaries of the Company. All others are indirect subsidiaries of ASOS Plc.

All operating subsidiaries' results are included in the consolidated financial statements, based on percentage of voting rights held. No subsidiaries have non-controlling interests that are material to the consolidated financial statements of ASOS Plc.

The accounting reference date of all subsidiaries of ASOS Plc is 31 August, except for ASOS (Shanghai) Commerce Co. Limited which has an accounting reference date of 31 December due to Chinese statutory requirements.

All UK incorporated entities share the same registered office as ASOS Plc and non-UK entities registered offices are detailed below:

ASOS US Inc: 874 Walker Road, Suite C, Dover, Kent DE 19904, United States

ASOS Germany GmbH: Chausseestrasse 1, Berlin 10115, Germany

ASOS France SAS: TMF France SAS, 52 Rue De La Victoire, 75009 Paris, France

ASOS Transaction Services France SAS: TMF France SAS, 52 Rue De La Victoire, 75009 Paris, France

ASOS Australia Pty Limited: Suite 402, 50 Holt Street, Surry Hills, Sydney NSW 2010, Australia

ASOS Canada Services Limited: 1500 Royal Centre, 1055 West Georgia Street, PO Box 11117, Vancouver BC V6E4N7, Canada

ASOS Transaction Service Australia Pty Limited: c/o Company Matters Pty Limited, Level 1 333 Collins Street, Melbourne VIC 3000, Australia

ASOS US Sales LLC: 874 Walker Road, Suite C, Dover, Kent DE 19904, United States

ASOS (Shanghai) Commerce Co. Limited: Floor 8, 587 Langao Road, Putuo District, Shanghai, 200333, China



## FIVE-YEAR FINANCIAL SUMMARY (UNAUDITED)

### GROUP STATEMENT OF COMPREHENSIVE INCOME

	Year to 31 March 2011 £'000	Year to 31 March 2012 £'000	5 months to 31 August 2012 £'000	Year to 31 August 2013 £'000	Year to 31 August 2014 £'000	Year to 31 August 2015 £'000
<b>Revenue</b>	339,691	494,957	238,023	769,396	975,470	<b>1,150,788</b>
Cost of sales	(173,042)	(242,987)	(117,892)	(370,816)	(490,463)	<b>(575,989)</b>
<b>Gross profit</b>	166,649	251,970	120,131	398,580	485,007	<b>574,799</b>
Distribution costs	(34,959)	(65,840)	(35,906)	(115,172)	(147,303)	<b>(168,681)</b>
Administrative expenses	(102,840)	(144,346)	(70,883)	(228,953)	(294,108)	<b>(365,157)</b>
Net other income	–	–	–	–	3,050	<b>6,299</b>
<b>Operating profit before exceptional items</b>	28,850	41,784	13,342	54,455	46,646	<b>47,260</b>
Exceptional items	(12,943)	(10,585)	–	–	–	<b>–</b>
<b>Operating profit after exceptional items</b>	15,907	31,199	13,342	54,455	46,646	<b>47,260</b>
Share of post-tax losses of joint venture	(3)	–	–	–	–	<b>–</b>
Finance income	16	–	–	283	312	<b>353</b>
Finance expense	(215)	(850)	(97)	(68)	(57)	<b>(81)</b>
<b>Profit before tax</b>	15,705	30,349	13,245	54,670	46,901	<b>47,532</b>
Income tax expense	(4,856)	(8,070)	(3,341)	(13,744)	(10,313)	<b>(10,680)</b>
<b>Profit for the period</b>	10,849	22,279	9,904	40,926	36,588	<b>36,852</b>
Net exchange adjustments offset in reserves	–	–	–	(45)	(176)	<b>(83)</b>
Derivative financial assets	–	–	–	225	2,015	<b>4,099</b>
<b>Other comprehensive income for the period</b>	–	–	–	180	1,839	<b>4,016</b>
<b>Profit/(loss) attributable to:</b>						
Owners of the parent company	10,849	22,279	9,904	40,928	36,950	<b>36,866</b>
Non-controlling interest	–	–	–	(2)	(362)	<b>(14)</b>
	10,849	22,279	9,904	40,926	36,588	<b>36,852</b>
<b>Total comprehensive income/(loss) attributable to:</b>						
Owners of the parent company	10,849	22,279	9,904	41,108	38,789	<b>40,882</b>
Non-controlling interest	–	–	–	(2)	(362)	<b>(14)</b>
	10,849	22,279	9,904	41,106	38,427	<b>40,868</b>
<b>Underlying earnings per share</b>						
Basic	27.3p	39.8p	12.5p	50.1p	44.6p	<b>44.4p</b>
Diluted	25.6p	36.3p	11.9p	49.2p	44.5p	<b>44.4p</b>
<b>Earnings per share</b>						
Basic	14.6p	29.3p	12.5p	50.1p	44.6p	<b>44.4p</b>
Diluted	13.7p	26.7p	11.9p	49.2p	44.5p	<b>44.4p</b>

## GROUP STATEMENT OF FINANCIAL POSITION

	As at 31 March 2011 £'000	As at 31 March 2012 £'000	As at 31 August 2012 £'000	As at 31 August 2013 £'000	As at 31 August 2014 £'000	As at 31 August 2015 £'000
Non-current assets	52,359	58,589	58,640	78,619	119,301	<b>140,799</b>
Current assets	83,809	126,410	147,638	233,132	260,662	<b>337,098</b>
Assets of disposal group classified as held for sale	2,800	-	-	-	-	-
<b>Total assets</b>	<b>138,968</b>	<b>184,999</b>	<b>206,278</b>	<b>311,751</b>	<b>379,963</b>	<b>477,897</b>
Equity attributable to owners of the parent company	72,120	95,235	105,987	159,801	193,437	<b>237,341</b>
Non-controlling interest	-	-	-	(2)	(406)	<b>(26)</b>
Current liabilities	64,947	83,829	100,291	151,952	185,539	<b>237,298</b>
Revolving credit facility	-	5,000	-	-	-	-
Provisions for liabilities and charges	1,901	935	-	-	-	-
Long-term liabilities	-	-	-	-	1,393	<b>3,284</b>
<b>Total liabilities, capital and reserves</b>	<b>138,968</b>	<b>184,999</b>	<b>206,278</b>	<b>311,751</b>	<b>379,963</b>	<b>477,897</b>

## GROUP STATEMENT OF CASH FLOWS

	Year to 31 March 2011 £'000	Year to 31 March 2012 £'000	5 months to 31 August 2012 £'000	Year to 31 August 2013 £'000	Year to 31 August 2014 £'000	Year to 31 August 2015 £'000
Net cash generated from operating activities after exceptional items	15,282	37,500	16,620	74,176	68,659	<b>93,056</b>
Net cash used in investing activities	(25,727)	(21,587)	(8,017)	(31,052)	(61,899)	<b>(50,057)</b>
Net cash (used in)/generated from financing activities	(521)	3,723	(5,034)	131	(3,416)	<b>825</b>
Net movement in cash and cash equivalents	(10,966)	19,636	3,569	43,255	3,344	<b>43,824</b>
Opening cash and cash equivalents	15,645	4,679	24,315	27,884	71,139	<b>74,340</b>
Effect of exchange rates on cash and cash equivalents	-	-	-	-	(143)	<b>1,027</b>
Closing cash and cash equivalents	4,679	24,315	27,884	71,139	74,340	<b>119,191</b>

## COMPANY INFORMATION

---

### DIRECTORS

Brian McBride (*Chairman*)  
Nick Beighton  
Helen Ashton  
(*Appointed 1 September 2015*)  
Rita Clifton  
Ian Dyson  
Karen Jones  
Hilary Riva  
Nick Robertson

### COMPANY SECRETARY

Andrew Magowan

### REGISTERED OFFICE

Greater London House  
Hampstead Road  
London NW1 7FB

Registered in England  
Company Number 4006623

### INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory  
Auditors  
10 Bricket Road  
St Albans  
Hertfordshire AL1 3JX

### LAWYERS

Slaughter and May  
One Bunhill Row  
London EC1Y 8YY

### FINANCIAL ADVISER, NOMINATED ADVISER AND JOINT BROKER

J.P. Morgan Cazenove  
25 Bank Street  
London E14 5JP

### JOINT BROKER

Numis Securities Limited  
5th Floor  
10 Paternoster Square  
London EC4M 7LT

### FINANCIAL PR

Instinctif Partners  
65 Gresham Street  
London EC2V 7NQ

### REGISTRARS

Capita Asset Services  
The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU

