Registered number: 03124253

URBN UK Limited

Annual report and financial statements
for the year ended 31 January 2021

URBN UK Limited

Company information

Directors	C.J. Berry A. Hayne M. Marein-Efron M. Marth
Company secretary	SH Company Secretaries Limited
Registered number	03124253
Registered office	Stephenson Harwood 1 Finsbury Circus London EC2M 7SH
Independent auditors	Moore Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD
Bankers	Wells Fargo Bank N.A, London Branch 33 King William Street London EC4R 9AT

URBN UK Limited

Contents

URBN UK Limited

Strategic report for the year ended 31 January 2021

The directors present their Strategic report and financial statements for the year ended 31 January 2021.

Business review

Strategically the business is focused on short and long-term revenue growth by providing unified physical and digital environments to create emotional bonds with customers. In addition to retail stores, the business offers products and market brands directly to consumers through e-commerce, mobile applications, and catalogues. Revenue decreased 3% from £230.5m to £222.5m; the number of stores increased from 49 stores to 52 stores currently in operation.

Developments and performance of business

The retail business, which is conducted under multiple brands including Urban Outfitters, Anthropologie, and Free People, continued to expand in both number of store locations and product assortment. At the year end 52 stores (2020: 49 stores) were in operation.

Transactional websites and online infrastructure continue to develop and showed solid growth in the year.

Key performance indicators (KPIs)

Directors review the on-going performance of the business using KPIs for the retail and digital business. Performance measures include revenue growth and operating profit margin.

Turnover for the year ended 31 January 2021 decreased by 3% to £222.5m (2020: £230.5m) primarily as the result of increased digital sales offset by decreased store traffic due to the COVID-19 pandemic. Total net operating expenses (comprising administrative expenses and other operating income) for the Company were £78.2m (2020: £78.1m).

Some 1,933 (2020: 2,125) people were employed at stores, the distribution centre, and at the head office during the year.

Position of the company

At the balance sheet date, the Company had net current liabilities of £22.9m (2020: net current assets of £32.7m) and net assets of £97.4m (2020: £112.8m).

Future developments

The growth strategy for the Company is to continue to grow by opening new stores and increasing penetration of the digital channel both in the UK and internationally in the forthcoming financial year. The Company also plans to invest in marketing campaigns and technology advancements to improve both customer experience and operational effectiveness.

Financial instrument risk

The Company is at risk from movements in foreign exchange rates. To mitigate this risk, the Company holds multiple foreign currency bank accounts.

URBN UK Limited

Strategic report (continued)
for the year ended 31 January 2021

Principal risks and uncertainties

Macroeconomic and industry Risks

- The COVID-19 pandemic continues to materially impact our operations, and related government and private sector responsive actions have and will continue to adversely affect its business operations. On March 11, 2020, the World Health Organisation declared the novel strain of COVID-19 a global pandemic and recommended containment and mitigation measures worldwide, causing public health officials to recommend precautions to mitigate the spread of the virus, including warning against congregating in heavily populated areas, such as malls and shopping centres. On March 14, 2020, we voluntarily closed our stores to protect the safety of employees and customers. We subsequently re-opened, then re-closed certain of our stores on various dates in accordance with government guidelines. As a result of the COVID-19 pandemic, our store operations continue to be impacted by temporary store closures and reduced customer traffic in reopened store locations due in part to local government guidelines that have imposed certain operating restrictions, including capacity limits. We are also following established health protocols, providing personal protective equipment to our employees, implementing a rigorous cleaning programme and implementing social distancing working practices as required by local authorities. Our distribution centre has remained open to support the business but we have done so with additional safety procedures and enhanced cleaning to protect the health of the employees. We also closed our home office and showroom with the exception of location dependent employees. All other corporate and showroom employees worked remotely during the majority of the year.
- Our financial results are sensitive to economic conditions, market disruptions and other factors that affect consumer confidence and discretionary spending.
- We rely heavily on our ability to identify changes in fashion.
- Existing and increased competition in the specialty retail and wholesale apparel industries may reduce our net revenues, profits, and market share.
- Our business depends on effective marketing and high customer traffic.
- We rely significantly on international sources of production. To the extent that our vendors are located overseas or, in the case of third-party vendors, rely on overseas sources for a large portion of their products, the following risks may adversely impact our business:

    - Any event causing a disruption of imports, including the imposition of increased security or regulatory requirements applicable to imported goods, war, public health concerns (including COVID-19), acts of terrorism, natural disasters and port security considerations or labour disputes.
    - New initiatives may be proposed that may have an impact on the trading status of certain countries and may include retaliatory duties or other trade sanctions that, if enacted, could increase the cost of products purchased from suppliers in such countries or restrict the importation of products from such countries.
    - Changes to U.K. and foreign trade policies, including the enactment of tariffs, border adjustment taxes, changes resulting from Brexit or increases in duties or quotas applicable to the products we sell that could increase the cost and reduce the supply of products available to us.
    - Changes resulting from the United States-Mexico-Canada Agreement (USMCA).
    - Significant labour issues, such as strikes at any of our ports in the United Kingdom, which could make it difficult or impossible for us to bring foreign-sourced products into the United Kingdom.
    - Financial or political instability in any of the countries in which the products we purchase are manufactured if the instability affects the production or export of merchandise from those countries.

URBN UK Limited

Strategic report (continued)
for the year ended 31 January 2021

Principal risks and uncertainties (continued)

Macroeconomic and industry Risks (continued)

  - A significant disruption in the supply of the fabrics or raw materials used by our vendors in the manufacture of our products, as our vendors may not be able to locate alternative suppliers of materials of comparable quality at an acceptable price, or at all.
  - Fluctuation in the prices of raw materials, such as cotton and synthetic fabrics, as increases in such costs can increase the cost of merchandise and potentially lead to reduced consumer demand or reduced margins.
  - The shortage of transportation capacity (such as the availability of ocean containers and vessels) can result in transportation cost premiums and delay delivery of merchandise to our distribution facility leading to an increase in markdowns both of which can adversely affect our gross profit.
  - The cost of fuel is a significant component in transportation costs; therefore, increases in petroleum prices can adversely affect our gross profit.
  - Increased regulation related to environmental costs, such as carbon taxes and emissions management systems, which could adversely affect our costs of doing business, including utility, transportation and logistics costs, and
  - Decreases in the value of the British Pound relative to foreign currencies could increase the cost of products we purchase from overseas vendors.

- Our operating results fluctuate from period to period.
- War, terrorism, civil unrest, other violence, or public health crises may negatively impact availability of merchandise and/or otherwise adversely impact our business.

Strategic Risks

- We may not be successful in expanding our business, executing our omni-channel strategy, opening new retail stores, or extending our existing store leases.
- We may not be successful expanding our business internationally and our ability to conduct business in international markets may be adversely affected by legal, regulatory, political, economic, and public health risks.
- We may not be successful in introducing additional store concepts or brands.
- We may develop new concepts through acquisitions, and we may not be successful at integrating those acquisitions.

Operational Risks

- We rely on information technology systems, and a material disruption or failure of such systems could adversely affect our business.
- If we are unable to safeguard against security breaches with respect to our information technology systems, our business and our reputation may be adversely affected.
- We depend on key personnel and may not be able to retain or replace these employees or recruit additional qualified personnel, which could adversely impact our business.
- Increases in labour costs, including wages, could adversely impact our operational results, financial condition, and results of operations.
- Damage or disruption to our distribution and fulfillment centre could have a material adverse effect on our operations.

Principal risks and uncertainties (continued)

Legal, Tax, Regulatory and Compliance Risks

- We may be unable to protect our trademarks and other intellectual property rights.
- Manufacturers and third-party vendors may not comply with our legal and social compliance program requirements, and we may be subject to risks related to environmental, social and governance activities, which could adversely affect our reputation.
- Changes in accounting standards and subjective assumptions, estimates and judgements by management related to complex accounting matters could significantly affect our financial results or financial condition.
- We could be subject to changes in tax rates, the adoption of new U.K. or international tax legislation, or exposure to additional tax liabilities.
- We are subject to numerous regulations and legal matters that could adversely affect our business.

Management operates a policy of continuous identification and review of principal business risks. This includes identifying key risks, determining control strategies and considering how those risks may affect the achievement of business objectives, taking into account risk appetite.

Credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash, cash equivalents, and accounts receivable. The Company manages the credit risk associated with cash and cash equivalents by limiting the amount of credit exposure to any one financial institution.

The Company is part of the Urban Outfitters Group. The Group's investment policy requires that its cash and cash equivalents be invested in corporate and municipal bonds rated BBB or better, commercial paper and federally insured or guaranteed investment vehicles such as certificates of deposit and government issued bonds and bills. Receivables from third-party credit cards are processed by financial institutions, which are monitored for financial stability. The Group regularly evaluates the financial condition of its Wholesale customers. The Group's allowance for doubtful account reflects current market conditions and management's assessment regarding the collectability of receivables. The Group maintains a cash account that, at times, may exceed insured limits. The Group has not experienced any losses from maintaining cash accounts in excess of such limits. Management believe that the business is not exposed to any significant, uncontrolled risks related to its cash accounts.

Brexit

On December 24, 2020, the U.K. and the European Union announced an agreement on the EU-UK Trade and Cooperation Agreement (the EU-UK trade deal) that took effect on January 1, 2021. The trade deal was formally approved by the U.K. House of Commons on December 30, 2020 and was formally approved by the European Union legislature on April 27, 2021. While the EU-UK trade deal has removed uncertainty and a significant amount of financial risk associated with the U.K.'s exit from the European Union, we are still assessing its details and related impact on our U.K business and other operations. The new trading relationship could disrupt the free movement of goods, services and people between the United Kingdom and the European Union and result in increased legal and regulatory complexities, as well as potential higher costs of conducting business in Europe. The United Kingdom's exit from the European Union could also result in similar referendums or votes in other European countries in which we do business. The United Kingdom's withdrawal could adversely impact consumer and investor confidence, particularly in the United Kingdom, and the level of consumer purchases of discretionary items and retail products, including our products. Any of these effects, among others, could materially adversely affect our business, results of operations, and financial condition.

Section 172 Statement

Section 172 of the Companies Act 2006 requires a director of a Company to act in the way he or she considers, in good faith, would most likely promote the success of the Company for the benefit of its stakeholders as a whole. In doing this, section 172 requires a director to have regard, amongst other matters, to the:

- Likely consequences of any decisions in the long-term;
- Interests of the Company's employees;
- Need to foster the Company's business relationships with suppliers, customers, and others;
- Impact of the Company's operations on the community and environment;
- Desirability of the Company maintaining a reputation for high standards of business conduct; and
- Need to act fairly as between shareholders of the Company.

In discharging its section 172 duties, the Board of Directors (the "directors", collectively the "board") of URBN UK Limited ("URBN UK" or the "Company") has regard to the factors set above. The board also has regard to other factors which we consider relevant to the decisions being made, including the interests and views of the Company's customers, employees, suppliers and the Company's relationship with governments, regulators and non-governmental organisations. The Company acknowledges that every decision made will not necessarily result in a positive outcome for all its stakeholders. By considering the Company's purpose, vision, and values, together with its strategic priorities, and having a process in place for decision making, the Company aims to ensure that such decisions are consistent and predictable.

The board recognises that culture, values, and commitments are key contributors to how a Company creates and sustains value over the longer term. The Company is committed to the encouragement of passion, creativity and entrepreneurial behaviours to provide a unique shopping experience while inspiring and connecting with its customers. It remains dedicated to fostering these key characteristics and behaviours in a collaborative environment that values a healthy work-life balance for employees and allows its various communities to connect and interact both professionally and socially. This culture of excellence and inclusion guides and assists the board's decision making, and in doing so, helps to promote the Company's success, recognising, amongst other things, the likely consequences of any decision in the long-term and wider stakeholder considerations. The standards and culture demonstrated by the board guide the activities and behaviours of the directors, the Company's employees and others associated with the Company.

As is customary for larger companies, authority for day-to-day management of the Company is delegated to its executives with engagement from management to set, approve and oversee execution of the Company's strategy and related policies. The board is ultimately accountable to the Company's shareholders for the successful execution of the Company's strategy and for overseeing the Company's financial and operational performance in line with its strategic objectives. The board actively meets with executives and management and receives regular reports on financial and operational performance, sales and marketing, new business developments and business conducted. Over the course of the financial year, the board also reviews other matters including the Company's business strategy, key risks, stakeholder-related matters and governance, compliance and legal matters.

Key stakeholders include the Company's customers, workforce, suppliers, its shareholder and the local communities in which it operates. The views of and the impact of the Company's activities on those stakeholders are an important consideration for the directors when making relevant decisions. Often, due to the size and spread of both the stakeholders and the Company, stakeholder engagement takes place at the operational or group level in addition to direct engagement by the board. For details on the different types of engagement that take place with the Company's stakeholders so as to encourage the directors to understand the issues to which they must have regard, please refer to the Stakeholder Engagement Statement contained in the Director's report.

URBN UK Limited

Strategic report (continued)
for the year ended 31 January 2021

Section 172 Statement (continued)

During the financial period, the directors regularly received information to help them understand the interests and views of the Company's key stakeholders and other relevant factors when making decisions. This information was communicated in a variety of formats including in reports and presentations on the Company's short-term and long-term financial and operational performance, non-financial key performance indicators, evaluation of risks, and corporate responsibility matters. As a result of this, the directors have had an overview of engagement with stakeholders and other relevant factors which allows the board to understand the nature of the stakeholders' concerns and to comply with our Section 172 duty to promote long-term success of the Company and maintain a reputation for high standards of business conduct.

Key strategic decisions

For each matter that comes before the board, the board considers the likely consequences of any decision in the long-term and identifies stakeholders who may be affected. The board carefully considers their interests and any potential impact as part of the decision-making process.

During the current fiscal year, the Company completed construction of its new European distribution facility building in Peterborough. We expect to complete the installation of the remaining materials handling equipment during fiscal year 2022. The distribution centre will be highly automated, incorporate robotics and provides the capacity necessary to support the Company’s fast-growing retail and direct-to-consumer businesses, as well as support to its European affiliate companies for many years to come. Upon full installation of material handling equipment at the Peterborough facility, the Company will exit its existing Rushden centres when the leases for both locations expire.

Also, during the current fiscal year, the Company, along with the URBN Group, re-committed to continuing to create and maintain an inclusive culture that values and respects diversity of all kinds. Women hold leadership positions throughout the Company, including positions on our Board of Directors and executive team. Our diversity and inclusion commitments focus on community, culture, and people, and in July 2020, we created a Diversity & Inclusion Committee that is tasked with reporting and recommending actions aligned with those commitments to our executive team. We include diversity initiatives as bonus goals for members of the executive team. We have offered unconscious bias training to our entire field and home office organisation and fulfillment centre management. We have integrated this training into the onboarding experience for all home office employees, as well as field and fulfillment centre salaried new hires and have engaged with various organisations to support our talent acquisition and development efforts in this space. The Diversity & Inclusion Committee will continue partnering with the Company’s executive leadership to support and engage our diverse employees and expand the pool of available diverse talent in the fashion industry.

In March 2020, the board agreed to allot 2 ordinary shares of £1 each in the capital of the Company to its direct parent Company, URBN International Operations Limited, for cash, at a total subscription price of US$12m. This cash infusion enabled the Company to complete its new distribution facility without disruption to the regular business operations. The infusion also enabled the Company to make a US$5m capital contribution to its subsidiary, URBN Trading (Shanghai) Co., Ltd. to enable regular business operations at the subsidiary.

On March 12, 2020, the board authorised the Company to enter into two separate but substantially identical US$40m unsecured and short-term revolving loan agreements with the Company, as borrower, and each of U.O. Fenwick, Inc., a U.S. affiliated company, and HK Sourcing Limited, a Hong Kong affiliated company, each a lender (the “Revolving Loan Agreements”). The purpose of the Revolving Loan Agreements was to promote the success of the Company for the benefit of its members as a whole and to ensure the continuation of regular business operations through the challenges of the COVID-19 pandemic. After the execution of the Revolving Loan Agreements, the Company borrowed US$25m on March 23, 2020 and US$2.5m on October 16, 2020 under the agreement with HK Sourcing Limited. The amounts remain outstanding at the end of the fiscal year.

Key strategic decisions (continued)

On March 23, 2020, the board also authorised the Company to enter into a US$100m unsecured and short-term revolving loan agreement with the Company, as borrower, and HK Sourcing Limited, a Hong Kong affiliated company, as lender (the “Second Revolving Loan Agreement”). The purpose of the Second Revolving Loan Agreement is consistent with the Revolving Loan Agreements and ensures the continuation of regular business operations through the challenges of the COVID-19 pandemic and will assist with future expansion.

Carbon and energy use

The Streamlines Energy and Carbon Reporting ('SECR') disclosure presents our carbon footprint within the United Kingdom across Scope 1, 2 and to some extent scope 3 emissions, an appropriate intensity metric, the total energy use of electricity, gas and transport fuel and an energy efficiency actions summary taken during the relevant financial year.

The Company tracks consumption on a location basis and have included stores whereby energy consumption is within the Company’s control.

Consumption is translated using an emissions factor determined by DEFRA.

	Year to 31 January 2021
Energy consumption used to calculate emissions (kWh)	**9,151,439**
Emissions from combustion of gas (Scope 1) tCO2e	**286**
Emissions from combustion of fuel for transport purposes (Scope 1) tCO2e	**-**
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3) tCO2e	**-**
Emissions from purchased electricity (Scope 2, location-based) tCO2e	**1,806**
Total gross tCO2e based on above	**2,092**
Intensity ratio (kgCO2e/Total area Sq. Ft.)	**2.420**

Energy efficiency action summary

URBN UK Limited supports several energy commitments, also covered in the Environment section on page 10 of the FY2021 Director's Report.

This report was approved by the board on 6/30/2021 2021 and signed on its behalf by:

DocuSigned by:
Colin Berry
DD4A8CC2DA0347E...

C.J. Berry
Director

URBN UK Limited

Directors' report
for the year ended 31 January 2021

The directors present their annual report and the audited financial statements for the year ended 31 January 2021.

Principal activities

The principal activity of the Company continued to be that of speciality retailing, through store and online, of fashion apparel, accessories and household merchandise.

Directors

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

C.J. Berry (appointed 13 July 2020)
F.J. Conforti (resigned 13 April 2021)
A. Hayne
M. Marein-Efron (appointed 13 April 2021)
M. Marth (appointed 1 May 2020)

Corporate Governance Arrangements

URBN UK Limited did not apply a UK corporate governance code during the financial year. The Company is a wholly owned subsidiary of Urban Outfitters, Inc., a U.S. publicly-traded company, trading on the NASDAQ under the stock ticker symbol URBN (the "URBN Group" or "Group"). As such, the Company employs its parent Company's corporate governance guidelines (the "Guidelines"), as approved by the URBN Board of Directors and available for review at https://investor.urbn.com/governance. The Company's board believes the Guidelines provide for a proper level of ownership and accountability for driving the necessary behaviours and culture to support sustainable growth and ensure high standards of business conduct. The Guidelines provide information pertaining to the constitution of the URBN Group, the manner in which the Group conducts itself, and governance requirements imposed on the Group in its dealings, both within and outside the Group.

Results and dividends

The results for the year are set out on page 18.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Disabled persons

The Company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Employee engagement

The Company's employees are our most important asset. Our culture, values, behaviours, performance, and engagement directly impact how the Company serves and interacts with all other stakeholders.

It is the Company's policy to consult and discuss with employees and staff councils matters likely to affect employees' interests. Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Company's performance. Meetings, consultations and information bulletins are held and released at regular intervals and on an as-needed basis to ensure employees are kept appraised of the Company's progress toward its short- and long-term goals.

We are committed to continuing to create and maintain an inclusive culture that values and respects diversity of all kinds. Women hold leadership positions throughout the Company, including positions on our Board of Directors and executive team. Our diversity and inclusion commitments focus on community, culture, and people, and in July 2020, we created a Diversity & Inclusion Committee that is tasked with reporting and recommending actions aligned to those commitments to our executive team. We include diversity initiatives as bonus goals for members of the executive team. We have offered unconscious bias training to our entire field and home office organisation and fulfillment center management. We have integrated this training into the onboarding experience for all home office employees, as well as field and fulfillment center salaried new hires and have engaged with various organisations to support our talent acquisition and development efforts in this space. The Diversity & Inclusion Committee will continue partnering with the Company’s executive leadership to support and engage our diverse employees and expand the pool of available diverse talent in the fashion industry.

There is an employee share scheme at present, operated via the URBN Group. The directors believe such a scheme encourages the involvement of employees in the Company's performance and long-term success. The Company has also focused efforts on the development of an actionable diversity and inclusion strategy in partnership with all employees.

Principal decisions that impact the Company's employees are detailed in the Company's Section 172 Statement, found within the Strategic report.

Stakeholder engagement

The board has concluded that the following stakeholders and methods of engagement are material to the Company during the reported financial year:

Stakeholder Description	Methods of Engagement
Customers	
Our customers and the products and product characteristics we offer them, including quality, pricing and presentation, have a significant impact on the reputation and success of the Company.	The Company believes pleasing the customer is our very first priority to ensure the long-term success of the business. We endeavour to build lasting and trustworthy relationships with all customers through desirable product and excellent customer experience. We measure our customer satisfaction through our product performance as well as other feedback tools such as focus groups and surveys. Customer focus groups also play a role in understanding how we can improve our service to our customer base. Ultimately, the customers' responses to product, assortment and retail environments relay the level of confidence, loyalty and support the Company's efforts have achieved.

Directors' report (continued)
for the year ended 31 January 2021

Stakeholder engagement (continued)

Stakeholder Description	Methods of Engagement
Suppliers	
The Company promotes strong relationships with its suppliers to ensure effective management of the relationship, collaboration, cost effectiveness and good service.	The Company is committed to making supplier decisions with social and environmental factors in mind. Overall, we put the customer at the center of all of our supplier relationship decisions. We follow high ethical and legal standards and work with vendors and suppliers who share our commitment. The Company is adamant about protecting the safety, freedom and rights of those who produce the goods sold in our stores and through our wholesale business. We work with vendors worldwide to distribute and manufacture our apparel and encourage our vendors to partner closely with our designers and merchants.
Government authorities	
The Company is subject to many operational, trade and financial laws and regulations. The board is committed to ensuring the Company remains not only compliant but also maintains a positive relationship with regulators to ensure the Company's long-term success and a reputation for being a responsible citizen.	The Company's operations, trade and financial efforts are conducted in a manner than ensures proper compliance with government regulations. We employ talented experts in these areas. The Company also regularly engages third-party experts to review our regulatory compliance. In addition, we engage directly with regulators regularly to foster an open, transparent, and collaborative professional relationship. It is vital that these relationships are preserved and maintained to ensure the Company's ability to continue operating in the UK.
Environment	
The Company takes sustainability efforts seriously. It is committed to continually challenging itself to make a positive difference in our communities and local neighbourhoods.	The Company supports various commitments to the environment. Energy consumption initiatives include investment in software, investment in energy efficient assets in our retail stores, which is supplemented by employee training and awareness. The Company has also partnered with suppliers on responsible plastic and packaging, current efforts to reduce the impact of our products' influence on the environment, maintaining environment consciousness at our offices, stores and warehouses, employing adaptive reuse of building materials in the construction of offices, warehouses and store properties, use of reusable bags for customer transactions and composting food and beverage waste at our employee eateries. During the current year, the Company begun partnering with the Textiles 2030 and The Better Cotton Initiatives to further its commitment to sustainability.

Directors' report (continued)
for the year ended 31 January 2021

Stakeholder engagement (continued)

Stakeholder Description	Methods of Engagement
Community The Company recognises that it has a social, cultural and environmental responsibility to the communities in which we operate.	The Company aims to bring employees and customers together to make a positive impact through volunteer work, events and collaborations that make a difference in local communities. We embrace self-expression, creativity and authenticity, empowering employees and customers to act as agents for change. Community partnerships are designed to connect the Company to its communities and more fully understand its role and responsibility within the community. Such partnerships address issues such as racial equity with Blueprint for All, youth homelessness with End Youth Homelessness and sexual harassment through Plan International UK's #crimenotcompliment campaign.
Shareholder The Company's ultimate shareholder is Urban Outfitters, Inc., a U.S. public corporation trading on the Nasdaq Stock Market.	The Company engages with its shareholder on a regular basis through meetings, financial reviews, direct board communication and various forms of reporting including management information systems.

Carbon and energy use

For the carbon and energy use disclosure refer to the Strategic report on page 7.

Future developments

In accordance with s414C(11) of the Companies Act 2006, the information relating to future developments and financial instrument risk is included in the Strategic report.

Overseas branches

The Company has branches (as defined in section 1046(3) of the 2006 Act) outside the United Kingdom.

Disclosure of information to auditors

Each of the directors in office at the date of approval of this annual report confirm that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditor

The auditors, Moore Kingston Smith LLP, will be deemed to be reappointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board on 6/30/2021 2021 and signed on its behalf by:

DocuSigned by:
Colin Berry
DD4A8CC2DA0347E...

C.J. Berry
Director

Directors' responsibilities statement for the year ended 31 January 2021

The directors are responsible for preparing the Strategic report, the Directors' 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing 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 United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

URBN UK Limited

Independent auditors' report to the members of URBN UK Limited

Opinion

We have audited the financial statements of URBN UK Limited for the year ended 31 January 2021, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company’s affairs as at 31 January 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditors' report to the members of URBN UK Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Independent auditors' report to the members of URBN UK Limited (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the Company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the Company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- We obtained an understanding of how the Company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditors' report to the members of URBN UK Limited (continued)

Use of our report

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

Moore Kingston Smith LLP

Jonathan Sutcliffe (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP, Statutory Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD
Date: 30 June 2021

URBN UK Limited

Statement of comprehensive income for the year ended 31 January 2021

	Note	2021 £000	2020 £000
Revenue	5	**222,521**	230,507
Cost of sales		**(170,656)**	(165,648)
Gross profit		**51,865**	64,859
Administrative expenses		**(88,812)**	(79,620)
Other operating income	6	**10,617**	1,537
Operating loss	7	**(26,330)**	(13,224)
Investment income	11	**13**	238
Finance costs	12	**(546)**	(139)
Loss before tax		**(26,863)**	(13,125)
Tax on loss	13	**2,042**	2,477
Loss for the financial year		**(24,821)**	(10,648)

All amounts relate to continuing operations in the current and preceding years.

There are no recognised gains or losses other than those passing through the Profit and loss account.

The notes on pages 21 to 44 form part of these financial statements.

URBN UK Limited

Registered number: 03124253

Statement of financial position as at 31 January 2021

	Note		2021 £000		2020 £000
Fixed assets					
Property, plant and equipment	15		**127,704**		76,073
Investments	16		**5**		3,993
			127,709		80,066
Current assets					
Inventories	17	**25,088**		26,665	
Trade and other receivables	18	**46,249**		27,239	
Cash and cash equivalents		**31,375**		36,694	
		102,712		90,598	
Payables: amounts falling due within one year	19	**(125,612)**		(57,856)	
Net current (liabilities)/assets			**(22,900)**		32,742
Total assets less current liabilities			**104,809**		112,808
Provisions for liabilities					
Other provisions	20	**(7,416)**		-	
			(7,416)		-
Net assets			**97,393**		112,808
Equity					
Called up share capital	24		**78,876**		78,876
Share premium account	25		**57,844**		48,602
Other reserves	26		**1,201**		1,037
Retained earnings			**(40,528)**		(15,707)
Total equity			**97,393**		112,808

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 6/30/2021 2021.

DocuSigned by:

Colin Berry

DD4A8CC2DA0347E...

C.J. Berry
Director

The notes on pages 21 to 44 form part of these financial statements.

URBN UK Limited

Statement of changes in equity for the year ended 31 January 2021

	Called up share capital	Share premium account	Other reserves	Retained earnings	Total equity
	£000	£000	£000	£000	£000
At 1 February 2019	**78,876**	**23,751**	**1,513**	**(5,059)**	**99,081**
Loss for the financial year	-	-	-	(10,648)	(10,648)
Movement in year	-	-	263	-	263
Other movements	-	-	(739)	-	(739)
Issue of share capital	-	24,851	-	-	24,851
At 1 February 2020	**78,876**	**48,602**	**1,037**	**(15,707)**	**112,808**
Loss for the financial year	-	-	-	(24,821)	(24,821)
Other movements	-	-	164	-	164
Issue of share capital	-	9,242	-	-	9,242
At 31 January 2021	**78,876**	**57,844**	**1,201**	**(40,528)**	**97,393**

The notes on pages 21 to 44 form part of these financial statements.

URBN UK Limited

Notes to the financial statements for the year ended 31 January 2021

1. General information

The Company is a private company limited by shares and is incorporated in England and Wales. The address of its registered office is Stephenson Harwood, 1 Finsbury Circus, London, EC2M 7SH.

2. Statement of compliance

The financial statements of URBN UK Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The Company has adopted FRS 102 in these financial statements.

3.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention modified to include certain financial instruments at fair value.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The following principal accounting policies have been applied:

3.2 Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. These exemptions taken by the Company are:

- A reconciliation of the number of shares outstanding at the beginning and end of the period;
- The requirement to prepare a statement of cash flows (Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d));
- Certain financial instrument disclosures providing equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated; and
- Key management personnel compensation disclosures.

The Company has taken advantage of these exemptions on the basis that it is a qualifying entity and it's ultimate parent undertaking, Urban Outfitters Inc., includes the Company's results in the equivalent disclosures in its own consolidated financial statements.

3.3 Consolidated financial statements

The Company is a wholly-owned subsidiary of its ultimate parent, Urban Outfitters Inc. It is included in the consolidated financial statements of Urban Outfitters Inc. which are publicly available. Therefore the Company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are the Company's separate financial statements.

3. Summary of significant accounting policies (continued)

3.4 Going concern

In March 2020 the World Health Organisation declared the outbreak of a novel coronavirus (COVID-19) as a global health pandemic, which continues to spread throughout the UK and worldwide. The impact of COVID-19 has hit the retail industry hard.

Whilst stores were closed, the Company was able to continue to trade owing to its strong online offering. The Company has been working closely with suppliers to help mitigate the impact of COVID-19 and has been in receipt of support from measures announced by the government to aid the industry. In particular, the year-long rates holiday provided a significant saving which contributed to offsetting the reduction in trade whilst stores were shut.

The Company meets its working capital requirements independently, with financial support ultimately derived from its parent Urban Outfitters Inc. for a significant capital investment project. The directors have received written assurances from its parent that this funding will not be withdrawn.

The Group produced exceptionally strong results in the first quarter of financial year 2022. Results in the UK and Europe, year-to-date have seen stores performing better than expected with the continued growth from the digital business. Together, total European retail segment sales in May showed strong growth. The Group's prospects for the remainder of FY2022 and the future are very positive, with a robust surge in demand on both sides of the Atlantic, however, it is mindful of the possibility of future disruption as the world learns to live with coronavirus. The Group retains sufficient cash reserves and net assets to continue to support the working capital of URBN UK and the investments being made in European operations of the Group.

3.5 Foreign currency

i. Functional and presentation currency
The Company's functional and presentation currency is Sterling. All information presented in Sterling is rounded to the nearest pound.

ii. Transactions and balances
Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of comprehensive income.

3. Summary of significant accounting policies (continued)

3.6 Revenue

The Company recognises revenue in the Retail operations when the customer takes possession of merchandise at the store or when merchandise is shipped to the customer, in each case, net of estimated customer returns.

Revenue is recognised by the Company's Wholesale segment when merchandise is shipped to the customer, net of estimated customer returns. Revenue is presented on a net basis and does not include any tax assessed by a governmental or municipal authority. Payment for merchandise in the Company's Retail segment is tendered by cash, cheque, credit card, debit card or gift card. Uncollectible accounts receivable for the Retail segment is negligible and primarily results from unauthorised credit card transactions. The Company maintains an allowance for doubtful accounts for its Wholesale segment accounts receivable, which management reviews on a regular basis and believes is sufficient to cover potential credit losses and billing adjustments.

The Company accounts for a gift card transaction by recording a liability at the time the gift card is issued to the customer in exchange for consideration from the customer. A liability is established and remains in the Company's financial statements until the gift card is redeemed by the customer, at which time the Company records the redemption of the gift card for merchandise as a sale, or when it is determined the likelihood of redemption is remote. The Company determines the probability of the gift cards being redeemed to be remote based on historical redemption patterns. Revenues attributable to the reduction of gift card liabilities for which the likelihood of redemption becomes remote are included in sales and are not material. The Company's gift cards do not expire.

3.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of comprehensive income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

3.8 Investment income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

3.9 Finance costs

Interest payable is recognised in the Statement of comprehensive income in the period in which it incurred.

3. Summary of significant accounting policies (continued)

3.10 Employee benefits

The Group provides a range of benefits to employees, including paid holiday arrangements, defined contribution pension plans and share based payment scheme.

i. *Short term benefits*
The costs of short-term employee benefits are recognised as a liability and an expense.
The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

ii. *Retirement benefits*
Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

iii. *Share based payments*
The fair value of equity-settled share based payments to employees is determined at the date of grant and is expensed on a straight-line basis over the vesting period based on the Company's estimate of shares or options that will eventually vest.

The Company operates share-based payment arrangements for employees. The Company’s employees receive restricted stock units (RSUs) in the form of ordinary shares in Urban Outfitters Inc. as consideration for their services rendered.

The fair value of the services received in exchange for the grant of the RSUs is recognised as an expense and is determined by reference to the fair value of the RSUs at the date of grant.

When the RSUs are exercised new shares are issued by Urban Outfitters Inc..

Urban Outfitters Inc recharges the Company for the value of the RSUs provided to its employees and this recharge is recorded within equity.

3.11 Current and deferred taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax
Deferred tax is recognised as a liability or asset if transactions or events that give the Company the obligation to pay more tax in future or a right to pay less tax in future have occurred by the balance sheet date. Deferred taxation is not discounted as any adjustments would not be material to the financial statements.

URBN UK Limited

Notes to the financial statements for the year ended 31 January 2021

3. Summary of significant accounting policies (continued)

3.11 Current and deferred taxation (continued)

The Company utilises a Balance sheet approach to provide for income taxes. Under this method, deferred tax assets and liabilities are recognised for the expected future tax consequences of net operating loss carry forwards and temporary differences between the carrying amounts and the tax bases of assets and liabilities. Investment tax credits or grants are accounted for in the period earned.

3.12 Operating lease

The Company leases its retail stores under operating leases. Many of the lease agreements contain rent holidays, rent escalation clauses and contingent rent provisions or some combination of these items.

The Company recognises rent expense on a straight-line basis over the lease period commencing on the date that the premises are available from the landlord. The lease period includes the construction period required to make the leased space suitable for operating during which time the Company is not permitted to occupy the space. For purposes of calculating straight-line rent expense, the commencement date of the lease term reflects the date the Company takes possession of the building for initial construction and setup. The Company receives certain lease incentives, tenant improvement allowances, in conjunction with entering into operating leases. Tenant improvement allowances are recorded as deferred rent on the Statement of financial position and are depreciated on a straight-line basis as a reduction of rent expense over the term of the related lease on the Statement of comprehensive income.

3.13 Property, plant and equipment

Property and equipment are stated at cost and primarily consist of store leasehold improvements, furniture and fixtures and other operating equipment. Depreciation is computed using the straight-line method over the lesser of the lease term or useful life for leasehold improvements, furniture and fixtures and other operating equipment. Major renovations or improvements that extend the service lives of our assets are capitalised over the extension period or life of the improvement, whichever is less.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Land and buildings freehold	- straight line over the period of the lease
Leasehold land and building	- straight line over the period of the lease
Fixture, fittings & equipment	- 20% straight line
Plant and machinery	- 20% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to the Statement of comprehensive income.

Notes to the financial statements for the year ended 31 January 2021

3. Summary of significant accounting policies (continued)

3.14 Non-current investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in the Statement of comprehensive income.

A subsidiary is an entity controlled by the Company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the Company holds a long-term interest and where the Company has significant influence. The Company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the Company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

3.15 Impairment of non-current assets

At each reporting end date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of comprehensive income.

3. Summary of significant accounting policies (continued)

3.16 Inventories

Inventory, which consists primarily of general consumer merchandise held for sale, is valued at the lower of cost or net realisable value. Cost is determined on the first-in, first-out method including the cost of merchandise, and import related costs, (including freight, import taxes and agent commissions). A periodic review of inventory is performed in order to determine if inventory is properly stated at the lower of cost or net realisable value. Factors the Company considers in its review, such as future expected consumer demand and fashion trends, current aging, current and anticipated retail markdowns or wholesale discounts and class or type of inventory, are analysed to determine estimated net realisable value. Criteria that the Company considers in its review of aging trends include average selling cycle and seasonality of merchandise, the historical rate at which merchandise has sold below cost during the prior twelve months and the value and nature of merchandise currently priced below original cost.

A provision is recorded to reduce the cost of inventory to its estimated net realisable value, if appropriate. The majority of inventory at 31 January 2021 and 2020 consisted of finished goods. Raw materials and work-in-process were not material to the overall inventory value.

A periodic review of inventory quantities on hand is performed in order to determine if inventory is properly stated. A provision is recorded to reduce the cost of inventories to estimated net realisable value, if required.

The majority of inventory consists of finished goods. Unfinished goods were not material to the overall net inventory value.

3.17 Cash and cash equivalents

Cash and cash equivalents are defined as cash and short-term highly liquid investments with maturities of less than three months at the time of purchase. These short-term highly liquid investments are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. As of 31 January 2021 and 2020, cash and cash equivalents included cash on hand, cash in banks, money market accounts with maturities of less than three months at the time of purchase.

3.18 Deferred rent

Rent expense from leases is recorded on a straight-line basis over the lease period. The net excess of rent expense over the actual cash paid is recorded as deferred rent. In addition, certain store leases provide for contingent rentals when sales exceed specified break-point levels that are weighted based upon historical cyclicality. For leases where achievement of these levels is considered probable based on cumulative lease year revenue versus the established breakpoint at any given point in time, the Company accrues a contingent rent liability and a corresponding rent expense.

3.19 Sales return reserve

The Company records a reserve for estimated product returns where the sale has occurred during the year reported, but the return is likely to occur subsequent to the period reported. The reserve for estimated product returns is based on the Company's most recent historical return trends. If the actual return rate is materially different than the Company's estimate, sales returns would be adjusted in the future.

3. Summary of significant accounting policies (continued)

3.20 Provisions

Provisions are recognised when the Company has a legal or constructive present obligation as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision in measured at present value the unwinding of the discount is recognised as a finance cost in the Statement of comprehensive income in the period it arises.

3.21 Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's Statement of financial position when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Loans and receivables
Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets
Financial assets, other than those held at fair value through the Statement of comprehensive income, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in the Statement of comprehensive income.

3. Summary of significant accounting policies (continued)

3.21 Financial instruments (continued)

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Financial liabilities
Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities
Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

3.22 Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

3.23 Related party transactions

The Company discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned.

4. Critical accounting estimates and judgements

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

4. Critical accounting estimates and judgements (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised where the revision affects only that year, or in the year of the revision and future years where the revision affects both current and future years.

i. Revenue recognition
Revenue in the Retail segment is recognised at the point-of-sale once the customer takes possession of merchandise at stores or when merchandise is shipped to the customer. Revenue is shown net of estimated customer returns.

Revenue is recognised for direct website sales when merchandise is shipped to the customer. Revenue is shown net of estimated customer returns. Payment for merchandise in our Retail segment is tendered by cash, cheque, credit card, debit card or gift card. Uncollectible accounts receivable is negligible and primarily results from unauthorised credit card transactions. An allowance for doubtful accounts is reviewed on a regular basis and to cover potential credit losses and billing adjustments.

We account for a gift card transaction by recording a liability at the time the gift card is issued to the customer in exchange for consideration from the customer. A liability is established and remains within the financial statements until the card is redeemed by the customer, at which time we record the redemption of the card for merchandise as a sale, or when we determine the likelihood of redemption is remote. We determine the probability of the gift cards being redeemed to be remote based on historical redemption patterns. Revenues attributable to the reduction of gift card liabilities for which the likelihood of redemption becomes remote are included in sales and are not material. Gift cards do not expire.

ii. Sales return reserve
A liability is recognised for estimated product returns where the sale has occurred during the year reported, but the return is likely to occur subsequent to the year reported. The reserve for estimated product returns is based on our most recent historical return trends. If the actual return rate is materially different than the estimate, sales returns would be adjusted in a future period of account.

iii. Inventory
We value our inventory, which consists primarily of general consumer merchandise held for sale, at the lower of cost or net realisable value. Cost is determined on the first-in, first-out method and includes the cost of merchandise and import related costs (including freight, import taxes and agent commissions). A periodic review of inventory is performed in order to determine if inventory is properly stated at the lower of cost or net realisable value. Factors we consider in our review, such as future expected consumer demand and fashion trends, current aging, current and anticipated retail markdowns or wholesale discounts and class or type of inventory, are analysed to determine estimated net realisable value. Criteria that is considered in management's review of aging trends include average selling cycle and seasonality of merchandise, the historical rate at which merchandise has sold below cost during the prior twelve months and the value and nature of merchandise currently priced below original cost. A provision is recorded to reduce the cost of inventory to its estimated net realisable value, if appropriate. Any significant unanticipated changes in the factors noted above could have a significant impact on the value of our inventory and our reported operating results. Our estimates have generally been accurate and our reserve methods have been applied on a consistent basis. We expect the amount of our provision and related inventory to increase over time as we increase our sales. The majority of inventory at 31 January 2021, and 2020 consisted of finished goods. Raw materials and work-in-process were not material to the overall inventory value.

4. Critical accounting estimates and judgements (continued)

iv. Depreciation and impairment of fixed assets
Fixed assets consist principally of store leasehold improvements, buildings, furniture and fixtures, and other operating equipment. Store leasehold improvements are recorded at cost and are depreciated using the straight-line method over the lesser of the applicable store lease term. including lease renewals which are reasonably assured, or the estimated useful life of the leasehold improvements. The typical initial lease term for our stores is ten years. Furniture and fixtures are recorded at cost and are depreciated using the straight-line method over their useful life, which is typically five years. Other operating equipment is recorded at cost and depreciated using the straight-line method over its useful life.

The cost of assets sold or disposed of along with the related accumulated depreciation is removed from the accounts with any resulting gain or loss recognised within the Statement of comprehensive income. Maintenance and repairs are charged to expense as incurred. Major renovations or improvements that extend the service lives of our assets are capitalised over the lesser of the extension period, life of the improvement, or the remaining term of the lease.

We periodically review the carrying values of our fixed assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Events that result in an impairment review include plans to close a store, or a significant decrease in the operating results of a fixed asset.

Retail stores are reviewed for impairment at the store level, which is the lowest level at which individual cash flows can be identified. Newly opened stores may take lime to generate positive operating and cash flow results. Factors such as store type (e.g., high street vs. shopping centre), store location, current marketplace awareness of our brands, local customer demographic data and current fashion trends are all considered in determining the time frame required for a store to achieve positive financial results, which, in general, is assumed to be within three years from the date a store location has opened.

In assessing an asset for potential impairment, we make estimates regarding future operating results, cash flows and estimated useful life. When events indicate that an asset may be impaired and the estimated undiscounted cash flows are less than the carrying amount of the asset, the impaired asset is adjusted to its estimated fair value and an impairment loss is recorded.

v. Share-based compensation
Accounting for share-based compensation requires measurement of compensation cost for all share-based awards at fair value on the date of grant and recognition of compensation over the service period, net of estimated forfeitures.

The fair value of our stock options is based upon a binomial pricing model and stock appreciation rights. This model uses assumptions including the risk-free rate of interest, expected volatility of our stock price and expected life of the awards.

4. Critical accounting estimates and judgements (continued)

Share-based compensation (continued)
Additionally, estimates about the number of awards which will become vested under performance-based incentive plans are made. Performance-based awards based on our current expectations of the probable number of awards that will ultimately vest is recorded as an expense. The estimation of awards that will ultimately vest requires judgment, and to the extent actual results or updated estimates differ from our current estimates, such amounts will be recorded as a cumulative adjustment in the period estimates are revised and could be materially different from share-based compensation expense recorded in prior periods.

We also estimate the expected forfeiture rate. We consider many factors when estimating expected forfeitures, including types of awards and historical experience. We revise our forfeiture rates, when necessary, in subsequent periods if actual forfeitures differ from those originally estimated. As a result, if the actual forfeiture rate is different from the estimate at the completion of the vesting period, the share-based compensation expense may not be comparable to amounts recorded in prior periods.

vi. Deferred tax recognition
As part of the process of preparing our financial statements, we are required to estimate our income taxes in each of the tax jurisdictions in which we operate. This process involves estimating our actual current tax obligations together with assessing temporary differences resulting from differing treatment of certain items for tax and accounting purposes, such as depreciation of property and equipment and valuation of inventories. These temporary differences result in deferred tax assets and liabilities, which are included within our Statement of financial position. We then assess the likelihood that our deferred tax assets will be recovered from future taxable income. A valuation allowance is recognised if, based on the weight of available evidence, it is more-likely-than-not that some portion, or all, of the deferred tax asset will not be realised. In making such a determination, we consider all material available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. Actual results could differ from this assessment if adequate taxable income is not generated in future periods.

To the extent we believe that recovery of a deferred tax asset is at risk, we establish valuation allowances. To the extent we establish valuation allowances or increase the allowances in a period, we record additional income tax expense in the consolidated statements of income. Valuation allowances are based on evidence of our ability to generate sufficient taxable income. In the future, if enough evidence of our ability to generate sufficient future taxable income in these jurisdictions becomes apparent, we would be required to reduce our valuation allowances, resulting in a reduction in income tax expense. On a quarterly basis, management evaluates the likelihood that we will realise the deferred tax assets and adjusts the valuation allowances, if appropriate.

We record uncertain tax positions on the basis of a two-step process whereby (1) we determine whether it is more-likely-than-not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, we recognise the largest amount of tax benefit that is more than 50 percent likely to be realised upon ultimate settlement with the related tax authority.

Our tax liability for uncertain tax positions contains uncertainties because we are required to make assumptions and to apply judgment to estimate the exposures associated with our various filing positions. Although we believe that the judgments and estimates discussed herein are reasonable, actual results may differ, and we may be exposed to income tax expenses or benefits that could be material.

Notes to the financial statements
for the year ended 31 January 2021

5. Revenue

An analysis of turnover by class of business is as follows:

	2021 £000	2020 £000
Store	**65,390**	141,843
Online	**149,166**	83,704
Wholesale	**7,965**	4,960
	222,521	230,507

Analysis of turnover by geographical market:

	2021 £000	2020 £000
United Kingdom	**157,960**	201,307
Europe	**56,517**	24,165
Rest of the world	**8,044**	5,035
	222,521	230,507

6. Other operating income

During the year, the Company received cash payments in relation to the Government Coronavirus Job Retention Scheme amounting to £4,841,000.

7. Operating loss

The operating loss is stated after charging/(crediting):

	2021 £000	2020 £000
Gains/(losses) on foreign currencies	**(2,004)**	622
Depreciation of owned property, plant and equipment (note 15)	**6,516**	7,717
Impairment of owned property, plant and equipment (note 14 & 15)	**2,970**	1,612
Impairment of investment (note 14 & 16)	**7,843**	-
Loss on disposal of property, plant and equipment	**-**	497
Cost of inventories recognised as an expense	**118,003**	156,620
Provision for onerous lease (note 20)	**7,416**	-
Share-based payments (note 22)	**973**	263
Government grants (note 6)	**(4,841)**	-

8. Auditors' remuneration

	2021	2020
	£000	£000
Audit of the financial statements	**85**	91
Tax compliance services	**-**	46
All other non-audit services	**10**	6
	95	143

9. Employees

Staff costs were as follows:

	2021	2020
	£000	£000
Wages and salaries	**41,045**	43,623
Social security costs	**3,078**	3,502
Pension costs (note 23)	**793**	903
	44,916	48,028

The average monthly number of employees, including the directors, employed by the Company during the year was as follows:

	2021	2020
	No.	No.
Administration	**384**	362
Management	**5**	5
Selling and distribution	**1,544**	1,758
	1,933	2,125

10. Directors' remuneration

The directors' emoluments were as follows:

	2021	2020
	£000	£000
Aggregate remuneration	**485**	-

Post-employment benefits are accruing for no directors (2020: none) under a defined benefit scheme. Two directors (2020: none) were members of defined contribution schemes.

URBN UK Limited

Notes to the financial statements for the year ended 31 January 2021

10. Directors' remuneration (continued)

Highest paid director

The highest paid director's emoluments were as follows:

	2021 £000	2020 £000
Total amount of emoluments and amounts (excluding shares) receivable under long-term incentive schemes	**328**	-

The highest paid director did not exercise share options in 2021 (2020: no exercised options) and received 5,000 restricted stock units in 2021 (2020: none).

11. Investment income

	2021 £000	2020 £000
Interest on bank deposits	**13**	131
Interest receivable from group companies	**-**	107
	13	238

12. Finance costs

	2021 £000	2020 £000
Interest on financial liabilities measured at amortised cost:		
Other interest payable	**546**	139

13. Taxation

	2021 £000	2020 £000
Current tax		
UK corporation tax on losses for the year	**-**	(692)
Adjustments in respect of previous periods	**(404)**	231
Total current tax	**(404)**	(461)
Deferred tax		
Origination and reversal of timing differences	**(2,989)**	(2,016)
Adjustment in respect to previous periods	**1,385**	-
Effects if changes in tax rates	**(34)**	-
Total deferred tax	**(1,638)**	(2,016)
Taxation on loss on ordinary activities	**(2,042)**	(2,477)

Factors affecting tax credit for the year

The tax assessed for the year is higher than (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £000	2020 £000
Loss on ordinary activities before tax	**(26,863)**	(13,125)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	**(5,104)**	(2,494)
Effects of:		
Tax effect of expenses that are not deductible in determining taxable profit	**2,189**	54
Adjustments in respect of prior years	**982**	(809)
Depreciation on assets not qualifying for tax allowances	**-**	508
(Over)/under provided in prior years	**(34)**	231
Foreign tax charge	**-**	33
Share options	**(75)**	-
Total tax credit for the year	**(2,042)**	(2,477)

13. Taxation (continued)

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted by the Finance Bill 2021 (on 24 May 2021). These included an increase of the corporation tax rate to 25% from 1 April 2023. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

Deferred tax balances have been calculated at 19% at the balance sheet date.

14. Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	2021	2020
	£000	£000
In respect of:		
Buildings, Fixtures and Equipment	**(2,970)**	(1,612)
Investments	**(7,843)**	-
	(10,813)	(1,612)

The Company conducts an impairment review each year to assess its investments and assets at each store location for impairment. Due to the circumstances surrounding the COVID-19 pandemic an impairment charge for the year ended 31 January 2021 of £7.8m for investments and £2.9m for property, plant and equipment was recognised.

Subsequent to the year end, the directors have considered the impact of COVID-19 on the carrying value of their portfolio of stores and consider no additional impairment as a result.

URBN UK Limited

Notes to the financial statements for the year ended 31 January 2021

15. Property, plant and equipment

	Land and buildings Freehold £000	Leasehold land and buildings £000	Plant and machinery £000	Fixture, fittings & equipment £000	Assets under construction £000	Total £000
Cost						
At 1 February 2020	**8,519**	**85,239**	**9,352**	**23,506**	**36,330**	**162,946**
Additions	**-**	**1,899**	**573**	**400**	**58,213**	**61,085**
Exchange adjustments	**-**	**123**	**8**	**30**	**-**	**161**
At 31 January 2021	**8,519**	**87,261**	**9,933**	**23,936**	**94,543**	**224,192**
Depreciation and impairment						
At 1 February 2020	**-**	**58,168**	**7,454**	**21,250**	**-**	**86,872**
Charge for the year	**-**	**5,084**	**715**	**717**	**-**	**6,516**
Impairment charge	**-**	**2,925**	**10**	**35**	**-**	**2,970**
Exchange adjustments	**-**	**93**	**8**	**29**	**-**	**130**
At 31 January 2021	**-**	**66,270**	**8,187**	**22,031**	**-**	**96,488**
Net book value						
At 31 January 2021	**8,519**	**20,991**	**1,746**	**1,905**	**94,543**	**127,704**
At 31 January 2020	8,519	27,070	1,898	2,256	36,330	76,073

Assets under construction relate to fit-outs of new stores and predominantly the development of a new distribution centre in the UK.

The total gross cost of the project is anticipated to be £100.6m of which the majority was committed at the year end.

More information on the impairment arising in the year is given in note 14.

16. Investments

	Investments in subsidiary companies £000
Cost	
At 1 February 2020	**3,993**
Additions	**3,855**
At 31 January 2021	**7,848**
Impairment	
At 1 February 2020	-
Charge for the period	**7,843**
At 31 January 2021	**7,843**
Net book value	
At 31 January 2021	**5**
At 31 January 2020	3,993

During the year the Company made capital contributions of £3,855,000 to URBN Trading (Shanghai) Co. Ltd.

Investments in subsidiaries and associated companies are held at historical cost and assessed annually for impairment. An impairment of £7,843,000 was recognised during the year (2020: £nil).

URBN UK Limited

Notes to the financial statements for the year ended 31 January 2021

16. Investments (continued)

Investment in subsidiary undertakings

At 31 January 2021, the Company held a direct investment in the ordinary share capital of the following subsidiary undertakings:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Holding
Anthropologie UK Limited	1 Finsbury Circus, London, EC2M 7SH, United Kingdom	Dormant	Ordinary	100%
Urban Outfitters UK Limited	1 Finsbury Circus, London, EC2M 7SH, United Kingdom	Dormant	Ordinary	100%
URBN India Sourcing & Design Solutions Private Limited	Ground Fl. 8-12, World Trade Centre, Babar Road, Connaught Place, New Delhi, 110001, India	Design & Sourcing	Ordinary	1%
URBN Trading (Shanghai) Co. Ltd	2001S, Henderson Metropolitan, 155 Tian Jin Road, Shanghai, China	DTC	Ordinary	100%

17. Inventories

	2021 £000	2020 £000
Finished goods and goods for resale	**25,088**	26,665

18. Trade and other receivables

	2021 £000	2020 £000
Due after more than one year		
Deferred tax asset (note 21)	**3,310**	1,672
Due within one year		
Trade receivables	**3,658**	1,613
Amounts owed by group undertakings	**26,516**	14,858
Other receivables	**2,114**	1,210
Prepayments and accrued income	**9,610**	7,270
Corporate tax recoverable	**1,041**	616
	46,249	27,239

19. Payables: amounts falling due within one year

	2021 £000	2020 £000
Trade payables	**15,332**	14,079
Amounts owed to group undertakings	**46,249**	15,442
Other taxation and social security	**833**	61
Other payables	**2,709**	2,413
Accruals and deferred income	**60,489**	25,861
	125,612	57,856

20. Provisions

	Onerous lease £000
At 1 February 2020	**-**
Charged to profit or loss	**7,416**
At 31 January 2021	**7,416**

The Company conducts a review of the lease contracts each year for each location. Due to the circumstances surrounding the COVID-19 pandemic and store closures, an onerous lease provision of £7,416,000 was recognised for the year ended 31 January 2021.

21. Deferred taxation

	2021 £000	2020 £000
At beginning of year	**1,672**	(344)
Charged to profit and loss	**3,023**	2,016
Adjustment in respect of prior years	**(1,385)**	-
Asset at end of year	**3,310**	1,672

21. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2021 £000	2020 £000
Accelerated capital allowances	**670**	663
Tax losses	**2,451**	1,003
Provisions	**189**	6
	3,310	1,672

22. Share based payments

At 31 January 2021 the Company has a number of share-based payment arrangements under which restricted stock units (RSUs) are granted over ordinary shares in Urban Outfitters Inc.. The RSUs are equity settled.

The Fair value of each RSU is estimated on the date of grant as the share price at the date of grant.

RSUs are granted to employees on hire or based on performance criteria established by management. RSUs are independent of share options and the vesting condition of the RSUs is that employees must remain in employment until the vesting event.

A reconciliation of the movements in the number of RSUs during the year is shown below:

	Weighted average price 2021 £	Number 2021	Weighted average price 2020 £	Number 2020
Outstanding at the beginning of the year	**22.72**	**116,002**	18.32	145,001
Granted during the year	**20.01**	**50,000**	20.56	58,000
Exercised during the year	**22.45**	**(24,502)**	23.68	(37,999)
Expired during the year	**23.55**	**(25,669)**	26.96	(49,000)
Outstanding at the end of the year	**20.59**	**115,831**	22.72	116,002

	2021 £000	2020 £000
Exercisable at 31 January	**-**	-

23. Retirement benefit schemes

	2021 **£000**	2020 £000
Defined contribution schemes		
Charge to the Statement of comprehensive income in respect of defined contribution schemes	**793**	903

The Company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company in an independently administered fund.

24. Called up share capital

	2021 **£000**	2020 £000
Allotted, called up and fully paid		
78,875,981 (2020: 78,875,979) Ordinary shares of £1 each	**78,876**	78,876

On the 6th March 2020 two shares were issued for a total consideration of £9.4m.

25. Share premium account

	2021 **£000**	2020 £000
At beginning of the year	**48,602**	23,751
Issue of new shares	**9,242**	24,851
At end of year	**57,844**	48,602

26. Other reserves

	2021 **£000**	2020 £000
At beginning of the year	**1,037**	1,513
Share-based payment expense	**164**	263
Other movements	**-**	(739)
At end of year	**1,201**	1,037

URBN UK Limited

Notes to the financial statements for the year ended 31 January 2021

27. Operating lease commitments

At 31 January the Company had future minimum lease payments due under non-cancellable operating leases as follows:

	2021	2020
	£000	£000
Within one year	**26,768**	28,061
Between two and five years	**67,200**	76,915
In over five years	**21,322**	26,947
	115,290	131,923

28. Financial commitments, guarantees and contingent liabilities

The Company has a guarantee in place with HM Revenue and Customs in the sum of £2,000,000 (2020: £2,000,000) valid until further notice in respect of the duty deferment scheme.

29. Related party transactions

The Company has taken advantage of the exemption in Financial Reporting Standard 102 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the parent undertaking.

Banking facilities of the Company are guaranteed by the ultimate parent undertaking, Urban Outfitters Inc..

30. Controlling party

The immediate parent undertaking is URBN International Operations Limited, a company registered in England and Wales.

The ultimate parent undertaking and ultimate parent company is Urban Outfitters Inc., a company incorporated in the USA, by virtue of its 100% ultimate shareholding. Copies of group accounts can be obtained at 5000 South Broad Street, Philadelphia, PA 19112, USA.