Whistles Limited

Annual Report and Financial Statements

For the year ended 25 March 2023

Registered number: 01514754

Whistles Limited

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Whistles Limited

Officers and professional advisers

Directors

J Hampshire
M Wilson

Registered number

01514754

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NW1 1BU
United Kingdom

Banker

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PO Box 72
Bailey Drive
Gillingham
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United Kingdom

Solicitor

Bryan Cave Leighton Paisner LLP
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United Kingdom

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

Whistles Limited

Strategic report

The Directors, in preparing this strategic report, have complied with S414C of the Companies Act 2006.

Review of the business

The principal activity of Whistles Limited ("the company") in the period under review is the design and retail of contemporary clothing and accessories under the 'Whistles' brand name through its own retail outlets, concessions, online channels, franchise stores and wholesale.

	Note	2023 £m	2022 £m
Turnover		73.7	71.0
Adjusted EBITDA	6	8.0	7.0
Operating profit		6.4	4.9
Profit after tax		5.6	3.3

Whistles Limited accounting periods end on the last Saturday in March each year, as permitted under section 390 of the Companies Act 2006, and as a result this set of audited accounts is for the 52 week period ended 25 March 2023 (hereafter referred to as 'year ended 25 March 2023'). The comparative period represents the 52 week period ended 27 March 2022 (hereafter referred to as 'year ended 26 March 2022').

Whistles Limited ("Whistles"), is a premium womenswear brand with a global following, we sell through a multichannel environment, whether on the high street, in a shopping centre, within a department store partner concession or online, both within the UK and across our international network.

Despite the challenging economic backdrop in the UK driven by the cost of living crisis and high inflationary environment, we successfully achieved a strong set of financial results for fiscal year 2023 and continued our solid post Covid recovery and delivered on our business objectives. The return to a more normalised consumer demand pattern post Covid continues to be unpredictable and tough economic conditions have impacted both consumer sentiment and purchasing habits. Nevertheless, this year saw a resurgence of in-store shopping behaviour and highlighted the importance of our cross channel offering. Store footfall continues to be on an upward trend and our stores have a significant role to play in our business as we continue to invest in our estate to provide our customers with a personalised 5* service. In parallel, we continue to build our digital capability, offering a more seamless shopping experience and prioritising high stock availability to meet our customers' demands. In line with our strategic international expansion drive, we also achieved growth in our non-UK markets together with a greater consistency of performance.

Turnover for the year ended 25 March 2023 was £73.7m, compared to £71.0m in the 52 weeks ended 26 March 2022. This was driven by a combination of positive like-for-like performance and the openings of new stores.

In the UK the company opened 1 store and 3 concessions and closed 3 stores and 6 concessions during the year ended 25 March 2023 (2022: no new stores and 8 concession openings and closed 2 stores and 4 concessions). The company also launched 4 concessions in international markets and closed 1 international concession in the year (2022: 1 store and no new concessions in international markets and closed no stores and 3 international concessions). The total number of outlets across Whistles in the UK at the end of the year amounted to 123 (2022: 128).

Headline gross margin for the year was 65.5% (2022: 63.2%) with the improvement driven by our higher margin strategy, increasing our full price mix and reducing reliance on promotions. The stock provision at the year end increased compared to prior year at £7.4m (2022: £4.8m).

Distribution and selling costs for the year ended 25 March 2023 were £27.5m (37.3% of sales), compared to £24.9m in 52 weeks ended 26 March 2022 (35.1% of sales), driven by the sales increase.

Administrative expenses in the year to 25 March 2023 increased to £14.5m (19.7% of sales) from £15.6m (22.0% of sales) for the 52 weeks ended 26 March 2022.

Whistles Limited

Strategic report

Whistles delivered an adjusted EBITDA of £8.0m (2022: £7.0m), as set out in the table above and further detailed in note 6.

Profit after tax for the year ended 25 March 2023 amounted to £5.6m (2022: profit of £3.3m). Cash stood at £8.5m at 25 March 2023 (2022: £12.2m) due to changes in working capital. As at the year ended 25 March 2023, the company had net assets of £1.9m (2022: £3.7m net liabilities) which includes net intercompany payables of £11.0m (2022: £15.5m).

Statement by the Directors in performance of their statutory duties in accordance with s172 Companies Act 2006.

Relationships with stakeholders are based on continuing a dialogue as well as on maintaining collaborative relationships and establishing strategic, longer term partnerships that ensure that the Company makes continued progress on key issues such as the achievement of the Sustainable Development Goals and promoting Human Rights. To develop these important relationships, Whistles Limited adheres to the principles set out in the relevant policies such as the Gender Pay Policy, Modern Slavery Act Transparency Statement, Anti Bribery Policy, among others.

The likely consequences of any decision in the long term

In the decisions taken during the year ended 25 March 2023 the Directors have acted in good faith and in a way that they consider would be most likely to ensure and promote the future success of the Company. In decision making concerning the business, the Directors ensure that they consider a wide variety of matters including but not limited to the interest of various stakeholders, the consequences of their decisions in the short and long term and the enduring reputation of the Company. There were a number of key decisions made during the year including opening and closing of new stores in line with the Company's strategy of fewer better stores.

The interests of the company's employees

At Whistles we pride ourselves on having our teams at the heart of everything we do. We care about the well-being of our employees, and about enabling them to perform to the best of their ability through the multiple challenges that they face.

Whistles is an equal opportunities employer and as such is committed to promoting diversity in the workplace and prides itself on having a diverse workforce. We believe that we all have the right to be treated with dignity and respect in an environment free from abuse, offensive behaviour, harassment, bullying or prejudice. Our recruitment, selection, development and promotion processes for all applicants and employees are a reflection of this and ensure everyone is treated fairly and without discrimination.

During the year, Whistles continued to operate an Inclusivity and Diversity board which has driven a deeper awareness of the conscious and unconscious ways that we as individuals may impact others. We are committed to continuous improvement in diversity, equity and inclusion (DEI) and have engaged with an external provider to train every manager in our business and to provide training materials to the wider team to enhance understanding and improve awareness and behavioural outcomes of all our teams. The employee feedback on this has been positive across the board and so we have continued our partnership into the new year, committing to further programmes with the teams. Additionally, we have implemented a new online learning platform this year which offers a wide range of training content and a compulsory element of DEI learning for all new starters joining the business.

Employees are kept informed of matters of concern to them in a variety of ways, including the launch of a new online communication platform for store colleagues, regional meetings and retail conferences. The central teams have a monthly townhall meeting to relay important updates and information, as well as celebrating both personal and collaborative achievements. Again, the feedback on the level of communication has been positive and we are clear where the points for further improvement lie. These communications help achieve a broad awareness among employees of the financial and economic factors affecting the performance of the Company and of the cultural elements which make Whistles a great place to work.

The Company continues to be committed to providing all employees with opportunities to share their views and provide feedback on issues that are important to them. It is important to us that we encourage and maintain effective communication and consultation between employees and their direct managers and the senior management of the business. We run an annual Engagement Survey to facilitate structured feedback across a range of engagement metrics.

Whistles Limited

Strategic report

Employees are also provided with briefings by senior management on important issues such as our strategy, performance and health, safety, environmental matters and progress on key initiatives such as sustainability. The policy of the Company is to consult and discuss matters with employees and resolve any problems that arise in this manner. The Company continues to work hard to maintain good labour relations with all employees and the management of any issues which have arisen have always followed relevant legislation. As part of our DEI commitment, the business is committed to employment policies which follow best practice, based on equal opportunities for all employees, irrespective of gender, race, colour, disability, age or marital status.

Annually the Directors consider and approve the gender pay gap report which can be found at www.Whistles.com. We also review annually our whistleblowing policy, which together with all our employment and compliance policies, are available on our shared drive.

The need to foster the company's business relationships with suppliers, customers and others

Engagement with suppliers

Across the business we have developed a strong and trusted network of suppliers who form an integral part of our business and of our success. We value all our suppliers and work collaboratively on a long-term basis, jointly analysing and planning all aspects of production, delivery and quality control. We expect our suppliers to maintain the same codes of conduct as we do, throughout their business, and communicate this, so that they are aligned with our own corporate social responsibility commitments. The Directors discuss payment terms with management at high level to make sure they are in line with industry and market benchmarks. The Directors are also kept informed about the Company's payment performance which is published every six months. An annual review of the Modern Slavery Statement is completed every year. This important statement explains the activities we have undertaken during the year to demonstrate our commitment to seeking to ensure that there is no slavery, forced labour or human trafficking within any part of our business or in our supply chains. This report can be found at individual brands' websites.

Engagement with suppliers can be evidenced by the number of meetings held on a monthly basis within the brands by the leadership teams to talk through the brand strategy and to plan the upcoming seasons and how this will play out for the supplier. Volumes, ways of working and payment terms are discussed regularly in order to both build the relationship and to ensure there is a clear commitment on both sides to deliver what is expected.

The Directors review annually the Modern Slavery Statement which explains the activities we have undertaken during the year to demonstrate our commitment to seeking to ensure that there is no slavery, forced labour or human trafficking within any part of our business or in our supply chains. This report can be found at www.Whistles.com.

Engagement with customers

We actively engage with our customers throughout the communities in which we trade, on an ongoing basis. Our talented retail teams act within and reflect our core vision and values on a daily basis in engaging with our customers. Key elements of this are fed back to the central team to act upon weekly and monthly as necessary. We also seek to use our social media channels as an immediate and direct method to share our values. We take a responsible and considered approach in articulating socially pertinent and sensitive matters, Diversity and Inclusivity amongst others. We reflect our belief that our loyal customers and our new customers are at the absolute heart of our business and we aim to put them at the centre of each of our brands. More formally, we periodically engage with our customers and undertake surveys on a specific subject matter. This provides invaluable insight and data, that allows us to shape our future customer proposition.

The impact of the company's operations on the community and the environment

The Company is committed to supporting the community and making a lasting positive impact. The Company has long standing relationships with a number of charities that resonate with our business and Customers. This year Whistles has actively participated in charity programmes with The Prince's Trust, Newlife, Trekstock, AKT, The Trussell Trust, Grow and Smart Works. Furthermore, the Company encourages each of its employees to take a paid day to carry out charitable work, either of their own choice or one facilitated by the Company. This year Whistles partnered with Grow to offer two volunteering days at their Totteridge Farm Academy in North London which delivers bespoke programmes in sustainable food growing and outdoor learning. The Company delivers awareness talks on a regular basis to increase our employees' knowledge and appreciation of various communities and how to best support these. The Company partners with EY Foundation to support underprivileged secondary school students with mentoring, work experience and employability skills. The Company offers regular work experience and internship opportunities to students also outside of the EY Foundation partnership. Whistles is also proud to partner with Mentoring Matters, a social enterprise focussed on improving career routes into the fashion and creative industries for underrepresented minority groups in the UK.

Desirability of maintaining high standards of business conduct and values

The Company's purpose is to help our Colleagues and Customers achieve their aspirations whilst being guided by sustainability and social conscience. Our strategy is underpinned by strong CSR principles, I&D commitments and company values. The Company strives for quality in everything we do, continuous improvement and innovation.

We are committed to building strong and long-lasting relationships with our Customers and Suppliers based on trust and integrity. The Company operates by respecting the local laws and adhering to good corporate governance practices. The Company maintains high standards in accounting and reporting and operates enhanced policies to support anti-corruption practices. Furthermore the Company is committed to respecting human rights to help end modern slavery and the use of forced labour, including the exploitation of children in the workplace and we publish a Modern Slavery Statement annually. The Group proactively works on responsible sourcing of our fabrics and garments and Better Cotton Initiative and engages partners and suppliers who share our values and ethical commitments.

The need to act fairly between members of the company

Our senior leaders are expected to act in good faith and in the best interest of the Company with integrity. A specific Code of Conduct applies to all employees and any breaches are dealt with under the relevant Company procedures. Any conflict of interest must be declared and is reviewed on an annual basis. The Board meets regularly to deliberate on Company matters and to decide on the best cause of action that protects the interests of the Company as a whole and its reputation, its stakeholders, employees, partners and customers. Where relevant the Company refers its matters to the Parent Company and its advisors before taking a final decision.

Key performance indicators

The Directors use various measures to assess the performance of the business at channel and store level. The measure which, in the opinion of the Directors, gives the best indication of the business's performance is adjusted earnings before interest, tax, depreciation, amortisation, foreign exchange and impairment and debtor write-down ("Adjusted EBITDA" as defined in note 6), which was a profit of £8.0m (2022: £7.0m).

Principal risks and uncertainties

Whistles is a well-established brand, with a loyal customer following and a distinct brand identity which performed increasingly well as we accelerated out of the pandemic. The directors are of the opinion that the principal risk facing the business is the extent of the consumer impact of inflation and cost price increases that we are seeing currently. Our ability to continue to stay relevant and to design and retail clothing and accessories ranges which present good value and meet the customers' needs together with our strong online presence means we remain in as strong a position as possible to thrive going forwards. As mentioned, the performance of the economy in general will always remain a risk to the business.

The company's operations expose it to a variety of financial risks that include the effects of changes in foreign currency exchange rates, liquidity risk and interest rate risk. The group seeks to limit the adverse effects on the financial performance of the group where possible by using forward rate contracts and monitoring levels of cash holdings, debt finance and related finance costs. The policies set by the Board of directors are implemented by the group's finance department. Foreign exchange, credit, liquidity and interest rate risk are managed at director level.

The Group is also subject to inventory risk and its ability to sell through goods based on changes in consumer sentiment or market conditions. Overstocking can lead to increased carrying costs and the risk of outdated or unsellable inventory, which can impact Group profitability. The group utilises various techniques to mitigate overstocking including an ongoing review of future intake commitments against expected sales demand and other traditional methods such as discounting and promotional activity during end of season sale periods. As mentioned above, the macroeconomic environment and impact to consumer sentiment will always remain a risk when calculating expected sales demand.

Effects of climate change

Whistles recognises the major impact that the global apparel and footwear industries have on the environment, and we have identified risks associated to climate change within our own operations and supply chains.

Severe drought and weather pattern changes may in the long term cause a shortage of crops used for the manufacturing of our products. Rising electricity and transportation expenses may also increase the cost of moving goods. Regulatory restrictions on goods linked to climate change could also increase costs.

Within Whistles' supply chains, the most pressing risks are identified in the extraction and production of our raw materials and fibres, and the dependence on finite resources and emissions related to manufacturing. As such, a key strategic objective for Whistles has been to focus on substituting conventional materials with preferred lower impact and sustainable alternatives.

In our own operations, key areas addressed include but are not limited to, the distribution of our goods, the use of renewable energy in our distribution centres, head offices and stores, packaging, product longevity, as well as end-of-life and recyclability.

These financial statements have not included any streamlined Energy and Carbon Reporting (SECR) as an exemption has been taken on the basis that it is disclosed in the parent Company's (TFG Brands (London) Limited) group annual report. Copies of the financial statements can be obtained as stated in note 25.

Future developments

Whistles provides a high quality product offering to its new and existing customers. Our greatest strength lies in our ability to keep this offer relevant and competitive in the ever changing market place. We have an experienced and talented team who work with focus, resilience and pace to deliver distinctive brand outputs, and who are supported by a strong central team and a parent company who is supportive.

Looking ahead to this year we remain cautious in our outlook noting the uncertainty in market conditions and high inflation and rising interest rates that continues to impact consumer sentiment. As we ensure we are best positioned for the future economic recovery, we plan to further enhance our store estate and grow in our international markets, whilst maintaining our focus on efficiency initiatives across the business. To our customers, suppliers and other stakeholders – we'd like to extend our sincere thanks for your continued support and collaboration.

Approved by the Board and signed on its behalf by:

M Wilson
Director
Date: 18/7/23

163 Eversholt Street
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Whistles Limited

Directors' report

The Directors present their annual report on the affairs of Whistles Limited ('the Company'), together with the financial statements and auditor's report, for year ended 25 March 2023.

Strategic Report

Details of review of the business, key performance indicators, principal risks and uncertainties, future developments and carbon reporting is not shown within the Directors' Report as it is instead included within the Strategic Report on pages 2 to 6 under S414C (11) of the Companies Act 2006.

Events after the balance sheet date

Post year end the company has exercised the option to acquire the remaining shareholding of Whistles (Hong Kong) Limited. The estimated cost of acquisition is £0.2m.

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Company's policies approved by the board of Directors, which provide written principles on the use of financial derivatives to manage these risks.

Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Company uses foreign exchange forward contracts to hedge these exposures. At the year end the number of unrealised forward contracts were six (2022: six).

Credit risk

New wholesale and concession partners are considered carefully to mitigate risks as far as possible. The business continues to review all current concession partners regularly and provides for any credit risk where appropriate.

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, which are assessed under IFRS 9 taking into account expected credit losses.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the group uses a mixture of long-term and short-term debt finance. During the financial year, the group took considerable steps to ensure sufficient liquidity by doing cash flow forecasting, monitoring expenditures and managing receivables. Further details are disclosed with the going concern note.

Dividends

The Directors do not recommend the payment of a final dividend (2022: £nil). There were no dividends paid or declared during the year (2022: £nil).

Directors

The Directors, who served throughout the year and to the date of this report, except as noted, were as follows:

J Hampshire	
M Wilson	(Appointed 24 April 2023)
A Didymiotis	(Resigned 9 May 2023)

Directors' report

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors and Directors of the wider Whistles group which were made during the year and remain in force at the date of this report.

Political contributions

There were no political contributions in the year (2022: £nil).

Going Concern

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future being a period of at least twelve months from the date of signing this report. The directors consider that it is appropriate to prepare the accounts on a going concern basis based on the cash flow projections they have prepared and their assessment of borrowing facilities available at group level (TFG Brands (London) Limited as the parent company for the UK group) as well as support from the ultimate parent (The Foschini Group Limited).

UK group management has prepared a detailed forecast to cover the 12 month period of trading from the signing date of these financial statements. As at the balance sheet date, the current revolving credit facility with the banks expires in February 2024. As at the signing date of these accounts, the group has extended the facility for another 12 months expiring February 2025. Given the level of cash within the TFG London Group as at the year end of £98.6m (2022: £93.7m) and based on updated cashflow forecasts including various scenarios, it believes that cash flows from operations and on-hand cash and cash equivalents provide adequate funds to support the operations for at least 12 months from the date of signing these accounts.

While expecting that the UK group headed by TFG Brands (London) Limited will be able to continue trading independently, the directors have also obtained a letter of support from the ultimate parent company The Foschini Group Limited. The letter of support confirms that the Foschini Group Limited will continue to provide financial and other support to the UK group to the extent necessary to enable it to continue in its business and meet its financial obligations as they fall due in the normal course of business for at least 12 months from the date of approval of the financial statements for the year ended 25 March 2023. The directors have taken all necessary steps to assure themselves of both the ability and intention of the parent company to provide the support offered for the full going concern period and have given due consideration to the potential uncertainties arising from relying upon the support of another company.

As a consequence, the directors believe the company is well placed to manage its business risks successfully and meet liabilities as they fall due despite the uncertain economic outlook and consider it appropriate to prepare the financial statements on the going concern basis.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees. Over the past year we have become a Disability Confident L1 accredited employer and we have also delivered awareness sessions to all employees to increase understanding of different types of disability and how to support individuals with a disability.

Employee consultation

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings and the Company newsletter. The Company regularly consults with its employees for views on matters affecting them and encourages employee involvement in the Company's performance through incentive schemes. The Company also makes all employees aware of financial and economic factors affecting the performance of the Company. The engagement with employees is discussed in more detail in S172 disclosure within the strategic report.

Engagement with suppliers and customers are also discussed in more detail in S172 disclosure within the strategic report.

Auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:

M Wilson
Director

Date: 18/7/23

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Whistles Limited

Directors' responsibilities statement

The Directors are responsible for preparing the Annual 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". 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 UK Accounting Standards 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 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.

Independent auditor's report to the members of Whistles Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Whistles Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 25 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 29

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (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 least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual 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.

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

Independent auditor's report to the members of Whistles Limited

We have nothing to report in this regard.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included but were not limited to UK Companies Act and VAT and corporation tax laws and regulations; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included but were not limited to Sale of Goods Act and consumer protection laws, Health and Safety at Work Act and UK General Data Protection Regulation.

We discussed among the audit engagement team including relevant internal specialists such as tax and valuations specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our procedures performed to address them are described below:

- Impairment of assets (tangible fixed assets and right-of-use assets): The calculation of value-in-use when assessing the above mentioned assets for impairment includes assumptions requiring significant management judgement, specifically short term assumptions related to sales and margins, long term growth rates and discount rates. In response our audit procedures included the following: i) challenging the key inputs and assumptions used in the model and assessing their reasonableness; and ii) involving valuation specialists to develop independent estimates of the pre-tax discount rates.

- Provisioning for aged or obsolete stock: The assessment of the provisioning against aged or obsolete stock requires significant levels of management judgement with the consideration of numerous trading assumptions. Our procedures focused on i) assessing the methodology used to determine the provision for aged or obsolete stock; ii) a review and challenge of the point at which management will fully provide against inventory by reference to industry practice and market data; iii) analysis of the amounts of inventory that are expected to become fully provided based on historic and projected sell-through rates; and iv) assessment of recent transactions and other movements in inventory from older seasons.

- Revenue recognition: Manual journal entries to revenue. In response our audit procedures included assessing the population and testing a sample of manual journals impacting revenue to ensure that there was an appropriate business rationale for these journals and that they were supported by appropriate audit evidence.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Whistles Limited

Use of our report

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

Darren Longley FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

Date: 18 July 2023

Whistles Limited

Statement of comprehensive income
For the year ended 25 March 2023

	Note	2023 £'000	2022 £'000
Turnover	4	73,667	70,957
Cost of sales		(25,393)	(26,085)
Gross profit		48,274	44,872
Distribution costs		(27,479)	(24,899)
Administrative expenses		(14,482)	(15,647)
Other operating income	4	58	590
Operating profit		6,371	4,916
Dividend income from group undertakings	4	1,057	-
Other gains and losses		39	163
Interest receivable and similar income	4, 8	81	115
Interest payable and similar expenses	9	(1,033)	(1,141)
Profit before taxation		6,515	4,053
Tax on profit	10	(887)	(778)
Profit for the owners of the Company	11	5,628	3,275
Total comprehensive income		5,628	3,275

Turnover and operating profit are all derived from continuing operations.

There were no recognised gains and losses for year ended 25 March 2023 (2022: nil) other than those included in the Statement of comprehensive income.

The notes on pages 18 to 42 form part of these financial statements.

Whistles Limited

Balance sheet
As at 25 March 2023

	Note	2023 £'000	2022 £'000 *restated
Fixed assets			
Tangible assets	12	1,821	1,089
Right of use assets	13	3,686	2,743
Investments	14	1,010	1,010
		6,517	4,842
Current assets			
Stocks	15	13,673	9,330
Debtors			
- due within one year	16	9,369	9,418
- due after more than one year	16	2,979	2,848
Cash at bank and in hand		8,547	12,186
		34,568	33,782
Creditors: Amounts falling due within one year	17	(33,508)	(36,526)
Net current assets / (liabilities)		1,060	(2,744)
Total assets less current liabilities		7,577	2,098
Creditors: Amounts falling due after more than one year	17	(3,180)	(3,011)
Provisions for liabilities	18	(2,501)	(2,819)
Net Assets / (liabilities)		1,896	(3,732)
Capital and reserves			
Called-up share capital	21	1	1
Share premium account		1,316	1,316
Other reserves	22	-	(967)
Profit and loss account		579	(4,082)
		1,896	(3,732)

*Comparative information has been restated as a result of change in presentation. Please see note 29 for details.

The financial statements of Whistles Limited (registered number: 01514754) were approved by the board of directors. They were signed on its behalf by:

M Wilson
Director

Date: 18/7/23

Whistles Limited

Statement of changes in equity
For the year ended 25 March 2023

	Note	Called-up Share capital £'000	Share premium account £'000	Other reserves £'000	Profit and loss account £'000	Total £'000
Balance at 27 March 2021		1	1,316	(967)	(7,357)	(7,007)
Profit for the year		-	-	-	3,275	3,275
Balance at 26 March 2022		1	1,316	(967)	(4,082)	(3,732)
Profit for the year	23	-	-	-	5,628	5,628
Transfer from other reserves to retained earnings	22	-	-	967	(967)	-
Balance at 25 March 2023		1	1,316	-	579	1,896

Notes to the financial statements
For the year ended 25 March 2023

1. General information

Whistles Limited (the 'Company') is a private Company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 1.

The nature of the Company's operations and its principal activities are set out in the strategic report on pages 2 to 6.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

These financial statements are separate financial statements. The Company is exempt from the preparation and delivery of consolidated financial statements, because it is included in the group accounts of TFG Brands (London) Limited. The group accounts of TFG Brands (London) Limited are available to the public and can be obtained as set out in note 25.

Adoption of new and revised Standards

Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current year

In the current year, the Company has also applied following amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (the Board) that are effective for an annual year that begins on or after 1 January 2022.

Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)
Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)
Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)
Annual Improvements to IFRS Standards 2018–2020

Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

2. Significant accounting policies

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council. The Company has prepared its financial statements in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" ('FRS 101').

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets, related party transactions, fair value, capital management and certain disclosure requirements of both IFRS 15, IFRS 16, IFRS13 and IAS 1.

Where relevant, equivalent disclosures have been given in the group accounts of TFG Brands (London) Limited.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

2. Significant accounting policies (continued)

Fair value for measurement purposes in these financial statements is determined on such a basis, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

Going concern

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future being a period of at least twelve months from the date of signing this report. The directors consider that it is appropriate to prepare the accounts on a going concern basis based on the cash flow projections they have prepared and their assessment of borrowing facilities available at group level (TFG Brands (London) Limited as the parent company for the UK group) as well as support from the ultimate parent (The Foschini Group Limited).

UK group management has prepared a detailed forecast to cover the 12 month period of trading from the signing date of these financial statements. As at the balance sheet date, the current revolving credit facility with the banks expires in February 2024. As at the signing date of these accounts, the group has extended the facility for another 12 months expiring February 2025. Given the level of cash within the TFG London Group as at the year end of £98.6m (2022: £93.7m) and based on updated cashflow forecasts including various scenarios, it believes that cash flows from operations and on-hand cash and cash equivalents provide adequate funds to support the operations for at least 12 months from the date of signing these accounts.

While expecting that the UK group headed by TFG Brands (London) Limited will be able to continue trading independently, the directors have also obtained a letter of support from the ultimate parent company The Foschini Group Limited. The letter of support confirms that the Foschini Group Limited will continue to provide financial and other support to the UK group to the extent necessary to enable it to continue in its business and meet its financial obligations as they fall due in the normal course of business for at least 12 months from the date of approval of the financial statements for the year ended 25 March 2023. The directors have taken all necessary steps to assure themselves of both the ability and intention of the parent company to provide the support offered for the full going concern period and have given due consideration to the potential uncertainties arising from relying upon the support of another company.

As a consequence, the directors believe the company is well placed to manage its business risks successfully and meet liabilities as they fall due despite the uncertain economic outlook and consider it appropriate to prepare the financial statements on the going concern basis.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

The Company recognises sale of goods in accordance with IFRS 15. This standard applies specific rules whereby the timing of cash payments specified in a contract are different to the transfer of control of the related goods to the customer.

Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of goods transfers to a customer. The performance obligation is considered to be satisfied when:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods; and
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

Given the sale of goods gives rise to a single performance obligation customer returns are estimated and deducted from the consideration received at the time of fulfilment of the sole performance obligation.

2. Significant accounting policies (continued)

Royalties

Royalty revenue is recognised on an accruals basis in accordance with the substance of the relevant agreement (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably). Royalty arrangements are based on sales.

Dividend and interest revenue

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income

The Company's policy for recognition of revenue from operating leases is described below.

Leases

The Company as lessee

Whistles assesses whether a contract is or contains a lease, at inception of the contract. Whistles recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets up to £5,000. For these leases, Whistles recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, Whistles uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments, less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented within creditors in the statement of financial position and as a separate line within creditors section of notes to the financial statements.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

2. Significant accounting policies (continued)

Leases (continued)

Whistles remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever Whistles incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. Whistles determines the lease term as the non-cancellable period of a lease, together with assessing if the lessee is reasonably certain to exercise an option to extend or terminate the lease. The right-of-use assets are presented as a separate line in the statement of financial position. Whistles applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. These payments are usually linked to turnover of the related leased premises and are overall immaterial in comparison to the fixed payments. The related payments are recognised as an expense in the year in which the event or condition that triggers those payments occurs and are included in the line "Other operating expenses" in profit or loss.

Foreign currencies

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Borrowing costs

Borrowing costs directly attributable to the acquisition, or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Notes to the financial statements
For the year ended 25 March 2023

2. Significant accounting policies (continued)

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

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 profit and loss account 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 balance sheet date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Whistles Limited

Notes to the financial statements
For the year ended 25 March 2023

2. Significant accounting policies (continued)

Government grants

Amounts relating to government grants are recognised in the Statement of comprehensive income over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate and grant conditions have been met. Government grants have been presented within other income.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment.

Investments in associates and joint ventures

Investments in associates and joint ventures are accounted for at cost less, where appropriate, provisions for impairment. The results of joint ventures are incorporated in these financial statements using the equity method of accounting. When the Company's share of losses of a joint venture exceeds the Company's investment in that joint venture, the Company discontinues recognising its share of further losses.

Tangible fixed assets

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

Short-term leasehold property	Over the life of the lease
Fixtures and fittings	3-7 years
Computer equipment	20-33% per annum straight-line

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

A tangible fixed asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrappage of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Impairment of tangible assets

At each balance sheet 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 to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-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 profit or loss.

2. Significant accounting policies (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. The net realisable value of stock has been presented after making provisions for stock loss and stock obsolescence.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified as 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets are classified based on the business model within which the asset is held and the contractual cash flow characteristics of such assets. There are three principal classification categories for financial assets that are debt instruments: (i) amortised cost, (ii) fair value through other comprehensive income (FVTOCI) and (iii) fair value through profit or loss (FVTPL). Equity instruments are measured at fair value with gains and losses recognised in profit or loss unless an irrevocable election is made to recognise gains or losses in other comprehensive income.

Loans and receivables

Trade debtors, loans, and other debtors 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 income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet 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 of the investment have been affected.

Impairments in terms of IFRS 9 are determined based on the expected credit loss (ECL) model, as opposed to an incurred loss model applied in terms of IAS 39. The ECL model applies to all financial assets measured at amortised costs. The calculation of the ECL incorporates forward-looking information.

This forward-looking view includes:

- Information based on expected future macro-economic conditions;
- Potential impacts based on industry specific challenges, including but not limited to potential legislative changes; and
- Expert management judgement.

2. Significant accounting policies (continued)

Financial instruments (continued)

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

2. Significant accounting policies (continued)

Financial instruments (continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Derivative financial instruments

The Company enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risk.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Company designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges).

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a current asset due after one year or a creditor due after more than one year if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) 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 balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Notes to the financial statements
For the year ended 25 March 2023

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts 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.

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

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Determining lease term for lease accounting (note 13)

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). An assessment is made on a lease by lease basis as to the likelihood of extension of the lease beyond the break clause date.

Most extension options for retail store leases have not been included in the initial calculation of lease liability, because in the retail and economic environment, it is difficult to judge whether a store will be profitable enough to utilise the extension option.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Provision for stock

In line with most retailers stock is not physically counted at each location at the year end but periodic stock counts are carried out throughout the year, a 7% stock loss provision has been made based on average stock loss over the current and proceeding six years.

Inventory is aged by season and the provisions are calculated based on inventory aging, historical sales performance and future sales forecast impacting the sell through rate of inventory. The provision for old stock was provided for between 10-100% dependent on stock seasonality (2022: 10%-100%).

The effective rate of stock provision as at the year-end was 35% (see note 15) which is a combination of the stock take loss provision and the old stock provision. Any changes in the factors discussed above would result in a change in the effective rate of stock provision. Indicatively, a ±1% change in the effective rate of stock provision would move the provision by ±£0.2m.

Notes to the financial statements
For the year ended 25 March 2023

4. Turnover and revenue

An analysis of the Company's turnover is as follows:

	2023 £'000	2022 £'000
Continuing operations		
Sales of goods	73,667	70,957
Other operating income	58	590
Interest receivable and similar income (note 8)	81	115
Total revenue	73,806	71,662

Other operating income comprises of furlough income of £nil (2022: £81,000), property related government grants of £2,000 (2022: £508,000), rent receivable of £56,000 (2022: £60,000) and other sundry costs of £nil (2022: £59,000).

There is considered to be only one class of business being sales of goods.

An analysis of the Company's turnover, from sales of goods, by geographical market is set out below:

	2023 £'000	2022 £'000
Turnover (from sales of goods):		
United Kingdom	72,166	69,768
Rest of Europe	938	651
Rest of World	563	538
	73,667	70,957

5. Auditor's remuneration

	2023 £'000	2022 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	115	93
Total audit fees	115	93

There were no non-audit fees in the year (2022: £nil).

6. Adjusted earnings before interest, tax, depreciation and amortisation ("Adjusted EBITDA")

The Directors use adjusted profitability measures to judge the profitability of the Company in order to provide them with a consistent basis of comparison of the Company's results on a year-on-year basis. Adjusting profit measures are considered to be those that are directly linked to trading activities to provide the reader of the accounts with a fuller understanding of the financial performance of the Company. During the years under review, "Adjusted Measures" relate to Adjusted EBITDA. Adjusted EBITDA is calculated as below:

	2023 £'000	2022 £'000
Profit after tax for the year	5,628	3,275
Tax on profit (note 10)	887	778
Finance income (note 8)	(81)	(115)
Finance expenses (note 9)	1,033	1,141
Depreciation charges (including gain on disposal) (note 12)	457	891
Depreciation of right of use assets (note 13)	1,553	1,379
Impairment charge/(reversal) of right of use assets (note 13)	15	(166)
Impairment (reversal)/charge of tangible fixed assets (note 12)	(402)	(211)
Gain on fair value adjustment of put option (see note 22)	(40)	(163)
Impairment (loss)/gain recognised on trade debtors	(16)	8
Dividend income	(1,057)	-
Net foreign exchange losses	52	184
Adjusted EBITDA	8,029	7,001

7. Staff costs

The average full time equivalent monthly number of employees (including executive Directors) was:

	2023 Number	2022 Number
Administrative	72	66
Retail	120	124
	192	190

Their aggregate remuneration comprised:

	2023 £'000	2022 £'000
Wages and salaries	7,692	6,928
Social security costs	548	418
Contributions to defined contribution scheme	165	145
	8,405	7,491

Disclosure of Directors' remuneration is included in note 24.

Employees are invited to contribute to a defined contribution stakeholder pension scheme operated on behalf of the company. Contributions to this scheme, as well as contributions to personal defined contribution pension schemes on behalf of certain directors, are recognised as incurred. The amount unpaid outstanding as at 25 March 2023 was £28,000 (2022: £31,000).

8. Interest receivable and similar income

	2023 £'000	2022 £'000
Interest received from group undertakings	81	115
	81	115

9. Interest payable and similar expenses

	2023 £'000	2022 £'000
Interest payable to group companies	750	815
Interest - Lease (IFRS 16)	283	326
	1,033	1,141

10. Tax on profit or loss

	2023 £'000	2022 £'000
Corporation tax:		
UK corporation tax	838	964
Adjustment in respect of prior year	(67)	-
	771	964
Deferred tax: (note 19)		
Origination and reversal of temporary differences	290	115
Adjustments in respect of prior years:	226	193
Effect of tax rate change on opening balance	(400)	(494)
Tax charge for the year	887	778

Corporation tax is calculated at 19% (2022: 19%) of the estimated taxable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Notes to the financial statements
For the year ended 25 March 2023

10. Tax on profit or loss (continued)

The charge for the year can be reconciled to the profit in the profit and loss account as follows:

	2023 £'000	2022 £'000
Profit before tax	6,515	4,053
Tax at the UK corporation tax rate of 19% (2022: 19%)	1,238	770
Tax effect of expenses that are not deductible in determining taxable profit	21	283
Tax effect of income not taxable in determining taxable profit	(201)	-
Adjustments to tax charge in respect of prior years – corporation tax	(67)	-
Adjustments to tax charge in respect of prior years – deferred tax	226	193
Effect of rate change	44	-
Other movements (deferred tax)	26	26
Deferred tax rate change	(400)	(494)
Tax charge/(credit) for the year	887	778

Factors that may affect future tax charges

The March 2021 budget announced a further increase to the main rate of corporation tax to 25% from April 2023. Deferred tax has now been recalculated at the future rate wherever applicable.

11. Profit for the financial year

Profit for the financial year has been arrived at after charging/(crediting):

	2023 £'000	2022 £'000
Net foreign exchange losses	52	184
Depreciation and loss on disposal of tangible fixed assets (note 12)	457	891
Depreciation on right of use assets (note 13)	1,553	1,379
Impairment reversal of tangible fixed assets (note 12)	(402)	(211)
Impairment / (reversal of impairment) of right of use assets (note 13)	15	(166)
Cost of stock recognised as expense	23,393	24,658
Write downs of stock recognised as an expense	1,317	573
Staff costs (note 7)	8,405	7,491
Impairment (loss)/gain on disposal of trade debtors	(16)	8
Release of provision on trade debtors	(75)	(217)
Gain on fair value adjustment of put option (note 22)	(40)	(163)

12. Tangible fixed assets

	Short-term leasehold property £'000	Fixtures And fittings £'000	Computer equipment £'000	Total £'000
Cost				
At 26 March 2022	2,611	16,278	6,491	25,380
Additions	37	651	99	787
Disposals	(152)	(395)	(43)	(590)
At 25 March 2023	2,496	16,534	6,547	25,577
Accumulated depreciation and impairment				
At 26 March 2022	2,554	15,446	6,291	24,291
Charge for the year	43	233	122	398
Disposals	(144)	(344)	(43)	(531)
Impairment reversal	3	(405)	-	(402)
At 25 March 2023	2,456	14,930	6,370	23,756
Carrying amount				
At 25 March 2023	40	1,604	177	1,821
At 26 March 2022	57	832	200	1,089

Impairment reversals/losses recognised in the year

During the year, impairment reversals recognised in respect of tangible fixed assets amounted to £402,000 (2022: £211,000). This is included within distribution and selling costs in the profit and loss account. The recoverable amount of fixed assets is determined individually at store level based on a value in use calculation which uses cash flow projections based on financial budgets approved by the Directors. The discount rate used for the value in use was 11.9% and a 5 basis point increase in the rate will result in an increase of impairment by £0.01m. On pre-tax basis the discount rate works out to be 13.5%. Furthermore, sales growth rate was assumed at 2% for year 1 and then no further growth in the years ahead. Any reasonable change in future growth rate should not materially impact the impairment.

Notes to the financial statements
For the year ended 25 March 2023

13. Leases

The Company has lease contracts for various offices and stores. The amounts recognised in the financial statements in relation to the leases are as follows:

Right of use assets

	Buildings £'000
Cost	
At 26 March 2022	13,307
Additions	2,511
Impairment	(15)
Disposals	(1,805)
At 25 March 2023	**13,998**
Depreciation	
At 26 March 2022	(10,564)
Charge for the year	(1,553)
Impairment release	-
Disposals	1,805
At 25 March 2023	**(10,312)**
Carrying amount	
At 25 March 2023	**3,686**
At 26 March 2022	**2,743**

Lease liabilities

	2023 £'000	2022 £'000
Current	2,101	2,117
Non-current	3,018	2,809
	5,119	4,926

The total cash outflow for leases in 2023 was £2,576,000 (2022: £3,003,000).

Notes to the financial statements
For the year ended 25 March 2023

13. Leases (continued)

Lease liabilities maturity analysis:

Future minimum lease payments as at the year end was:

	2023 £'000	2022 £'000
Not later than one year	2,312	2,333
Later than one year and not later than five years	3,207	2,978
Interest	(400)	(385)
Total undiscounted cashflows	5,119	4,926

Future cash outflows not reflected in lease liability

Future payments for not reasonably certain extension options

	2023 £'000	2022 £'000
Not later than one year	222	97
Later than one year and not later than five years	3,194	2,887
Later than five years	634	1,393
Total undiscounted cashflows	4,050	4,377

In addition there are future payments for short term leases with a term of 12 months or less and for leases of low-value assets up to £5,000 which, however, are immaterial from the perspective of Whistles Limited.

Amounts recognised in the Statement of comprehensive income

The statement of comprehensive income shows the following amounts relating to leases:

	2023 £'000	2022 £'000
Depreciation expense on right-of-use assets	1,553	1,379
Interest expense on lease liabilities	283	326
Expense relating to short-term leases	278	-
Expense relating to leases of low value assets	1	3
Expense relating to the variable lease payments not included in the measurement of the lease liability	525	227
Impairment charge/(reversal) of right-of-use assets	15	(166)

Notes to the financial statements
For the year ended 25 March 2023

14. Fixed asset investments

	2023 £'000	2022 £'000
Subsidiaries	1,010	1,010
	1,010	1,010

	£'000
Subsidiaries	
Cost	
At 26 March 2022	1,604
Additions	-
At 25 March 2023	1,604
Provision for Impairment	
At 26 March 2022	594
At 25 March 2023	594
Carrying amount	
At 25 March 2023	1,010
At 26 March 2022	1,010

Investment in subsidiaries comprises of share capital.

15. Stocks

	2023 £'000	2022 £'000
Finished goods and goods for resale	13,673	9,330
	13,673	9,330

There is no material difference between the replacement cost of stocks and the amounts stated above. The provision reducing the carrying value of stocks to net realisable value above as at 25 March 2023 amounted to £7,392,000 (2022: £4,826,000).

Notes to the financial statements
For the year ended 25 March 2023

16. Debtors

	2023 £'000	2022 £'000
Amounts falling due within one year:		
Trade debtors	2,223	2,413
Amounts owed by fellow subsidiaries	5,849	6,057
Amount owed by parent	264	-
Other debtors	330	429
Prepayments	703	519
	9,369	9,418

The amounts owed by fellow subsidiaries are not secured.

The amounts owed by fellow subsidiaries due within one year of £5.8m (2022: £6.1m) relates to intercompany trading.

	2023 £'000	2022 £'000
Amounts falling due after more than one year:		
Amounts owed by fellow subsidiaries	247	-
Deferred tax asset (note 19)	2,732	2,848
	2,979	2,848
Total debtors	12,348	12,266

The amounts owed by fellow subsidiaries due after more than one year of £247,000 (2022: £nil) have no fixed repayment term and are not expected to be paid within the next year thus shown as amounts due after more than one year. Interest receivable on these amounts has been accrued between 5-12%.

17. Creditors

	2023 £'000	2022 £'000 *restated
Amounts falling due within one year:		
Trade creditors	6,282	4,305
Amounts owed to parent company	16,176	15,706
Amounts owed to fellow subsidiaries	964	5,843
Corporation tax	511	974
Lease liabilities	2,101	2,117
VAT	1,200	1,275
Social security	323	296
Other creditors	540	687
Accruals	5,411	5,323
	33,508	36,526

The amounts owed to parent and fellow subsidiaries are unsecured, repayable on demand and interest payable has been accrued at 5%.

Notes to the financial statements
For the year ended 25 March 2023

17. Creditors (continued)

	2023 £'000	2022 £'000
Amounts falling due after more than one year:		
Lease liability	3,018	2,809
Put option creditor	162	202
	3,180	3,011

The put option creditor over the remaining 50% of the share capital in Whistles Hong Kong Limited is £163,000 (2022: £202,000).

* Comparative information has been restated as a result of change in presentation. Please see note 29 for details.

18. Provisions for liabilities

	2023 £'000	2022 £'000
Gift cards	675	587
Refund	935	1005
Dilapidation	359	385
Onerous contract	532	842
	2,501	2,819

	Gift cards £'000	Refunds £'000	Dilapidations £'000	Onerous contract £'000	Total £'000
At 26 March 2022	587	1,005	385	842	2,819
Additional provision in the year	107	935	199	-	1,241
Utilisation of provision	(19)	(1,005)	(225)	(310)	(1,559)
At 25 March 2023	675	935	359	532	2,501

	2023 £'000	2022 £'000
Due within one year	1,669	1,847
Due after more than one year	832	972

The provision for refunds at 25 March 2023 of £935,000 (2022: £1,005,000) is calculated as the proportion of items bought prior to the financial year end that may be returned after that date. The provision is reassessed annually based on the level of sales around the year end and has to be utilised within 28 days.

The provision for gift cards of £675,000 (2022: £587,000) is based on the value of outstanding balances on gift cards not yet redeemed. The provision is reassessed annually based on the level of unutilised gift cards around the year end, reduction of the provision is either based on the redemption of such gift cards by the customer or the expiry rules stated on the gift cards.

18. Provisions for liabilities (continued)

The provision for dilapidations of £359,000 (2022: £385,000) is based on management's estimate of dilapidation costs arising or store leases where a commitment to exit at the expiry date has been made. This provision is reversed with the end of tenancy contract with landlords. The utilisation of such provision is expected to be after 12 months of the year end.

The provision for onerous leases of £532,000 (2022: £842,000) is based on management's estimate of lease costs which outweigh the economic benefits expected to be derived from it. The utilisation of such provision is expected to be aligned with the end of the lease.

19. Deferred tax

	Accelerated tax depreciation £'000	Other trade provisions £'000	Trade loan relationship £'000	Tax losses £'000	Total £'000
At 27 March 2021	1,204	41	173	1,244	2,662
Credit/(charge) to profit or loss	99	45	22	20	186
At 26 March 2022	1,303	86	195	1,264	2,848
Credit/(Charge) to profit or loss	(116)	33	(33)	-	(116)
At 25 March 2023	1,187	119	162	1,264	2,732

The following are the major deferred tax assets recognised by the Company and movements thereon during the current and prior year:

	2023 £'000	2022 £'000
Deferred tax assets	2,732	2,848
	2,732	2,848

Deferred tax balances have been recognised on the basis that the Company is expected to generate sufficient future profits against which to offset them.

20. Retirement benefit schemes

The Company operates defined contribution retirement benefit schemes for all qualifying employees. The assets of the schemes are held separately from those of the Company in funds under the control of trustees. Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

The total cost charged to income of £165,000 (2022: £145,000) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans. As at 26 March 2022, contributions of £28,000 (2022: £31,000) due in respect of the current year had not been paid over to the schemes and are included in other creditors.

Notes to the financial statements
For the year ended 25 March 2023

21. Called up share capital

	2023 £'000	2022 £'000
Authorised:		
2,146 Ordinary shares of $1 each translated at $1.66 USD to GBP (2022: 2,146 shares of $1 each translated at $1.66 USD to GBP)	1	1
Issued and fully paid:		
2,146 Ordinary shares of $1 each translated at $1.66 USD to GBP (2022: 2,146 shares of $1 each translated at $1.66 USD to GBP)	1	1

22 *Other reserves*

	Other reserves £'000
Balance at 26 March 2022	(967)
Transfer to retained earnings	967
Balance at 25 March 2023	-

Other reserves was previously used to accumulate gains and losses recorded in respect of the put option liability shown in note 17. During the year ended 25 March 2023, £967,000 (2022: £nil) was moved to retained earnings, as the fair value movement should have been recognised within the Statement of Comprehensive Income.

23. Profit and loss account

	£'000
Balance at 27 March 2022	(4,082)
Net profit for the year	5,628
Transfer from other reserves	(967)
Balance at 25 March 2023	579

24. Related party transactions

The company has taken advantage of the exemption allowed by FRS 101, not to disclose any transactions with entities that are included in the consolidated financial statements of The Foschini Group Limited, the ultimate parent on the grounds that 100% of the voting rights in the Company are controlled within that group and the Company is included within those financial statements.

24. Related party transactions (continued)

Directors' remuneration

The directors' remuneration, analysed under the headings required by company law is set out below.

All directors are remunerated through TFG Brands (London) Limited, full disclosure of this can be found within the consolidated statutory accounts.

Due to the nature of operations of the wider group, the remuneration of the Directors for their services to Whistles Limited is not contained in the records of the company and it is not possible to make an accurate apportionment of their emoluments in respect of each of the individual companies. Therefore, no amounts were recharged to the company during the current or prior year.

25. Controlling party and subsidiary undertakings

In the opinion of the Directors, the Company's ultimate parent Company and ultimate controlling party is The Foschini Group Limited, a Company incorporated in South Africa.

The parent undertaking of the largest group, which includes the Company and for which group accounts are prepared, is The Foschini Group Limited, a Company incorporated in South Africa with registered address Stanley Lewis Centre, 340 Voortrekker Road, Parow East, 7500, Cape Town, South Africa. Copies of the group financial statements of The Foschini Group Limited are available from www.tfglimited.co.za.

The parent undertaking of the smallest group, which includes the Company and for which group accounts are prepared, is TFG Brands (London) Limited, a Company incorporated in United Kingdom with registered address 55 Kimber Road, London, SW18 4NX. Copies of the group financial statements of TFG Brands (London) Limited are available at the companies house website.

The Company's immediate parent Company and controlling party is Whistles Acquisitions Limited.

The parent Company and the Company have investments in the following subsidiary undertakings, associates and other investments.

Name	Registered office address	Class of shares	Holding %
Whistles International Limited	163 Eversholt Street, London, NW1 1BU, UK	Ordinary	100%
Whistles Stores Ireland Limited	1 Stokes Place, St. Stephens Green, Dublin 2, UK	Ordinary	100%
WHDL Limited	163 Eversholt Street, London, NW1 1BU, UK	Ordinary	100%
WHNL Limited	163 Eversholt Street, London, NW1 1BU, UK	Ordinary	100%
Whistles Stores Spain S.L.	Paseo Recoletos 37 Portal 37, 28004 Madrid, Spain	Ordinary	100%
Whistles Hong Kong Limited	Unit 1003-05 Seaview Commercial Building, 21 Connaught Road West, Sheung Wan, Hong Kong	Ordinary	50%

The principal business activities of these subsidiaries are as follows:

The principal activity of these subsidiaries is the retail of contemporary clothing and accessories under the 'Whistles' brand name through its own retail outlets, concessions, online channels, franchise stores and wholesale. Whistles International Limited and WHDL Limited were dormant in the year.

Notes to the financial statements
For the year ended 25 March 2023

26. Contingent liabilities

The Company is a guarantor in respect of certain bank facilities taken out by TFG Brands (London) Limited (an indirect parent Company of Whistles Limited). These facilities totalled £55,000,000 at 25 March 2023 (2022: £57,500,000).

27. Financial instruments

At year end the Company has neither financial liabilities measured at fair value through profit or loss (FVTPL) nor those measured at fair value through other comprehensive income (FVOCI).

The Company has the following financial assets measured at fair value through profit or loss (FVTPL). They are included in the Balance Sheet in other debtors.

Categories of financial instruments held at fair value

	2023 £'000	2022 £'000
Financial assets at fair value through profit or loss		
Derivative financial instruments	12	113

The Company enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency payments. These are classified as held for trading derivatives.

At 25 March 2023 the outstanding contracts all mature within 6 months of the year end. The Company is committed to buy US$4,000,000 for a fixed Sterling amount.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows.

- Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

The key assumptions used in valuing the derivatives are the exchange rates for GBP:USD.

28. Events after the balance sheet date

Post year end the company has exercised the option to acquire the remaining shareholding of Whistles (Hong Kong) Limited. The estimated cost of acquisition is £0.2m.

Notes to the financial statements
For the year ended 25 March 2023

29. Prior year restatement

As at the balance sheet date, the company did not have a right to defer payment of certain intragroup borrowings for 12 months beyond the balance sheet date. These circumstances also existed at the end of the prior period. Based on this fact pattern, the liabilities have been reclassified to current liabilities from non-current in both the current and prior year, in order to correct for this error. As of the date of signing, it has been agreed the amounts owed to Parent companies will not be repaid before the next financial year end. This restatement only impacts certain classifications within the Balance sheet and the relevant notes reflecting current and non-current interest bearing debt, and has no impact on the profit or cash flows of the group. The restatement had no impact on the company's Statement of comprehensive income and Statement of changes in equity.

The impact of the restatement on the company's statement of financial position is detailed as follows:

	As at 26 March 2022		
	As previously reported	Restatement	Restated
	£'000	£'000	£'000
Current liabilities			
Owed to fellow subsidiaries	3,810	2,033	5,843
Owed to parent company	664	15,042	15,706
	4,474	17,075	21,549
Non-current liabilities			
Owed to fellow subsidiaries	2,033	(2,033)	-
Owed to parent company	15,042	(15,042)	-
	17,075	(17,075)	-