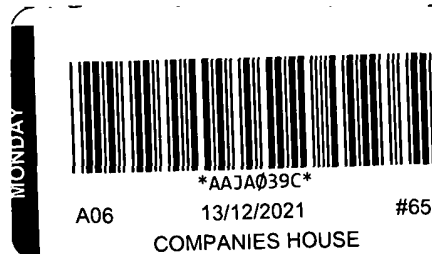


Whistles Limited

Annual Report and Financial Statements

For the year ended 27 March 2021

Registered number: 01514754



Whistles Limited

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Whistles Limited

Officers and professional advisers

Directors

J Hampshire	(appointed 10 August 2020)
A Didymiotis	(appointed 28 May 2021)

Registered number

01514754

Registered Office

163 Eversholt Street
London
NW1 1BU
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	2021 £m	2020 £m
Turnover		43.3	70.5
Adjusted EBITDA	6	1.7	6.7
(Loss)/profit after tax		(6.2)	2.1

Whistles Limited accounting periods ends 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 27 March 2021 (hereafter referred to as 'year ended 27 March 2021'). The comparative period represents the 52 week period ended 28 March 2020 (hereafter referred to as 'year ended 28 March 2020').

Whistles Limited ("Whistles"), is a premium womenswear brand with a global following, sold 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.

The COVID-19 pandemic has had a significant impact on our trading with Turnover for the year ended 27 March 2021 declining to £43.3m (2020: £70.5m). Responses by national governments to the COVID-19 pandemic resulted in the imposition of national and local lockdowns, together with the closure of non-essential retail, social distancing measures, restriction on social gatherings and events, as well as the shift to home-working. This has resulted in the dual impact on the business of reducing demand for our core product categories (e.g. dresses, occasion wear and office wear), together with the closure of our physical locations, with the loss of 50% of our store trading hours. For the year ended 27 March 2021, total ecommerce sales account for 68% of turnover (2020: 36.0%).

The company delivered an adjusted full year EBITDA of £1.7m (2020: £6.7m) showing a decline of 70%. This is primarily the result of the reduction in gross profit from a reduction in sales as explained above, coupled with a lower gross margin rate, 53.5% (2020: 62.4%), which was impacted by the trading conditions by way of increased promotional activity in the market and higher COVID-19 related stock provisioning. Further details on the adjusted EBITDA can be found in note 6.

Distribution and selling costs dropped by 30.1% in the year to £21.3m driven by lower sales and the movement in sales mix. As a percentage of sales, distribution and selling costs are 49.1% (2020: 43.2%) an increase which is driven by a greater proportion of sales through online channels with its higher fulfilment costs and lower overall turnover. A total of two new stores (2020: six) and five new concessions (2020: eight) were opened in the year offset by eight store closures (2020: two) and three concession closures (2020: five). At 27 March 2021, Whistles Limited operated in forty-one stand-alone stores (2020: forty-seven) within the UK and eighty-five concessions (2020: eighty-three) within leading department stores.

Administrative expenses (excluding long-term staff incentive schemes and exceptional debtor write down) were £11.9m for the year ended 27 March 2021 (2020: £12.1m). As a percentage of sales, administrative expenses were 27.4% (2020: 17.2%). Result after tax for the year ended 27 March 2021 amounted to a loss of £6.2m (2020: profit of £2.1m). Tax credit in the year is £1.4m (2020: charge of £0.1m). Cash stood at £2.2m at the year end (2020: £4.2m).

Whistles Limited

Strategic report

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

In the decisions taken during the year ended 27 March 2021 the directors have always acted in good faith and in a way that they consider would be most likely to promote the success of the company. In making decisions concerning the business, the directors must consider a variety of matters including the interest of various stakeholders, the consequences of their decisions in the short and long term and the overarching reputation of the company.

Our relationship with stakeholders is based on ongoing dialogue as well as on maintaining cooperative relationships and establishing strategic partnerships that allow the Company to make progress on important issues such as achieving the Sustainable Development Goals and respecting and promoting Human Rights. To build these relationships, Whistles Limited follows the principles included in various policies such as the Gender Pay Policy, Modern Slavery Act Transparency Statement, Anti Bribery Policy, among others.

A key part of our strategy is to ensure we have the appropriate retail store portfolio within Whistles Limited, and across all countries that we trade within. Our aim is to operate from a balanced portfolio of stores and in order to achieve this on an ongoing basis, the Directors and key stakeholders regularly review and determine the optimal plan that aligns with the financial objectives of the business and key stakeholders. The directors consider a number of key factors, with engagement from relevant team members and business partners; consideration for new store opportunities, relocations in existing markets and closures of stores, where financial targets are not projected to be met.

Engagement with Employees

At Whistles Limited we aim to put our customers and our people at the heart of everything we do. We take great interest in the well-being of our team and on enabling them to perform their role to the best of their ability. Feedback is sought from every level of the organisation and fully considered by the senior team. Frequent team meetings have been held by the team leaders and by the management team throughout the year and importantly through the lock down period to ensure that the team stay connected and informed with developments.

Whistles Limited is an equal opportunities employer and as such is committed to promoting diversity in the workplace and is proud of having a multinational workforce. 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.

Employees are kept informed of matters of concern to them in a variety of ways, including newsletters circulated to stores, head office town halls and, when permitted, conferences. These communications help achieve a common awareness among employees of our customer needs, of the strategic direction of the company and of the financial and economic factors affecting the performance of the company. The company is also committed to providing 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. Employees are also provided with briefings by senior management on important issues. The policy of the company is to consult and discuss matters with employees and resolve any problems in this manner. The company works hard to develop good relations with employees and all employee related matters are conducted in accordance with relevant legislation. The company 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 published in the Employee Brand Book.

Engagement with Suppliers

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, 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

Whistles Limited

Strategic report

six months. 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

This can be evidenced by the steps taken to reinforce its liquidity and financial flexibility as a result of COVID-19 including negotiations with landlords for reduced and deferred lease payments and working with our suppliers to reduce product buys and temporarily lengthen payment terms

Engagement with customers

We actively engage with all our customers throughout the communities in which we trade, on an ongoing basis. We encourage our retail teams to act and reflect our core vision and values of Whistles in their daily roles, and they actively engage with our customers, many of whom they know on a name basis. We 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 such as Diversity and Inclusivity. We reflect our belief that our customers are at the very heart of our business and are why we come to work every day. We frequently engage with our customers, to undertake surveys on various subjects. This customer feedback provides us with invaluable insight that allows us to continue to shape our future customer proposition.

Key performance indicators

The company's objective is to provide our customer base with contemporary products to meet their wardrobe needs. In doing so we aim to grow sales, profitability and thereby realise returns for shareholders. This objective will be delivered by continuing to work closely as a team with our supply chain partners while continuing to explore the opportunities offered by the development of new stores and our online operations.

The directors use a number of key performance indicators which they consider are effective in measuring the delivery of strategy and in assisting in the management of the business. Individual store performance is assessed by monitoring changes in sales, margins and profitability. The main measure of profitability is adjusted earnings before interest, tax, depreciation, amortisation, foreign exchange, impairment and debtor write-down ("Adjusted EBITDA" as defined in note 6), which was £1.7m (2020: £6.7m). Whilst this is a reduction versus last year, the Directors consider this a good result given the impacts of the COVID enforced shutdown in March and the reduced consumer sentiment which began in February 2020.

Principal risks and uncertainties

Whistles is a well-established brand, with a loyal customer following and a distinct identity. The business was performing well before the impact of the COVID-19 pandemic. The Directors are of the opinion that the principal risk facing the business is the pace with which customer shopping habits return as the world recovers from the pandemic, although our ability to design and retail clothing and accessories which are considered by the group's customers to be both attractive and affordable, as well as our strong online presence (both directly and through third parties) means we are well placed to thrive. Additionally, the performance of the economy in general will always remain a risk to the business, not only as a result of the COVID-19 pandemic but also in light of the recent departure of the UK from the European Union.

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 Company seeks to limit the adverse effects on the financial performance 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 Company's finance department. Foreign exchange, credit, liquidity and interest rate risk are managed at Director level.

Whistles Limited

Strategic report

Effects of climate change

Whistles recognises the major impact 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.

Whistles has implemented a group wide sustainability 2025 strategy guiding its efforts to reduce its environmental footprint, based on the UN Sustainable Development Goals.

Within our supply chains, the most pressing risks are the extraction and production of our raw materials, and the dependence on finite resources and emissions related to manufacturing. More than 50% of the apparel industry's GHG emissions are emitted in raw fibre extraction, fabric production and dyeing and finishing processes. As such, a key strategic objective has been to substitute conventional materials with preferred 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.

Future developments

Whistles' greatest strengths are its team, its loyal customer following, experienced teams, distinct brand identity and strong omni-channel presence, supported by a robust and scalable central platform and a strong and supportive parent company. As a result, we remain confident in our outlook.

From a trading perspective, the outlook for the year ahead remains uncertain as the UK and our international markets make their exit out of the pandemic. The pace and strength of recovery is difficult to predict, and whilst we believe a degree of home-working is likely to remain for the foreseeable future and unemployment forecast to increase, we remain optimistic. We believe that there is a degree of pent up demand among our customers, as well as special occasions that have been postponed. As a result, we remain confident in our outlook.

Approved by the Board and signed on its behalf by:



J Hampshire
Director

Date: 24 / 7 / 2021

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 27 March 2021.

Strategic Report

Details of review of the business, key performance indicators and future developments is not shown within the Directors' Report as it is instead included within the Strategic Report on pages 2 to 5 under S414C (11) of the Companies Act 2006.

Events after the balance sheet date

After the balance sheet date, the group renegotiated its covenant arrangements with its banking group (comprising Barclays, Lloyds and Natwest). As part of this renegotiation, our parent company, The Foschini Group provided a further £15,000,000 funding to the UK group headed by TFG Brands (London) Limited. The revised covenants place a greater emphasis on liquidity for the next 18 months with limited profitability required to satisfy them.

In its attempt to control the growth in case numbers of COVID-19, the UK government extended the restrictions in place in England from 21 June 2021 to 19 July 2021. Whilst the restrictions have been lifted from 19 July 2021, it is not certain that further restrictions will be put in place and what consequential financial impact this will have on the group.

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 (2020: nil).

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. The group actively engaged with all relevant stakeholders, initially fully drawing down its banking facilities, renegotiating its covenants and borrowing funds from its parent company. It actively engaged with suppliers, HMRC and landlords to agree extended payment terms. It reduced capital expenditure to £0.3m (2020: £1.5m) to focus on maintenance and web developments. Finally, it received support through the Governments Job Retention Scheme and Business Rates concessions. Further details are disclosed with the going concern note.

Dividends

The directors do not recommend the payment of a final dividend (2020: £nil). There were no dividends paid or declared during the year (2020: £nil).

Whistles Limited

Directors' report

Directors

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

B Barnett	(Resigned 30 June 2021)
L Harlow	(Resigned 12 August 2020)
H Williamson	(Resigned 28 August 2020)
C Lambert	(Resigned 28 May 2021)
J Hampshire	(Appointed 10 August 2020)
A Didymiotis	(Appointed 28 May 2021)

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 (2020: £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 and indirect parent of Whistles Limited) as well as support from the ultimate parent (The Foschini Group Limited) to TFG Brands (London) Limited and from TFG Brands (London) Limited to the company. 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 27 March 2021. The group has renegotiated its covenant arrangements with its banking group against which our forecast for the next 12 months provide significant headroom. As part of this renegotiation, our ultimate parent company, The Foschini Group Limited provided a further £15,000,000 of funding to the group. These covenants remain in place until the earliest expiry of the facilities in February 2023.

While expecting that the UK group headed by TFG Brands (London) Limited will be able to continue trading independently, given the uncertainty in the UK retail market arising as a result of the pandemic the Directors have also obtained a letter of support from the ultimate parent company The Foschini Group Limited for additional comfort. 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.

Group management has prepared a detailed forecast and as at the signing date of these financial statements is trading significantly ahead of its expectations. Given the current level of liquidity headroom within the Group, 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. 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.

Whistles Limited

Directors' report

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.

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:



J Hampshire
Director

Date: 24/7/ 2021

163 Eversholt Street
London
NW1 1BU
United Kingdom

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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 27 March 2021 and of its loss 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 27.

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.

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

We have nothing to report in this regard.

Independent auditor's report to the members of Whistles Limited

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 about their own identification and assessment of the risks of irregularities.

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, pensions legislation, VAT and Corporation Tax Law, Sales of Goods Act, Consumer protection laws and UK General Data Protection Regulation; 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, Bribery Act 2010, Health and Safety at Work Act, Management of Health and Safety at Work Regulations, Employment Act, Gender Pay Gap, Modern Slavery Act, Payment Practice and Performance Reporting, Anti-Money Laundering regulations.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations and industry 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 specific procedures performed to address it are described below:

- Revenue recognition – manual journal entries to revenue: Our audit procedures consisted of the following: i) obtaining an understanding and testing the relevant controls related to manual journals posted to revenue; and ii) testing a sample of manual journals impacting revenue to ensure that the business rationale for these made sense 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.

Independent auditor's report to the members of Whistles Limited

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 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

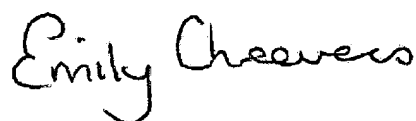
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

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.



Emily Cheevers (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

Date: 25 July 2021

Whistles Limited

Statement of comprehensive income For the year ended 27 March 2021

	Note	2021 £	2020 £
Turnover	4	43,339,739	70,463,534
Cost of sales		(20,145,757)	(26,507,338)
Gross profit		23,193,982	43,956,196
Distribution costs		(21,294,790)	(30,458,466)
Administrative expenses		(11,866,817)	(12,124,695)
Other operating income	4	3,501,593	129,935
Operating (loss)/profit		(6,466,032)	1,502,970
Income from investments	11	-	1,938,216
Interest receivable and similar income	4,8	123,301	114,002
Interest payable and similar expenses	9	(1,254,305)	(1,391,009)
(Loss)/profit before taxation		(7,597,036)	2,164,179
Tax on profit or loss	10	1,385,637	(109,984)
(Loss)/Profit for the financial year attributable to owners of the company		(6,211,399)	2,054,195
Total comprehensive (expense)/income		(6,211,399)	2,054,195

Turnover and operating (loss)/profit are all derived from continuing operations.

The notes on pages 16 to 39 form part of these financial statements.

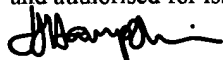
Whistles Limited

Balance sheet

As at 27 March 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	12	1,625,422	4,261,519
Right of use assets	13	3,398,514	8,485,977
Investments	14	1,603,533	1,603,533
		<u>6,627,469</u>	<u>14,351,029</u>
Current assets			
Stocks	15	13,177,849	12,190,268
Debtors	16	10,214,351	8,332,289
Cash at bank and in hand		<u>2,206,375</u>	<u>4,168,632</u>
		25,598,575	24,691,189
Creditors: Amounts falling due within one year	17	<u>(15,728,841)</u>	<u>(16,072,147)</u>
Net current assets		<u>9,869,734</u>	<u>8,619,042</u>
Total assets less current liabilities		<u>16,497,203</u>	<u>22,970,071</u>
Creditors: Amounts falling due after more than one year	17	(20,886,816)	(22,499,204)
Provisions for liabilities	18	<u>(2,022,736)</u>	<u>(671,817)</u>
Net liabilities		<u>(6,412,349)</u>	<u>(200,950)</u>
Capital and reserves			
Called-up share capital	21	1,292	1,292
Share premium account		1,315,914	1,315,914
Other reserves	22	(966,623)	(966,623)
Profit and loss account		<u>(6,762,932)</u>	<u>(551,533)</u>
		<u>(6,412,349)</u>	<u>(200,950)</u>

The financial statements of Whistles Limited (registered number 01514754) were approved by the board of directors and authorised for issue on 24/7/2021. They were signed on its behalf by:



J Hampshire
Director

Date: 24/7/2021

Whistles Limited

Statement of changes in equity For the year ended 27 March 2021

	Note	Called-up Share capital £	Share premium account £	Other reserves £	Profit and loss account £	Total £
Balance at 30 March 2019		1,292	1,315,914	(966,623)	(2,605,728)	(2,255,145)
Profit for the year		-	-	-	2,054,195	2,054,195
Balance at 28 March 2020		1,292	1,315,914	(966,623)	(551,533)	(200,950)
Loss for the year		-	-	-	(6,211,399)	(6,211,399)
Balance at 27 March 2021		1,292	1,315,914	(966,623)	(6,762,932)	(6,412,349)

Whistles Limited

Notes to the financial statements

For the year ended 27 March 2021

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 5.

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 24.

Adoption of new and revised Standards

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

Amendment to IFRS 16 Covid-19-Related Rent Concessions

The International Accounting Standards Board (IASB) issued COVID-19-Related Rent Concessions (amendment to IFRS 16), which became effective for annual reporting periods beginning on or after 1 June 2020 with earlier application permitted.

The company has elected to utilise the practical expedient for all rent concessions that meet the criteria. The criteria are as follows:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- The reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- There is no substantive change to other terms and conditions of the lease.

The practical expedient has been early adopted from 1 April 2020 for rent concessions that satisfy the criteria above. Accounting for the rent concessions as lease modifications would have resulted in the company remeasuring the lease liability to reflect the revised consideration and discount rate, with the adjustment to the lease liability resulting in a decrease in the right-of-use asset. By applying the practical expedient, the company is not required to reassess the lease liability and the effect of the change to the lease liability is reflected in profit or loss in the year in which the rent concession occurs. The impact on profit or loss amounted to £0.7 million and is accounted for within the distribution costs.

Subsequent to the amendment issued, the IASB issued COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16), which extends the period for which the practical expedient may be applied to 30 June 2022. The amendment becomes effective for annual reporting periods beginning on or after 1 April 2021, with earlier application permitted. Therefore, the company will continue to apply the practical expedient in accounting for COVID-19-Related Rent Concessions in the next financial 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 2020.

Amendments to References to the Conceptual Framework in IFRS Standards

Amendments to IFRS 3 Definition of a Business

Amendments to IAS 1 and IAS 8 Definition of Material

Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform

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

Whistles Limited

Notes to the financial statements

For the year ended 27 March 2021

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 and certain disclosure requirements of both IFRS 15 and IFRS 16.

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.

Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, 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 and an indirect parent of Whistles Limited) as well as support from the ultimate parent (The Foschini Group Limited) to TFG Brands (London) Limited and from TFG Brands (London) Limited to the company. 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 27 March 2021. The group has renegotiated its covenant arrangements with its banking group against which our forecast for the next 12 months provide significant headroom. As part of this renegotiation, our ultimate parent company, The Foschini Group Limited provided a further £15,000,000 of funding to the group. These covenants remain in place until the earliest expiry of the facilities in February 2023.

While expecting that the UK group headed by TFG Brands (London) Limited will be able to continue trading independently, given the uncertainty in the UK retail market arising as a result of the pandemic the Directors have also obtained a letter of support from the ultimate parent company The Foschini Group Limited for additional comfort. 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.

Group management has prepared a detailed forecast and as at the signing date of these financial statements is trading significantly ahead of its expectations. Given the current level of liquidity headroom within the Group, 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. As a consequence, the Directors believe the company is well placed to manage its business risks successfully despite the uncertain economic outlook and consider it appropriate to prepare the financial statements on the going concern basis.

Whistles Limited

Notes to the financial statements

For the year ended 27 March 2021

2. Significant accounting policies (continued)

Investments in subsidiaries

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

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.

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 lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

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 £5k (such as tablets and personal computers, small items of office furniture and telephones). 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

Whistles Limited

Notes to the financial statements

For the year ended 27 March 2021

2. Significant accounting policies (continued)

Leases (continued)

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.

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.

Whistles Limited

Notes to the financial statements

For the year ended 27 March 2021

2. Significant accounting policies (continued)

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.

Retirement benefit costs

Payments to defined contribution schemes are charged as an expense as they fall due. Payments made to state-managed retirement 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 scheme.

In accordance with IAS 19 (Revised 2011), the company recognises a cost equal to its contribution payable for the period, which is presented within Administrative Expenses in the Statement of Comprehensive Income.

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.

Whistles Limited

Notes to the financial statements

For the year ended 27 March 2021

2. Significant accounting policies (continued)

Taxation (continued)

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.

Government grants

Amounts relating to government grants are recognized in the Income Statement 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

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	Over 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 scrapping 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.

Whistles Limited

Notes to the financial statements

For the year ended 27 March 2021

2. Significant accounting policies (continued)

Tangible Fixed Assets (continued)

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.

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.

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;

Whistles Limited

Notes to the financial statements

For the year ended 27 March 2021

2. Significant accounting policies (continued)

Financial instruments (continued)

- Potential impacts based on industry specific challenges, including but not limited to potential legislative changes; and
- Expert management judgement.

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.

On derecognition of a financial asset other than in its entirety (e.g. when the company retains an option to repurchase part of a transferred asset), the company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

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.

Whistles Limited

Notes to the financial statements

For the year ended 27 March 2021

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.

Whistles Limited

Notes to the financial statements

For the year ended 27 March 2021

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.

Deferred tax

The carrying amounts of deferred tax assets or liabilities are reviewed at each balance sheet date and a judgement made over the probability of there being sufficient taxable profits arising in the future to allow all or part of the asset to be recovered.

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 impairment of trade receivables

IFRS 9 requires financial instruments to be assessed for impairment based upon an "expected loss" model, which requires an estimation of the likelihood that a financial asset, including trade receivables, will default.

The majority of the receivable balance arises from transactions with retailers including department stores and the provision calculation has therefore been influenced by the well documented difficulties faced by the high street retail market in the UK.

The management has assessed the current year provision to be an average of 29.5% (2020: 75.7%). This includes a combination of debtors that were assessed individually and other that were assessed collectively. Given the number of customers included within the calculation it is not possible to prepare a sensitivity analysis that would appropriately reflect the inherent risks of each counterparty – however a significant change in the economic environment for retailers could result in a material difference to the provision for impairment of trade receivables. On a general basis a 10% increase in provision will not result in a material change in impairment.

Whistles Limited

Notes to the financial statements

For the year ended 27 March 2021

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty (continued)

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 and as a prudent view a 6% loss provision has been made based on average stock loss over the current and preceding two years. Additionally, the provision for old stock, which is based on prior years' experience of saleability and profitability of old stock, was increased and provided for between 20%-100% dependant on stock seasonality (previously 10%-80%). The increase in provision was based on the expected levels of unsold stock as a result of decreased sales driven by the COVID-19 pandemic. A 1% increase in provision will result in a further stock provision to be recognised of £0.1m.

Provision for impairment of fixed assets

The carrying value of non-current assets is reviewed at each balance sheet date. An estimate is made over the ongoing value in use of the relevant assets as a cash generating unit to support the carrying value. Estimates are made annually relating to discount rate, short term revenue growth and long term growth rate in order to conclude whether there is impairment to be recognised. The recoverable amount of fixed assets is determined individually based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period. Please refer to note 12 for details of sensitivities on the estimates.

4. Turnover and revenue

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

	2021 £	2020 £
Continuing operations		
Sales of goods	43,339,739	70,463,534
Other operating income	3,501,593	129,935
Interest receivable and similar income (note 8)	123,301	114,002
	<u> </u>	<u> </u>
Total revenue	46,964,633	70,707,471
	<u> </u>	<u> </u>

Other operating income comprises of furlough income of £2.6m (2020: £nil), property related government grants of £0.8m (2020: £nil) and rent receivable of £0.1m (2020: £0.1m).

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:

	2021 £	2020 £
Turnover (from sales of goods):		
United Kingdom	42,238,088	68,813,074
Rest of Europe	551,663	495,202
Rest of World	549,988	1,155,258
	<u> </u>	<u> </u>
	43,339,739	70,463,534
	<u> </u>	<u> </u>

Whistles Limited

Notes to the financial statements

For the year ended 27 March 2021

5. Auditor's remuneration

	2021 £	2020 £
Fees payable to the company's auditor for the audit of the company's annual accounts	90,000	60,000
Total audit fees	90,000	60,000

There were no non-audit fees in the year (2020: £nil).

Fees payable to Deloitte LLP and their associates for non-audit services to the company are not required to be disclosed because the consolidated financial statements of the parent company are required to disclose such fees on a consolidated basis.

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

	2021 £	2020 £
(Loss)/Profit after tax for the year	(6,211,399)	2,054,195
Tax on (loss)/profit (note 10)	(1,385,637)	109,984
Finance income (note 8)	(123,301)	(114,002)
Finance expenses (note 9)	1,254,305	1,391,009
Depreciation charges (including gain on disposal) (note 12)	1,026,720	1,365,568
Depreciation of right of use assets (note 13)	2,900,727	3,645,521
Impairment of right of use assets (note 13)	2,407,751	58,574
Impairment of tangible fixed assets (note 12)	1,855,690	233,628
Onerous leases	-	(104,000)
Income from investments		
Dividend Income	-	(1,285,216)
Gain on fair value adjustment of put/call option (note 22)	-	(653,000)
Adjusted EBITDA	1,724,856	6,702,261
Foreign Exchange movements	(167,348)	206,048
Debtor write (up)/down	(1,301,387)	448,557
Adjusted EBITDA prior to foreign exchange and debtor write down	256,121	7,356,866

Whistles Limited

Notes to the financial statements

For the year ended 27 March 2021

7. Staff costs

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

	2021 Number	2020 Number
Administrative	83	113
Retail	184	251
	<u>267</u>	<u>364</u>

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	8,214,114	10,744,179
Social security costs	549,494	786,018
Contributions to defined contribution scheme	185,219	241,073
	<u>8,948,827</u>	<u>11,771,270</u>

Disclosure of directors' remuneration is included in note 23.

8. Interest receivable and similar income

	2021 £	2020 £
Interest receivable:		
Interest received from group undertakings	120,044	105,560
Bank interest receivable	3,257	8,442
Total interest receivable	<u>123,301</u>	<u>114,002</u>

9. Interest payable and similar expenses

	2021 £	2020 £
Interest payable to group companies	773,445	738,464
Interest payable on other loans	4,022	6,128
Interest - Lease (IFRS 16)	476,838	646,417
	<u>1,254,305</u>	<u>1,391,009</u>

Whistles Limited

Notes to the financial statements

For the year ended 27 March 2021

10. Tax on profit or loss

	2021 £	2020 £
Corporation tax:		
UK corporation tax	-	-
Adjustment in respect of prior year	178	29,710
	<u>178</u>	<u>29,710</u>
Deferred tax: (note 19)		
Origination and reversal of temporary differences	(1,377,082)	180,124
Adjustments in respect of prior years:	(8,733)	(77,362)
Effect of tax rate change on opening balance	-	(22,488)
	<u>(1,385,637)</u>	<u>109,984</u>
Tax (credit)/charge for the year	<u>(1,385,637)</u>	<u>109,984</u>

Corporation tax is calculated at 19% (2020: 19%) of the estimated taxable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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

	2021 £	2020 £
(Loss)/Profit before tax	<u>(7,597,036)</u>	<u>2,164,179</u>
Tax at the UK corporation tax rate of 19% (2020: 19%)	(1,443,437)	411,194
Tax effect of expenses that are not deductible in determining taxable profit	7,663	44,903
Tax effect of income not taxable in determining taxable profit	58,692	(368,262)
Adjustments to tax charge in respect of prior years	(8,555)	(47,652)
Group relief for nil consideration	-	92,289
Deferred tax rate change	-	(22,488)
	<u>(1,385,637)</u>	<u>109,984</u>
Tax (credit)/charge for the year	<u>(1,385,637)</u>	<u>109,984</u>

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. This rate has not been substantively enacted at the balance sheet date, as result deferred tax balances as at 27 March 2021 continue to be measured at 19%. If all of the deferred tax was to reverse at the amended rate the impact to the closing Deferred Tax position would be to increase the deferred tax asset by £840,732.

Whistles Limited

Notes to the financial statements

For the year ended 27 March 2021

11. (Loss)/Profit for the financial year

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

	2021 £	2020 £
Net foreign exchange (gains)/losses	(167,348)	206,048
Depreciation of tangible fixed assets (note 12)	1,026,720	1,312,716
Depreciation on right of use assets (note 13)	2,900,727	3,645,521
Impairment of tangible fixed assets (note 12)	1,855,690	-
Impairment of right of use assets (note 13)	2,408,586	58,574
Cost of stock recognised as expense	17,926,726	26,287,789
Write downs of stock recognised as an expense	3,263,888	950,527
Staff costs (note 7)	8,948,827	11,811,228
Dividend income	-	(1,285,216)
Gain on fair value adjustment of put/call option (note 22)	-	(653,000)
Debtor write (up)/down	(1,301,387)	448,557
Loss on disposal of fixed assets (note 12)	2,496	52,853

12. Tangible fixed assets

	Short-term leasehold property £	Fixtures And fittings £	Computer equipment £	Total £
Cost				
At 29 March 2020	2,667,015	16,939,654	6,293,616	25,900,285
Additions	21,228	172,062	55,553	248,843
Disposals	-	(2,530)	-	(2,530)
At 27 March 2021	2,688,243	17,109,186	6,349,169	26,146,598
Accumulated depreciation and impairment				
At 29 March 2020	2,377,428	13,849,063	5,412,275	21,638,766
Charge for the year	83,572	484,868	458,314	1,026,753
Disposals	-	(34)	-	(34)
Impairment charge	153,940	1,568,964	132,786	1,855,690
At 27 March 2021	2,614,940	15,902,861	6,003,375	24,521,176
Carrying amount				
At 27 March 2021	73,303	1,206,325	345,794	1,625,422
At 28 March 2020	289,587	3,090,591	881,341	4,261,519

Impairment losses recognised in the year

During the year, impairment losses recognised in respect of tangible fixed assets amounted to £1,855,690 (2020: £233,628). The impairment charge relates to the assets held in loss making stores, which the directors have impaired on the assumption that the assets do not hold any residual value of note. 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 covering a five-year period. The discount rate used for the value in use was 9.20% and a 0.5% increase in the rate will result in an increase of impairment by a trivial amount. Furthermore, sales growth rate was assumed at 25% for year 1 and 2% for every year ahead. 10% decrease in the growth rate in year 1 and 0.5% decrease in every year after that will result in a further impairment of £0.1m.

Whistles Limited

Notes to the financial statements

For the year ended 27 March 2021

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	2021 £	2020 £
Buildings	3,398,514	8,485,977
	<u>3,398,514</u>	<u>8,485,977</u>

Additions to the right-of-use assets during the 2021 financial year were £221,015 (2020: £678,305).

Lease liabilities

	2021 £	2020 £
Current	2,744,857	3,200,602
Non-current	4,313,460	6,702,033
	<u>7,058,317</u>	<u>9,902,635</u>

The total cash outflow for leases in 2021 was £2,988,348 (2020: £4,047,487)

Lease liabilities maturity analysis:

Future minimum lease payments as at the year end was:

	2021 £	2020 £
Not later than one year	3,054,409	3,672,027
Later than one year and not later than five years	4,592,646	7,013,374
Later than five years	46,250	323,500
Total undiscounted cashflows	<u>7,693,305</u>	<u>11,008,901</u>

Whistles Limited

Notes to the financial statements

For the year ended 27 March 2021

13. Leases (continued)

Future cash outflows not reflected in lease liability

Future payments for not reasonably certain extension options

	2021 £	2020 £
Not later than one year	349,548	80,466
Later than one year and not later than five years	4,565,212	4,114,761
Later than five years	2,839,438	3,545,951
Total undiscounted cashflows	<u>7,754,198</u>	<u>7,741,178</u>

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 £5k which, however, are immaterial from the perspective of Whistles Limited.

Amounts recognised in the profit and loss account

The income statement shows the following amounts relating to leases:

	2021 £	2020 £
Depreciation expense on right-of-use assets	2,900,727	3,645,521
Interest expense on lease liabilities	476,838	646,417
Expense relating to short-term leases	71,374	128,324
Expense relating to leases of low value assets	5,222	19,568
Expense relating to the variable lease payments not included in the measurement of the lease liability	113,502	150,489
Impairment of right-of-use assets	<u>2,408,586</u>	<u>58,574</u>

14. Fixed asset investments

	2021 £	2020 £
Subsidiaries	<u>1,603,533</u>	<u>1,603,533</u>
	<u>1,603,533</u>	<u>1,603,533</u>

Whistles Limited

Notes to the financial statements

For the year ended 27 March 2021

14. Fixed asset investments (continued)

Subsidiaries	£
Cost	
At 29 March 2020	1,603,533
Additions	-
	<hr/>
At 27 March 2021	1,603,533
	<hr/>
Provision for Impairment	
At 29 March 2020	-
	<hr/>
At 27 March 2021	-
	<hr/>
Carrying amount	
At 27 March 2021	1,603,533
	<hr/>
At 28 March 2020	1,603,533
	<hr/>

Investment in subsidiaries comprises of share capital and loan notes.

Note 23 includes details of all related undertakings.

15. Stocks

	2021 £	2020 £
Finished goods and goods for resale	13,177,849	12,190,268
	<hr/>	<hr/>
	13,177,849	12,190,268
	<hr/>	<hr/>

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 27 March 2021 amounted to £4,464,277 (2020: £1,170,068).

16. Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	1,459,140	611,844
Amounts owed by fellow subsidiaries	5,129,225	4,884,977
Other debtors	13,737	55,806
Prepayments	281,768	791,426
Corporation tax	57,000	71,432
Other taxation and social security	-	89,829
	<hr/>	<hr/>
	6,940,870	6,505,314
	<hr/>	<hr/>

The amounts owed from group undertakings are unsecured, repayable on demand and no interest is charged.

Whistles Limited

Notes to the financial statements For the year ended 27 March 2021

16. Debtors (continued)

Amounts falling due after more than one year:

Amounts owed by fellow subsidiaries	611,162	488,377
Amounts owed by parent company	-	62,094
Deferred tax asset (note 19)	2,662,319	1,276,504
	<u>3,273,481</u>	<u>1,826,975</u>
Total debtors	<u><u>10,214,351</u></u>	<u><u>8,332,289</u></u>

The amounts owned to group undertakings are unsecured and interest payable has been accrued at 5%. There are no fixed repayment terms.

17. Creditors

	2021 £	2020 £
Amounts falling due within one year:		
Trade creditors	5,174,849	5,930,458
Amounts owed to parent company	58,383	254,744
Amounts owed to fellow subsidiaries	3,486,061	4,323,342
Lease liabilities – short term	2,744,857	3,200,602
Other taxation and social security	442,181	-
Other creditors	58,015	213,989
Accruals	3,764,495	2,149,012
	<u>15,728,841</u>	<u>16,072,147</u>

The amounts owed to group undertakings are repayable on demand and no interest is charged.

	2021 £	2020 £
Amounts falling due after more than one year:		
Amounts owed to parent company	14,323,760	13,639,763
Amounts owed to fellow subsidiaries	1,935,973	1,843,785
Lease liability – long term	4,313,460	6,702,033
Option to buy creditor	313,623	313,623
	<u>20,886,816</u>	<u>22,499,204</u>

The amounts owned to group undertakings are unsecured and interest payable has been accrued at 5%. There are no fixed repayment terms, however confirmation has been received that repayment will not be demanded within one year.

The option to buy creditor is the projected amount payable to purchase the remaining 50% of the share capital in Whistles Hong Kong Limited.

Whistles Limited

Notes to the financial statements For the year ended 27 March 2021

18. Provisions for liabilities

	2021 £	2020 £
Gift cards	217,020	144,113
Refund	505,942	422,894
Dilapidation	149,774	104,810
Restructuring	1,150,000	-
	<u>2,022,736</u>	<u>671,817</u>

	Gift cards £	Refunds £	Dilapidations £	Restructuring £	Total £
At 28 March 2020 restated	144,113	422,894	104,810	-	671,817
Additional provision in the year	112,612	505,942	125,417	1,150,000	1,893,971
Utilisation of provision	(39,705)	(422,894)	(80,453)	-	(543,052)
At 27 March 2021	<u>217,020</u>	<u>505,942</u>	<u>149,774</u>	<u>1,150,000</u>	<u>2,022,736</u>

Provisions include a provision for returned goods and a provision for outstanding balances on gift cards.

The provision for returned goods at 27 March 2021 of £505,942 (2020: £422,894) is calculated as the proportion of items bought prior to the financial year end that may be returned after that date.

The provision for gift cards of £217,020 (2020: £144,113) is based on the value of outstanding balances on gift cards not yet redeemed.

Other provisions include a provision for dilapidations of £149,774 (2020: £104,810).

The provision for restructuring of £1,150,000 (2020: £nil) is based on management's estimate of costs arising from the moving of head office facilities to another location. The provision was assessed at year end and will be reversed upon recognition of expenditure.

19. Deferred tax

	Accelerated tax depreciation £	Other trade provisions £	Trade loan relationship £	Tax losses £	Total £
At 31 March 2019	1,068,881	65,450	222,446	-	1,356,777
Charge to profit or loss	(18,627)	(36,931)	(24,715)	-	(80,273)
At 28 March 2020	<u>1,050,254</u>	<u>28,519</u>	<u>197,731</u>	<u>-</u>	<u>1,276,504</u>
Credit/(Charge) to profit or loss	154,205	12,342	(24,716)	1,243,984	1,385,815
At 27 March 2021	<u>1,204,459</u>	<u>40,861</u>	<u>173,015</u>	<u>1,243,984</u>	<u>2,662,319</u>

Whistles Limited

Notes to the financial statements

For the year ended 27 March 2021

19. Deferred tax (continued)

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

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2021 £	2020 £
Deferred tax assets	2,662,319	1,276,504
	<u>2,662,319</u>	<u>1,276,504</u>

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 £185,219 (2020: £241,073) represents contributions payable to these schemes by the company at rates specified in the rules of the plans. As at 27 March 2021, contributions of £29,306 (2020: £45,000) due in respect of the current year had not been paid over to the schemes and are included in other creditors.

21. Called up share capital

	2021 £	2020 £
Authorised:		
2,146 Ordinary shares of \$1 each translated at \$1.66 USD to GBP (2020: 2,146 shares of \$1 each translated at \$1.66 USD to GBP)	1,292	1,292
	<u>1,292</u>	<u>1,292</u>
Issued and fully paid:		
2,146 Ordinary shares of \$1 each translated at \$1.66 USD to GBP (2020: 2,146 shares of \$1 each translated at \$1.66 USD to GBP)	1,292	1,292
	<u>1,292</u>	<u>1,292</u>

Whistles Limited

Notes to the financial statements For the year ended 27 March 2021

22 Other reserves

	Other reserves £
Balance at 28 March 2020 and 27 March 2021	<u>(966,623)</u>

Other reserves relate to put/call options in place relating to the potential acquisition of additional interests in subsidiaries. In the year ended 28 March 2020, movement in the fair value of the provisions of £0.7m was recorded within Other reserves. During the year ended 27 March 2021, £nil fair value movement in put/call options relating to the potential future purchase of additional interests in subsidiary undertakings was recorded within profit and loss account.

23. Related party transactions

Trading transactions

The company sold goods to Whistles Hong Kong Limited, a 50% owned subsidiary, with a market value of £163,752 during the year ended 27 March 2021 (2020: £226,696). The amount unpaid from them outstanding in debtors at 27 March 2021 was £178,433 (2020: £342,185).

Sales of goods to related parties were made at the company's cost price plus a mark-up of 8%.

Directors' remuneration

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

	2021 £	2020 £
Emoluments	166,400	425,197
Company contributions to money purchase pension schemes	30,000	10,000
	<u>196,400</u>	<u>435,197</u>
	Number	Number
The number of directors who:		
Are members of a money purchase pension scheme	<u>1</u>	<u>1</u>
	2021 £	2020 £
Remuneration of the highest paid director:		
Emoluments	166,400	425,197
Company contributions to money purchase pension schemes	30,000	10,000
	<u>196,400</u>	<u>435,197</u>

Directors' remuneration is presented based on services provided to the company and its subsidiaries. These emoluments were borne by the company.

Whistles Limited

Notes to the financial statements

For the year ended 27 March 2021

24. Controlling party

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.

Subsidiary undertakings

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.

25. 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 Phase Eight (Fashion & Designs) Limited). These facilities totalled £60,000,000 at 27 March 2021 (2020: £60,000,000).

Whistles Limited

Notes to the financial statements

For the year ended 27 March 2021

26. 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

	2021 £	2020 £
Financial assets at fair value through profit or loss		
Derivative financial instruments	102,000	-

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 that are not designated in hedge accounting relationships.

At 27 March 2021 the outstanding contracts all mature within 6 months of the year end. The company is committed to sell US\$2,800,000 and received 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.

27. Events after the balance sheet date

After the balance sheet date, the group renegotiated its covenant arrangements with its banking group (comprising Barclays, Lloyds and Natwest). As part of this renegotiation, our parent company, The Foschini Group provided a further £15,000,000 funding to the UK group headed by TFG Brands (London) Limited. The revised covenants place a greater emphasis on liquidity for the next 18 months with limited profitability required to satisfy them.

In its attempt to control the growth in case numbers of COVID-19, the UK government extended the restrictions in place in England from 21 June 2021 to 19 July 2021. Whilst the restrictions have been lifted from 19 July 2021, it is not certain that further restrictions will be put in place and what consequential financial impact this will have on the group.