Whistles Limited
Directors' Report and Financial Statements

Registered number 01514754 (England and Wales)
For the period ended 28 January 2012

Contents

Whistles Limited
Company Information

Directors	Jane Shepherdson Susan Cooper Phil Mickler
Secretary	Phil Mickler
Company number	01514754 (England and Wales)
Registered office	183 Eversholt Street London NW1 1BU
Auditor	KPMG LLP 15 Canada Square London E14 5GL
Bankers	Barclays Bank plc 1 Churchill Place Level 27 Canary Wharf London EH14 5HP
Solicitors	DLA Piper 3 Noble Street EC2V 7EE

Whistles Limited
Directors' report
For the period ended 28 January 2012

The directors present their report and the audited financial statements of Whistles Limited ("Company") for the 52 week period from 30 January 2011 to 28 January 2012 The comparative accounting period was the 52 week period from 30 January 2010 to 29 January 2011 The Company prepares accounts to the nearest Saturday to 31 January each year

The Company is a member of the Whistles Holdings Limited group of companies ("Group")

Principal activities and business review

The principal activity of the Company is the sourcing of exclusive ladies' clothing and fashion accessories under the 'Whistles' brand name for sale through its own retail outlets and through concessions and franchise stores

There are currently 36 stand-alone Whistles stores across the UK and Ireland, and 61 concessions within leading department stores including Selfridges, Harvey Nichols and Harrods There is also a franchise store in the Middle East and a wholesale store in Printemps in Paris and in Podium, Russia Whistles' also wholesale to ASOS in the UK

Objectives, strategy and key performance indicators

The Company's objective is to grow sales profitability and thereby realise returns for its shareholders This objective will be delivered by driving the existing chain and leveraging existing assets while continuing to exploit the opportunity offered by development of new stores and our online operation

The directors use a number of key performance indicators which they consider are effective in measuring delivery of their strategy, and which assist in the management of the business They assess individual store performance by monitoring changes in sales, margins and profitability The main measure of profitability is EBITDA (earnings before interest, tax, depreciation and amortisation)

Trading

The directors are pleased to report on a successful period for Whistles Limited, which saw further sales and profit growth This positive performance was achieved despite the impact of a major transition of both systems and warehousing facilities in the first quarter of 2011 During the period the company continued to expand its store portfolio by opening stores in Brent Cross, Tunbridge Wells, and Amersham The company opened 6 new concessions, 4 in John Lewis, 1 in Voisons Jersey and 1 in Hoopers, Wilmslow

The Company's total sales for the period increased by 3% to £39 1 million (2011 £37 8 million)

The Company's gross profit margin was 68% (2011 66%), resulting in gross profit for the period of £26 7 million (2011 £25 1 million)

The Company's distribution costs and administrative expenses amounted to £27 2 million (2011 £25 7 million), which equates to 69% of sales (2011 68%)

The Company's EBITDA increased from £1 0 million to £1 5 million and the Company's EBITDA return on sales from 3% to 4%

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Future developments

The Company continues to look for expansion opportunities both in the UK and overseas, as well as continuing to seek to improve margins whilst controlling costs The directors expect the improving profit position to continue into the foreseeable future

Risks

The principal risk faced by the Company is that the product offering declines in popularity, leading to reduced revenues, margins and cash flow The Company manages this risk by operating a buying and merchandising model which focuses on generating fashionable product lines, short lead times and low stock levels

The Company is part of the Whistles Holdings Limited group of companies (the "Group") The treasury management function is undertaken on a Group basis rather than at individual subsidiary level The Group meets its day to day working capital requirements and medium term funding requirements through a revolving facility provided by companies representing the Whistles Holdings Limited shareholders

Results and dividends

The Company's results are set out on page 9

The directors do not recommend the payment of a dividend (2011 £nil)

Post Balance Sheet events

In August 2012, the business underwent a financial restructure in order to facilitate further growth in business
The details are outlined in note 19 of the annual accounts

Political and charitable contributions

During the period, the Company made charitable donations of £12k (2011 £12k), and no political contributions (2011 £nil)

Directors

The current Directors of the company, who held office throughout the period, are listed on the Company Information page

Employees

Considerable importance is placed on communication, involvement and motivation of the employees and management of the Company Two way communication ensures that employees are kept informed of the performance of the Company and of any key initiatives or projects, through regular briefings and bulletins

The Company is committed to the continuing development of its employees and the implementation of policies that enable them to contribute to the performance and long term effectiveness of the organisation Every opportunity is taken to reinforce our values throughout the business

Equality of opportunity is encouraged irrespective of sex, marital status, colour, race, ethnic origin, nationality, religion, age or disability The same opportunities are offered to disabled people as to all others in respect of recruitment and career advancement Employees who become disabled will, wherever possible, be retained, rehabilitated and retrained

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Disclosure of information to auditors

The directors who held office at the date of approval of this report of the board confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

By Order of the Board

Phil Mickler
Secretary
18/09/2012

Whistles Limited
Statement of directors' responsibilities
For the period ended 28 January 2012

The directors are responsible for preparing the Directors Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

KPMG

Independent auditor's report to the members of Whistles Limited

We have audited the financial statements of Whistles Limited for the period ended 28 January 2012, set out on pages 9 to 19 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 28 January 2012 and of the Company's loss for the period then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice,
- and have been properly prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements

Matter on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from
- 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

H Dickinson

H Dickinson (Senior Statutory Auditor) for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square London E14 5GL
18 September 2012

Whistles Limited
Profit and Loss Account
For the period ended 28 January 2012

	Note	2012	2011
		£m	£m
Turnover	2	39 1	37 8
Cost of sales		(12.4)	(12 7)
Gross profit		26 7	25 1
Distribution costs		(18.5)	(18 0)
Administrative expenses		(8 7)	(7 7)
Operating loss before interest and tax	3	(0 5)	(0 6)
Interest payable and similar charges	6	(0 1)	(0 1)
Loss on ordinary activities before tax		(0 6)	(0 7)
Tax on loss on ordinary activities	7	-	-
Loss after tax for the financial period	15	(0.6)	(0 7)

The profit and loss account has been prepared on the basis that all operations are continuing operations

There were no other gains or losses other than the loss after taxation for the financial period Accordingly a statement of total recognised gains and losses has not been included

Notes on Pages 11 to 19 to form part of the Financial Statements

Whistles Limited
Balance sheet
as at 28 January 2012

	Note	2012 £m	2011 £m
Fixed assets			
Tangible fixed assets	8	4 2	5 0
Investments	9	1.0	1 0
		5 2	6 0
Current assets			
Stocks	10	3 6	3 2
Debtors	11	2.8	2 3
Cash at bank and in hand		2 5	0 7
		8 9	6 2
Creditors . amounts falling due within one year	12	(11 2)	(8 7)
Net current liabilities		(2 3)	(2 5)
Total assets less current liabilities		2 9	3 5
Creditors · amounts falling due after more than one year	13	(0 7)	(0 7)
Net assets		2.2	2 8
Capital and reserves			
Called up share capital	14	-	-
Share premium account	15	1 3	1 3
Profit and loss account	15	0 9	1 5
Shareholders' funds	16	2 2	2 8

Notes on Pages 11 to 19 form part of the Financial Statements

These financial statements were approved by the board of directors on 18/09/2012 and signed on its behalf by

Phil Mickler
Director
Company registered number 01514754

Whistles Limited
Notes to the accounts
For the period ended 28 January 2012

1 Accounting policies

1 1 Basis of Preparation

These financial statements are prepared on the going concern basis under the historical cost convention and in accordance with applicable United Kingdom accounting standards The accounting policies have been applied consistently in the current and proceeding year and throughout the Group

Under Financial Reporting Standard 1 *Cash Flow Statements* the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the cashflows of the Company in its own published consolidated financial statements

As the Company is a wholly owned subsidiary of Whistles Holdings Limited, the Company has taken advantage of the exemption contained in Financial Reporting Standard 8 *Related Party Transactions* and has therefore not disclosed transactions or balances with entities which form part of the Group

1 2 Going Concern

The Company is part of the Whistles Holdings Limited Group of companies (the 'Group') The treasury management function is undertaken on a Group basis rather than at individual company level The revolving credit facility is provided by companies representing a number of Whistles Holdings Limited shareholders, who are also directors of the Company The current facility expires in June 2014 This facility is legally constituted, but the directors recognise, given the current climate, that there can be no absolute certainty that the companies providing it will have the funds available at the appropriate time, although, at the date of approval of these financial statements, they have no reason to believe that they will not

Furthermore, to the extent that drawdown on this facility has been required since it was put in place, the funds have been forthcoming when required The directors have prepared various projected cash flow scenarios for the period ended 12 months from approval of these financial statements Following the restructure outlined in Note 19, the Group is capable of operating within the facilities available for the full term covered by the projections, even when running downside scenarios

1 3 Turnover

Turnover represents the fair value of goods and services, excluding value added tax, delivered to third party customers, including wholesale customers, in the accounting period Goods are deemed to have been delivered to customers when the customer has access to the significant benefits inherent in the goods and exposure to the risks inherent in these benefits

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Short leasehold and improvements	Over the life of the lease
Office equipment	25-33% per annum straight line
Fixtures and fittings	20% per annum straight line

Whistles Limited
Notes to the accounts (continued)
For the period ended 28 January 2012

1 5 Investments

Investments are included at cost less amounts written off

An impairment is recognised when the carrying amount of the investment exceeds the recoverable amount from the investment The recoverable amount of the investment being based upon the higher of net realisable value or value in use To the extent that the carrying amount exceeds the recoverable amount, the difference will be recognised as an impairment loss through the profit and loss account

1 6 Operating leases

Rental payments under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease

1 7 Lease incentives

Lease incentives are recognised over the period in which, before taking account of the incentive, rental payments are other than market rate They are released to the profit and loss account up until the first review date at which rental being paid is expected to come into line with the prevailing market rate

1.8 Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date All differences are taken to the profit and loss account

The assets and liabilities of overseas subsidiary undertakings are translated at the closing exchange rates Profit and loss accounts of such undertakings are consolidated at their average rates of exchange during the period Gains and losses arising on these translations are taken to reserves, net of exchange differences arising on related foreign currency borrowings

1.9 Stocks

Stocks are valued at the lower of cost and net realisable value

1 10 Tax

Current tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date Timing differences are differences between the Company's taxable profits and the results as stated in the financial statements that arise from the inclusion of gains and losses in taxable profits in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is measured on a non discounted basis

Whistles Limited
Notes to the accounts (continued)
For the period ended 28 January 2012

2. Turnover

Turnover arises from the sales by the Company to third parties net of discounts and value added tax, and royalty income, and arises entirely from ladies fashion retailing

Geographical analysis	2012 £m	2011 £m
United Kingdom	39 0	37 7
Rest of Europe and the Middle East	0 1	0 1
	39 1	37 8

Turnover by country of destination is not materially different from turnover by country of operation

Turnover may also be analysed as follows	2012 £m	2011 £m
European retailing	37.7	36 8
Overseas franchising	0.1	0 1
Wholesale	1.3	0 9
	39.1	37 8

3 Operating loss before interest and tax

Operating loss is stated after charging the following amounts	2012 £m	2011 £m
Depreciation of tangible fixed assets	1 6	1 6
Impairment of tangible fixed assets	0.4	-
Operating lease rentals	4 1	3 8

Remuneration payable in relation to audit services for Whistles Limited was £15,336 (2011 £14,200) and remuneration for non-audit services was £10,000 (2011 £10,000)

4 Remuneration of directors

	2012 £m	2011 £m
Directors' emoluments	0 6	0 6
	0 6	0 6

Remuneration of the highest paid director was £0 3 million (2011 £0 3 million) No Company contributions to a personal pensions scheme were made for any of the directors

Whistles Limited
Notes to the accounts (continued)
For the period ended 28 January 2012

5. Staff numbers and costs

The average number of persons employed by the Company during the year was

	2012	2011
Retail	537	525

The aggregate payroll costs of these persons were as follows

	2012 £m	2011 £m
Wages and salaries	7.8	7 7
Social security costs	0.7	0 6
	8.5	8 3

6 Interest payable and similar charges

	2012 £m	2011 £m
On bank loans and overdrafts	0.1	-
Unrealised foreign exchange loss	-	0 1
	0.1	0 1

Whistles Limited
Notes to the accounts (continued)
For the period ended 28 January 2012

7 Tax on loss on ordinary activities

Analysis of charge in the period	**2012 £m**	2011 £m
Total current tax	-	-
Total deferred tax	-	-
Tax on loss on ordinary activities	-	-

Current tax reconciliation
The current tax charge for the period differs from the standard rate of corporation tax in the UK of 26 3% (2011 28%) applied to the loss before tax The differences are explained below

	2012 £m	2011 £m
Loss on ordinary activities before tax	(0 6)	(0 7)
Current tax at 26 3% (2011 28%)	**(0.2)**	(0 2)
Factors affecting the tax charge for the period		
Depreciation on assets ineligible for capital allowances	**0.2**	0 1
Capital allowances for period less than depreciation	-	(0 1)
Increase in losses carried forward	-	0 2
Current tax charge for the period	-	-

During the year, the Company made tax losses which have been carried forward The losses carried forward with a tax value of £0 7 million (2011 £0 7 million) and accelerated capital allowances with a tax value of £0 6 million (2011 £0 6 million) have not been recognised as a deferred tax asset due to uncertainty of their eventual crystallisation This will be reassessed at each period end

Whistles Limited
Notes to the accounts (continued)
For the period ended 28 January 2012

8 Tangible fixed assets

	Short Leasehold and Improvements £m	Fixtures and Fittings £m	Computer hardware and software £m	Total £m
Cost				
At 30 January 2011	2 1	8 9	1 2	12 2
Additions	0 1	0 5	0 6	1 2
At 28 January 2012	**2.2**	**9 4**	**1 8**	**13.4**
Depreciation				
At 30 January 2011	1 1	5 4	0 7	7 2
Charge for the period	0 2	1 1	0 3	1 6
Impairment	0 1	0 3	-	0 4
At 28 January 2012	**1.4**	**6 8**	**1 0**	**9 2**
Net Book Value				
At 30 January 2011	1 0	3 5	0 5	5 0
At 28 January 2012	**0 8**	**2.6**	**0 8**	**4 2**

9. Investments

	2012 £m	2011 £m
Investments in subsidiaries	**1 0**	1 0

The undertakings in which the Company's interest at the end of the period is more than 20% are as follows

Name	Country of incorporation	Principle activity	% of shares held
Whistles International Limited	UK	Dormant	100%
Whistles Stores Ireland Limited	Ireland	Retailer	100%

The class of shares held was ordinary shares for all investments

Whistles Limited
Notes to the accounts (continued)
For the period ended 28 January 2012

10. Stocks

	2012 £m	2011 £m
Raw materials and consumables	0 1	0 4
Finished goods and goods for resale	3.5	2 8
	3 6	3 2

In the opinion of the directors, there is no material difference between the replacement cost of stock and the amounts stated above

11. Debtors

	2012 £m	2011 £m
Trade debtors	1 4	1 1
Other debtors	-	0 1
Prepayments and accrued income	1 4	1 1
	2 8	2.3

12 Creditors amounts falling due within one year

	2012 £m	2011 £m
Amounts owed to group undertakings	5.0	3 7
Trade creditors	2 1	2 0
Other taxes and social security costs	1.2	0 9
Other creditors	1 7	0 5
Accruals and deferred income	1 2	1 6
	11.2	8 7

13 Creditors : amounts falling due after more than one year

	2012 £m	2011 £m
Deferred income	0 7	0 7

Whistles Limited
Notes to the accounts (continued)
For the period ended 28 January 2012

14. Share capital

	2012 £m	2011 £m
Authorised		
2,146 Ordinary shares of $1 00 each	-	-
	-	-
Allotted, called up and fully paid		
2,146 Ordinary shares of $1 00 each	-	-
	-	-

15 Reserves

	Share Premium account £m	Profit and loss account £m
At 29 January 2011	1 3	1 5
Loss after tax for the financial period	-	(0 6)
At 28 January 2012	1 3	0 9

16. Reconciliation of movements in shareholders' funds

	2012 £m	2011 £m
Shareholders' funds		
Loss after tax for the financial period	**(0 6)**	(0 7)
Shareholders' funds at the start of the period	**2 8**	3 5
Shareholders' funds at the end of the period	**2 2**	2 8

17. Commitments

Annual commitments under non-cancellable operating leases for land and buildings are as follows

	2012 £m	2011 £m
Within one year	-	0 1
Between two and five years	**1 9**	1 2
Over five years	**2 4**	2 6
	4.3	3 9

Whistles Limited
Notes to the accounts (continued)
For the period ended 28 January 2012

18. Parent company

The immediate and ultimate parent company is Whistles Holdings Limited, a company incorporated in England and Wales

The largest and smallest Group in which the results of the Company are consolidated is that headed by Whistles Holdings Limited, a company incorporated in England and Wales The consolidated accounts of Whistles Holdings Limited are available from Whistles Holdings Limited,183 Eversholt Street, London, NW1 1BU

19. Post balance sheet event

In August 2012, the Group (Whistles Holdings Limited) underwent a financial restructure in order to facilitate further growth in the business The form of the financial restructure is summarised as follows

Cash investment
The RCF facility termination date was extended to June 2014
£2 5m cash was raised through an issue of £1 Preferred Ordinary Shares and will be used to invest in the expansion of the business

Glitnir loan
The remaining £1 1m Glitnir Senior Debt Facility was repaid in full

Shares
1,429,794 £1 00 Preferred Ordinary shares were converted into £0 001 Deferred Shares
58,359 £0 10 A2 shares were converted into 5,835,900 £0 001 Deferred Shares
2,500,000 new £1 Preferred Ordinary shares were issued in exchange for cash
18,568,568,030 £0 001 Deferred Shares were redeemed for £186 00
1,435,630,000 £0 001 Deferred Shares were bought back by the Group for £14 36
7,069,698 £1 00 Preferred Shares were reduced to £0 001 each