

**From:** Avery Mitchell  
**To:** Jordan Ellis  
**Subject:** Kestrel Limited: performance review and business opportunities  
**Date:** 5 November 2025

We have just received the latest Kestrel management accounts from David Griffiths. He would like us to review Kestrel's performance for the year. We also need to advise Kestrel on some business issues. I am attaching the following:

- Information relating to Kestrel's management accounts and a request for advice (**Exhibit 17**)
- Kestrel's draft management accounts for the year ended 30 September 2025 (**Exhibit 18**)
- [REDACTED] (**Exhibit 19**)
- [REDACTED] (**Exhibit 20b**)
- **Pre-populated spreadsheets** (see below).

Please draft for my review a report addressed to the Kestrel board. The report should comprise the following:

1. An analysis and explanation of Kestrel's financial and operating performance for the year ended 30 September 2025 in comparison with the year ended 30 September 2024. Your review should cover the following items.
  - Revenue overall; and by geography
  - Gross profit
  - Operating profit

Base your review on the draft management accounts including the additional data in the **R1 accounts** tab in the **pre-populated spreadsheet**. Use as appropriate the information in **Exhibit 17**.

You should also respond to the request for advice in **Exhibit 17**.

2. An [REDACTED]
  - [REDACTED]
  - [REDACTED]
  - [REDACTED]
  - [REDACTED]
  - [REDACTED]

## **REVIEW OF PERFORMANCE FOR YEAR ENDED 30 SEPTEMBER 2025**

### **REVENUE**

Overall revenue increased impressively by £4,013k (19.5%) to £24,637k which is above the forecast industry growth of 4.6%. The challenging economy in UK and Europe may have had a negative impact, so the fact that the rate of growth is increasing (24: 16.1%) is excellent. The increase is due to an increase of 8.3% in volume to 20,013 (24: 18,472) and an increase of 10.3% in average price to £1,231 (24: £1,117). Revenue from all geographies increased.

UK revenue increased slightly by £234k (3.3%) primarily due to an increase in average price of 2.4%, whilst volume increased marginally by 0.8%. UK has the lowest growth and still has the lowest average price.

RoE revenue increased significantly by £183k (5.1%), again primarily due to an increase in average price of 4.6% as volume increased minimally by 0.4%. Adjusting for EUR depreciation of 0.9%,

[REDACTED]

US revenue [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

RoW revenue [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

UK accounts for [REDACTED]  
[REDACTED]  
[REDACTED]

Whitehull [REDACTED]  
[REDACTED]

Savoir-Faire [REDACTED]  
[REDACTED]

Top three watches account for 33.4% (24: 30.9%) of revenue which shows

[REDACTED]  
[REDACTED]

### **GROSS PROFIT**

[REDACTED]  
[REDACTED]

[REDACTED]  
[REDACTED]

## REQUIREMENT 1 – Analysis of performance and request for advice

ASSIMILATING & USING INFORMATION	STRUCTURING PROBLEMS & SOLUTIONS
<b>Appendix 1</b>  <b>(A)</b> Analysis of underlying growth / impact of FX  <b>(B)</b> Analysis of volume and price by geography  <b>(C)</b> Analysis of GP/GPM by watch	<b>Financial analysis: Revenue (report)</b>  <b>(A)</b> Number of watches sold: up <b>1,541 / 8.3%</b> AND Average price per watch: up <b>£115 / 10.3%</b>  <b>(B)</b> UK: up <b>£234k / 3.3%</b>  <b>(C)</b> RoE: up <b>£183k / 5.1%</b> / € depreciated against £ >  <b>(D)</b> US: up <b>£3,106k / 44.4%</b> / \$ depreciated against £ >  <b>(E)</b> RoW: up <b>£490k / 16.7%</b> / basket appreciated against £ >  <b>(F)</b> Mix: UK <b>29.7% v 34.3%</b> / RoE <b>15.4% v 17.5%</b> / US <b>41.0% v 34.0%</b> / RoW <b>13.9% v 14.2%</b>
<b>AI/CS Exam info (report)</b>  <b>(A)</b> Overall revenue: up <b>£4,013k / 19.5%</b>  <b>(B)</b> Overall GP: up <b>£1,909k / 24.5%</b>  <b>(C)</b> S&D: up <b>£525k / 14.9%</b>  <b>(D)</b> Admin: up <b>£747k / 20.6%</b>  <b>(E)</b> OP: up <b>£637k / 98.6%</b>	<b>Financial analysis: GP/OP (report)</b>  <b>(A)</b> GP% up: <b>39.4% v 37.8%</b> >  <b>(B)</b> COS up: <b>£2,104k / 16.4%</b> >  <b>(C)</b> Marketing: up <b>£23k / 1.3%</b> OR Shipping: up <b>£468k/33.9%</b> OR Warehousing up <b>£34k/10.2%</b> >  <b>(D)</b> Staff: up <b>£607k/21.5%</b> OR IT: down <b>£48k/15.0%</b> >  <b>(E)</b> Depr and amort: up <b>£180k/70.3%</b> OR Other: up <b>£19k/10.9%</b> >  <b>(F)</b> OP% up: <b>5.2% v 3.1%</b>
<b>Business issues / wider context</b>  <b>(A)</b> Expected industry growth: 4.6%  <b>(B)</b> UK/Europe: challenging economic environment  <b>(C)</b> US: growth / positive view of UK brands  <b>(D)</b> Current marketing spend considered adequate	<b>Request for advice (report)</b>  <b>(A)</b> [REDACTED] >  <b>(B)</b> [REDACTED] >  <b>(C)</b> [REDACTED] >  <b>(D)</b> [REDACTED] >  <b>(E)</b> [REDACTED]  <b>(F)</b> [REDACTED] >