

Robert Dyas Holdings Limited

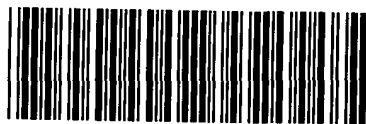
Report and Financial Statements

Year Ended

28 March 2015

Company Number 04041884

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Robert Dyas Holdings Limited

Report and financial statements
for the year ended 28 March 2015

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Directors

T Paphitis
K Kyprianou
S Dover

Secretary and registered office

A Mantz, Cleeve Court, Cleeve Road, Leatherhead, Surrey, KT22 7SD

Company number

04041884

Bankers

Lloyds Banking Group plc, 25 Monument Street, London, EC3R 9BQ

Auditors

BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex, RH6 0PA

Robert Dyas Holdings Limited

Strategic report for the year ended 28 March 2015

A review of the business and future developments, including key performance indicators and the principal risks and uncertainties is set out below.

Business review and future developments

I am pleased to report that Robert Dyas continued to make good progress in the year to 28 March 2015, building on that already achieved since being acquired by our Group in July 2012. Turnover for the year increased to £125.5m, on an increase in like for like sales of 1.0%. This is following strong like for like growth of 8.3% reported last year. Underlying EBITDA increased by 12.0%, from £6.3m in 2014 to £7.0m. Whilst there has been a significant level of work and investment into improving the business, the increased level of turnover over the last 3 years has been achieved broadly through the same retail estate and our website, www.robertdyas.co.uk. Major investment and change has continued into the current year and once our work on modernising central operations and store infrastructure is complete, we will be looking to expand our store network beyond our current numbers and boundaries.

Our key project in the last financial year, which is continuing into the current year, has been the relocation of the Robert Dyas warehousing and distribution to our new warehouse facility in Hemel Hempstead. As well as the relocation this has involved bringing a third party logistics solution in house, the implementation of new systems conducive to a modern operation and building a new management and operational team. The business now has a platform that provides the capacity to enable the Robert Dyas business to expand across all channels. The new facility has also seen the consolidation of the e-commerce fulfilment, as well as other Group company distribution functions into Hemel Hempstead. This project has involved a considerable level of financial commitment as can be seen from our results, as well as the attention and hard work of our people, existing and new. I am sure we will reap the benefits of this in the immediate and long term future of the business.

Investment has also been made into the ongoing improvement of the range and availability of stock and the refurbishment of selected stores and we will continue to strive to ensure that Robert Dyas customers get the best of modern day retailing from a brand that has great heritage and is widely trusted. The next 12 months will also see us implement new IT infrastructure and tills across all stores, providing a platform to build on our recent success for the long term.

Our online business continued to show steady growth of 11% in the year following the introduction of the new website last year and this continues to be an area of focus for growth both in terms of sales and profitability.

Robert Dyas again joined Ryman, another Group company, as an official partner of Comic Relief. Robert Dyas colleagues, customers and suppliers participated in fundraising activities, as well as the sale of Comic Relief products to raise £67k, resulting in a total for the 2015 campaign by the Group of over £0.5million and over the years of £3.0 million.

Since the year end, Bea Pearson has left her role as Chief Operating Officer at Robert Dyas and has been replaced by Keith Westcott on an interim basis. I would like to thank Bea for her contribution to the business over the last 12 years and wish her well in her future career. The Robert Dyas business continues to benefit from the ongoing strengthening of the senior management team in various disciplines across our group of businesses.

I continue to believe that Robert Dyas has great potential. The business is receiving the investment and attention that will give it every opportunity to fulfil this. The ongoing and future investment projects will continue to improve and modernise our operations to give our dedicated colleagues every chance of delivering further success. I am grateful for the enthusiasm and commitment shown by our colleagues, suppliers and other stakeholders to our plans and look forward to an exciting future.

Robert Dyas Holdings Limited

Strategic report for the year ended 28 March 2015 (continued)

Key Performance Indicators

Like for like sales increased by 1.0% (2014 - 8.3%).

Turnover increased 1.04% to £125.50 million (2014 - £124.21 million).

Operating profit before exceptional item increased 0.2% to £5.25 million (2014 - £5.24 million).

Net assets at 28 March 2015 of £14.21 million (2014 - £14.27 million).

EBITDA increased to £7.0m (2014 - £6.3m)

Underlying EBITDA is calculated as follows:

	2015 £'000	2014 £'000
Operating profit before exceptional item	5,247	5,239
Add back:		
Depreciation and impairment of fixed assets	1,690	1,231
Pre-opening costs	139	6
Loss/(profit) on disposal of tangible fixed assets	143	(13)
Pension contributions	(220)	(212)
	<hr/>	<hr/>
	6,999	6,251
	<hr/>	<hr/>

The directors are satisfied with the performance of the company against these key performance indicators.

Principal risks and uncertainties

The current economic environment has and will continue to affect, all areas of the business. We also recognise that we will be affected by the impact this will have on our customers, partners and suppliers.

The Board recognise that the company faces a number of risks that could affect the execution of the company's strategic plans. The risks set out below represent the principal risks and uncertainties that may adversely affect the management of the company and the execution of its strategic plans.

Strategic risks

The Economy

There are a number of economic factors that affect our customers, partners and suppliers at both the global and national level. The Board monitor these closely to ensure that we are prepared for and can react to changes in the economic environment.

Competition

Our stores, although relatively small compared to out-of-town retailers, offer a broad range of home and garden products, and as such we compete in many of the non-food, non-fashion retail markets. As a consequence, we have a large number of indirect competitors, but our most direct competition comes from other retailers who satisfy a similar shopping mission to ourselves by competing in the convenience market on the local High Street. As with many other retailers, we also compete with internet retailers, and have developed our own transactional website, robertdyas.co.uk.

Robert Dyas Holdings Limited

Strategic report for the year ended 28 March 2015 (*continued*)

Operational risks

Stock

The most significant investment that the company makes each year is its investment in stock. Processes are in place to mitigate the risk inherent in such an investment by controlling the level of stock in the context of changing sales levels, and to ensure that all slow-moving stock is moved quickly through the business.

People

The Board recognises the importance of our people in the success of its operations. The risk of reliance on key individuals is minimised through the development of succession plans.

Suppliers

The company is dependent on its suppliers to manufacture its products to the desired quality and standards and on its logistics providers to ensure it reaches the required location on a timely basis. The standards, arrangements and contingency plans are under constant review by management.

Financial risks

Cash flow

Robust and effective financial processes are in place to ensure that margins, costs and cash flows are properly controlled.

Currency risk

The company imports a significant proportion of its merchandise directly from overseas suppliers. Forward foreign exchange contracts are entered into at the point that purchases are agreed, with the result that the effective sterling price is substantially fixed at the same time as the dollar price.

Pension scheme

The defined benefit pension scheme showed a deficit, net of deferred tax, of £1,575,000 (2014 - £665,000) at the year end. The increase in the deficit is predominantly due to:

- change in actuarial assumptions with the discount rate applied reducing from 4.6% in the prior year to 3.6% in the current year with the resultant increase in the value of the pension scheme liabilities, offset by
- better than expected investment returns resulting in an experience gain adjustment on the assets

The Pension Scheme Trustees have agreed with the company that they will not seek to increase contributions to the scheme beyond those currently agreed until at least June 2015, unless required to do so by Statute or Regulation. However, in the longer term, if the value of the scheme assets were to decline significantly relative to its liabilities, the company might need to make further additional contributions to cover any shortfall. This would have an adverse impact on cash flow. The company has agreed, on a contingent basis triggered by financial performance, to increase monthly contributions by £10,000 from July 2015 to March 2016. The company and Pension Scheme Trustees meet regularly and receive advice from external actuaries with the objective of mitigating this risk through the scheme's investment strategy.

Robert Dyas Holdings Limited

Strategic report
for the year ended 28 March 2015 *(continued)*

Capital expenditure and cash

Tangible fixed assets acquired during the year, mainly incurred on store fixtures, fittings and equipment, amounts to £4,192,000 (2014 - £1,243,000). The cash balance held at the bank on 28 March 2015 was £ 3,096,000 (2014 - £3,469,000).

On Behalf of the Board


T Paphitis
Chairman

Date 18 December 2015

Robert Dyas Holdings Limited

Report of the directors for the year ended 28 March 2015

The directors present their report together with the audited financial statements for the year ended 28 March 2015.

Results and dividends

The profit and loss account is set out on page 10 and shows the result for the year.

The profit after taxation for the year amounted to £1,086,000 (2014 - £3,838,000).

The directors do not recommend the payment of a dividend (2014 - £Nil).

Principal activities, business review and future developments

The company is a retailer specialising in functional home and garden products through the Robert Dyas chain of stores and online through www.robertdyas.co.uk.

A review of the business and future developments is contained in the strategic report on page 1.

Financial risk factors

The consideration of the key financial risk factors is contained in the strategic report on page 1.

Colleagues

The company would not be able to achieve such results in a difficult market without the energy and dedication of its management and colleagues, providing customers with a high-quality shopping experience and actively driving sales.

The company places considerable value on the involvement of its colleagues and maintains close consultation with them regarding matters likely to affect their interests and is committed to providing them with relevant information and involving them in the performance and development of the company whenever possible. This is achieved through regular trading updates and both formal and informal meetings where colleagues are consulted on a wide range of matters that affect their interests. The company operates a regular performance review process with each colleague to discuss personal and career development.

The company believes in respecting individuals and their rights in the workplace. With this in mind, policies are in place covering equal opportunities and dignity at work.

The company has a policy of providing disabled persons full and fair consideration for all job vacancies for which they offer themselves as suitable applicants, having regard to their particular aptitudes and abilities. Training and career development opportunities are available to all colleagues and the company endeavours to retrain any colleague who develops a disability during employment.

Deeds of indemnity

As at the date of this report, indemnities are in force under which the company has agreed to indemnify the directors, to the extent permitted by law and the company's Articles of Association, in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities, as directors of the company.

Robert Dyas Holdings Limited

Report of the directors for the year ended 28 March 2015 (continued)

Directors

The directors of the company during the year were:

T Paphitis
K Kyprianou
S Dover
B Pearson (Resigned 30 April 2015)
T Maywood (Resigned 30 September 2014)
S Back (Resigned 31 March 2014)

Directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

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

Robert Dyas Holdings Limited

Report of the directors for the year ended 28 March 2015 (*continued*)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office. Under the Companies Act 2006 section 487(2) they will be automatically re-appointed as auditors 28 days after these financial statements are sent to the members, unless the members exercise their rights under the Companies Act 2006 to prevent their re-appointment.

By order of the Board



T Pappitis
Director

Date 18 December 2015

Robert Dyas Holdings Limited

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROBERT DYAS HOLDINGS LIMITED

We have audited the financial statements of Robert Dyas Holdings Limited for the year ended 28 March 2015 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 statement of directors' responsibilities, 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

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 March 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion 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.

Robert Dyas Holdings Limited

Independent auditor's report (*continued*)

Matters 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 you if, in our opinion:

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

BDO LLP

*James Fearon (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick
United Kingdom*

Date *23/12/15*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Robert Dyas Holdings Limited

Profit and loss account for the year ended 28 March 2015

	Note	2015 £'000	2014 £'000
Turnover	2	125,499	124,209
Cost of sales		(104,952)	(104,889)
Gross profit		20,547	19,320
Selling, distribution and administration costs		(18,887)	(14,081)
Operating profit before exceptional item		5,247	5,239
Exceptional item – warehousing project	4	(3,587)	-
Operating profit	4	1,660	5,239
Interest receivable and similar income	6	625	573
Interest payable and similar charges	7	(669)	(725)
Profit on ordinary activities before taxation		1,616	5,087
Taxation	8	(530)	(1,249)
Profit on ordinary activities after taxation		1,086	3,838

All amounts relate to continuing activities.

The notes on pages 13 to 27 form part of these financial statements.

Robert Dyas Holdings Limited

Statement of total recognised gains and losses for the year ended 28 March 2015

	Note	2015 £'000	2014 £'000
Profit for the year		1,086	3,838
Actuarial (loss)/gain recognised in respect of the pension fund	17	(1,438)	49
Deferred tax thereon	13	243	(86)
Current tax on pension contributions	17	46	48
		<hr/>	<hr/>
Total recognised gains and losses for the year		(63)	3,849
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 13 to 27 form part of these financial statements.

Robert Dyas Holdings Limited

Balance sheet
at 28 March 2015

<i>Company number 04041884</i>	Note	2015 £'000	2015 £'000	2014 £'000	2014 £'000
Fixed assets					
Tangible assets	9		8,668		6,287
Current assets					
Stocks	10	22,087		18,491	
Debtors	11	7,578		7,222	
Cash at bank and in hand		3,096		3,469	
		<u>32,761</u>		<u>29,182</u>	
Creditors: amounts falling due within one year	12	(24,189)		(18,386)	
Net current assets			8,572		10,796
Total assets less current liabilities			<u>17,240</u>		<u>17,083</u>
Provisions for liabilities	13	(1,458)		(2,147)	
Net assets excluding pension liability			15,782		14,936
Net pension liability	17	(1,574)		(665)	
Net assets			<u>14,208</u>		<u>14,271</u>
Capital and reserves					
Called up share capital	14		706		706
Share premium	15		6,989		6,989
Capital contribution reserve	15		3,515		3,515
Profit and loss account	15		2,998		3,061
Equity shareholders' funds	15		<u>14,208</u>		<u>14,271</u>

The financial statements were approved by the Board of directors and authorised for issue on 18 December 2015


T Paphitis
Director

The notes on pages 13 to 27 form part of these financial statements.

Robert Dyas Holdings Limited

Notes forming part of the financial statements for the year ended 28 March 2015

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

The following principal accounting policies have been applied:

Going concern

The company and group has loan facilities from a related party, Theo Paphitis Funding Limited, of £12,000,000 which have been extended to December 2016. The directors therefore consider that the company will be able to meet its liabilities as they fall due for the foreseeable future. It is on this basis that the directors consider it appropriate to prepare the company's financial statements on a going concern basis.

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that all of the voting rights in the company are controlled within the group headed by Fivefathers Holdings Limited and the company is included in consolidated financial statements.

Turnover

Turnover is stated net of returns, after deducting discounts and markdowns, and is exclusive of value added tax.

Revenue is recognised only when all significant risks and rewards of ownership of goods have been transferred to the purchaser.

Tangible fixed assets

Fixed assets are stated at cost, net of depreciation and any provision for impairment.

Short leasehold properties are amortised on a straight line basis over the periods of the individual leases.

Depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all tangible fixed assets, evenly over their expected useful lives. It is calculated at the following rates:

Fixtures, fittings and equipment - 7.5% - 33.33% straight line

Provisions for impairment are made in accordance with Financial Reporting Standard 11. These provisions are made by reference to the realistic potential of each store to achieve a positive cash contribution in the near future.

Robert Dyas Holdings Limited

Notes forming part of the financial statements for the year ended 28 March 2015 (*continued*)

1 Accounting policies (*continued*)

Impairment review

The carrying amounts of the company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

Impairment losses recognised in respect of income-generating units are allocated to reduce the carrying amount of the tangible assets in the unit on a pro rata or more appropriate basis. An income generating unit is the smallest identifiable group of assets that generates income that is largely independent of the income streams from other assets or groups of assets.

The recoverable amount of fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

An impairment loss is reversed where the recoverable amount increases as a result of a change in economic conditions or in the expected use of the asset then the resultant reversal of the impairment loss should be recognised in the current period.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Stocks

Stocks comprise of goods for resale and are stated at the lower of cost and net realisable value. In determining the cost of goods purchased for resale, the average purchase price is used. Provisions are made for obsolete, slow moving and defective items.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 28 March 2015 (*continued*)

1 Accounting policies (*continued*)

Operating leases

Operating lease rentals paid are charged to the profit and loss account on a straight line basis over the period of the lease.

The benefits of any rent free periods are released over the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate.

Foreign exchange

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction, or if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Pension scheme

The company operates a pension scheme. This is in two sections, one conferring defined benefits and the other requiring defined contributions. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period. Contributions relating to the defined benefit section are charged to the profit and loss account so as to spread the cost of pensions over members' working lives with the company.

Pension scheme assets are measured using market values. For quoted securities, the bid-market price is taken as the market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and in the statement of total recognised gains and losses, actuarial gains and losses.

The money purchase scheme contributions are included along with the final salary figures within note 17.

Interest on intra-group balances

The company charges and receives interest on the balances owed from and to trading group companies.

Group relief for tax losses

Charge is made by the surrendering company within the group for the surplus tax losses that are surrendered via group relief.

Onerous lease contracts

A provision for onerous lease contracts is recognised when the expected benefits to be derived by the company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 28 March 2015 (continued)

2 Turnover

Retail turnover represents the total amount receivable for goods sold exclusive of value added tax and is derived from the company's principal activity in the United Kingdom.

3 Employees

	2015 £'000	2014 £'000
Staff costs consist of:		
Wages and salaries	16,264	15,377
Social security costs	1,129	1,078
Other pension costs	401	383
	<u>17,794</u>	<u>16,838</u>

The average number of employees (including directors) during the year was as follows:

	2015 Number	2014 Number
Selling and distribution	1,229	1,194
Administration	168	144
	<u>1,397</u>	<u>1,338</u>

4 Operating profit

	2015 £'000	2014 £'000
This has been arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	1,651	1,612
Tangible fixed assets impairment reversal	-	(381)
Tangible fixed assets impairment	39	-
Profit on disposal of tangible fixed assets and store closures	210	(3)
Reduction in onerous lease provision	(689)	(801)
Foreign currency gains	(392)	(200)
Fees payable to the company's auditor for:		
- audit of the annual accounts	60	69
- other services	3	-
Operating lease rentals:		
- land and buildings	9,904	10,080
- motor vehicles and equipment	206	198
Exceptional item:		
- costs in respect of the set up and transfer of warehousing location to Hemel Hempstead servicing both stores and ecommerce channels	3,587	-
	<u>3,587</u>	<u>-</u>

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 28 March 2015 (continued)

5 Directors' remuneration	2015 £'000	2014 £'000
Remuneration paid	303	688
Pension contributions	25	49
	<u>328</u>	<u>737</u>

There was one director in the company's defined contribution pension scheme during the year (2014 – three).

Highest paid director	2015 £'000	2014 £'000
Remuneration	<u>247</u>	<u>203</u>
Contributions to defined contribution scheme	<u>25</u>	<u>20</u>

6 Interest receivable and similar charges	2015 £'000	2014 £'000
Bank interest receivable	13	10
Interest receivable from group companies	23	12
Pension - expected return on assets (see note 17)	589	551
	<u>625</u>	<u>573</u>

7 Interest payable and similar charges	2015 £'000	2014 £'000
Bank facility fees	-	1
Interest payable to related party	-	42
Interest payable to group companies	161	167
Pension - interest cost (see note 17)	508	515
	<u>669</u>	<u>725</u>

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 28 March 2015 (*continued*)

8 Taxation on profit from ordinary activities

	2015 £'000	2014 £'000
<i>Current tax</i>		
UK corporation tax on profits for the year	349	1,103
	<hr/>	<hr/>
Total current tax	349	1,103
	<hr/>	<hr/>
<i>Deferred tax</i>		
Origination and reversal of timing differences	181	146
	<hr/>	<hr/>
Total deferred tax (see note 13)	181	146
	<hr/>	<hr/>
Taxation on profit on ordinary activities	530	1,249
	<hr/> <hr/>	<hr/> <hr/>

The tax assessed for the year is different to the standard rate of corporation tax in the UK. The differences are explained below:

	2015 £'000	2014 £'000
Profit on ordinary activities before tax	1,616	5,087
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 21% (2014 - 23%)	339	1,170
Effects of:		
Capital allowances for year in excess of depreciation	(24)	(113)
Expenses not deductible for tax purposes	20	21
Income not taxable for tax purposes	(17)	(8)
Other short term timing differences	-	(2)
Chargeable gain	31	35
	<hr/>	<hr/>
Current tax charge for year	349	1,103
	<hr/> <hr/>	<hr/> <hr/>

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 28 March 2015 (*continued*)

9 Tangible fixed assets

	Short leasehold land and buildings £'000	Fixtures, fittings and equipment £'000	Total £'000
<i>Cost or valuation</i>			
At 30 March 2014	1,431	25,101	26,532
Additions	254	3,938	4,192
Disposals	(1)	(1,008)	(1,009)
	<hr/>	<hr/>	<hr/>
At 28 March 2015	1,684	28,031	29,715
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 30 March 2014	1,046	19,199	20,245
Provided for the year	96	1,555	1,651
Impairment loss	-	39	39
Disposals	(1)	(887)	(888)
	<hr/>	<hr/>	<hr/>
At 28 March 2015	1,141	19,906	21,047
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 28 March 2015	543	8,125	8,668
	<hr/>	<hr/>	<hr/>
At 29 March 2014	385	5,902	6,287
	<hr/>	<hr/>	<hr/>

The impairment loss of £39,000 (2014 – gain £381,000) relates to individual store income generating units. The recoverable amount of the related fixed assets have been reassessed based on value in use.

10 Stocks

	2015 £'000	2014 £'000
Goods for resale	22,087	18,491
	<hr/>	<hr/>

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 28 March 2015 (continued)

11 Debtors

	2015 £'000	2014 £'000
Amounts receivable within one year		
Trade debtors	719	881
Other debtors	834	712
Prepayments and accrued income	5,067	4,540
Amounts owed by parent company	595	561
	<hr/>	<hr/>
	7,215	6,694
Amounts receivable after more than one year		
Deferred taxation (see note 13)	363	528
	<hr/>	<hr/>
	7,578	7,222
	<hr/> <hr/>	<hr/> <hr/>

12 Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Trade creditors	12,009	7,578
Other taxation and social security	1,059	1,830
Corporation tax	112	466
Accruals and deferred income	6,795	3,717
Other creditors	135	236
	<hr/>	<hr/>
	20,110	13,827
Amounts owed to group companies	4,079	4,559
	<hr/>	<hr/>
	24,189	18,386
	<hr/> <hr/>	<hr/> <hr/>

- At the end of the year the company, as a member of the Gladys Emmanuel Limited group of companies, had a working capital facility of £2,250,000 (part of the £12,000,000 loan facility provided by Theo Paphitis Funding Limited). As at the balance sheet date this facility is unutilised (2014 - £nil). The interest rate on the facility is 2.50% above LIBOR.
- The company has granted a fixed and floating charge over its assets in favour of Theo Paphitis Funding Limited in respect of the company's and fellow group companies' obligations under the £12,000,000 loan agreement. At 28 March 2015 amounts outstanding and covered by this arrangement totalled £5,400,000 (2014 - £6,000,000).

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 28 March 2015 (*continued*)

13 Provisions for liabilities

	Onerous leases £'000
At 29 March 2014	(2,147)
Amounts used in period	297
Amounts reversed due to terminated leases	166
Amounts provided no longer required	226
	<hr/>
At 28 March 2015	(1,458)
	<hr/> <hr/>

Provision for onerous leases

The company enters into lease agreements for stores. An onerous contract provision is made for a leased retail outlet trading at a loss if certain conditions are met, such as a full impairment write-down has been made for the fixed assets, the trading loss is a direct result of the magnitude of the rental and there is no realistic prospect of management improving the trading to the extent necessary to recover the lease rental. The net obligation under these leases has been provided for.

Deferred taxation

The company has provided fully for deferred taxation in accordance with Financial Reporting Standard 19, in the current year at 20% (2014 - 20%). Deferred tax is included in the balance sheet as follows:

	Included in debtors £'000	Included in net pension liability £'000	Total £'000
At 29 March 2014	528	166	694
Included in the statement of total recognised gains and losses	-	244	244
Included in the profit and loss account (see note 8)	(165)	(16)	(181)
	<hr/>	<hr/>	<hr/>
At 28 March 2015	363	394	757
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Included in the £363,000 above, the company has continued to recognise deferred tax assets in respect of accelerated capital allowances of £373,000 (2014 - £523,000) due to the expectation of future profits.

In July 2015, the Chancellor of the Exchequer announced that the main rate of UK Corporation Tax would reduce from 20% to 19% with effect from 1 April 2017 and then to 18% from 1 April 2020. These proposed changes have not yet been substantively enacted as at the balance sheet date. As such deferred tax assets and liabilities at the balance sheet date have been recognised at the current enacted rate of UK Corporation tax of 20%.

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 28 March 2015 (continued)

14 Share capital

	Allotted, called up and fully paid			
	2015 Number	2014 Number	2015 £'000	2014 £'000
Ordinary shares of 5p each	14,122,160	14,122,160	706	706

15 Reconciliation of shareholders' funds and movements on reserves

	Share capital £'000	Share premium £'000	Capital contribution reserve £'000	Profit and loss account £'000	Total £'000
At 29 March 2014	706	6,989	3,515	3,061	14,271
Profit for the year	-	-	-	1,086	1,086
Actuarial loss recognised in respect of the pension scheme (net of deferred tax)	-	-	-	(1,149)	(1,149)
At 28 March 2015	706	6,989	3,515	2,998	14,208

The profit and loss account is analysed as follows:

	Pension reserve £'000	Profit and loss reserve £'000	Total £'000
At 29 March 2014	(1,965)	5,026	3,061
Profit for the year	-	1,086	1,086
Actuarial loss recognised in respect of the pension scheme (net of deferred tax)	(1,149)	-	(1,149)
At 28 March 2015	(3,114)	6,112	2,998

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 28 March 2015 (continued)

16 Operating leases

As at 28 March 2015, the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2015 £'000	Other 2015 £'000	Land and buildings 2014 £'000	Other 2014 £'000
Operating leases which expire:				
Within one year	1,673	41	1,997	68
In two to five years	4,257	152	3,146	112
Over five years	5,359	-	4,678	-
	<u>11,289</u>	<u>193</u>	<u>9,821</u>	<u>180</u>

17 Pensions

The company operates one main pension scheme for its employees, the Robert Dyas Limited Pension and Life Assurance Scheme. The scheme was converted from a defined benefit structure to a defined contribution structure in respect of pensionable employment from 1 April 2000, but retained some defined benefit liabilities in respect of benefits accrued to 31 March 2000.

The details below relate to the defined benefit section of the scheme. In addition, the company's contributions payable to the defined contribution section of the scheme were £112,000 (2014 - £124,000) for the year ended 28 March 2015.

The company expects to make contributions of £233,000 to the defined benefit section of the scheme and £77,000 to the defined contribution section of the scheme during the year to 26 March 2016.

The scheme's assets are held separately from the assets of the company and are administered by trustees and managed professionally.

A full actuarial valuation of the final salary section was carried out as at 1 April 2010 and has been updated to 28 March 2015 by a qualified independent actuary.

The main assumptions used by the actuary were:

	At 28 March 2015	At 29 March 2014	At 30 March 2013	At 31 March 2012	At 26 March 2011
Rate of inflation	3.10%	3.10%	3.25%	2.90%	3.25%
Rate of increase in pensions in payment:					
- Pre 97 pension	3.00%	3.00%	3.00%	3.00%	3.00%
- Post 97 pension	3.10%	3.10%	3.15%	3.10%	3.20%
Rate of revaluation of pensions in deferment	1.70%	2.10%	2.25%	2.00%	2.50%
Discount rate	3.60%	4.60%	4.70%	5.20%	5.70%
Mortality rate	105% of S1PXA CMI_2014 (1.0%)	105% of S1PXA CMI_2013 (1.0%)	105% of S1PXA CMI_2012 (1.0%)	105% of S1PXA CMI_2011 (1.0%)	105% of S1PXA CMI_2009 (1.0%)
Commutation allowance	12.5%	12.5%	12.5%	20.0%	12.5%

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 28 March 2015 (continued)

17 Pensions (continued)

The assets in the scheme and the expected rates of return were:

	2015 £'000	2014 £'000
Equities	7,609	7,326
Bonds	3,920	2,992
Other	(10)	10
	<hr/>	<hr/>
Total market value	11,519	10,328
Present value of scheme liabilities	(13,487)	(11,159)
	<hr/>	<hr/>
Deficit in the scheme	(1,968)	(831)
Related deferred tax asset	394	166
	<hr/>	<hr/>
Net scheme liability	(1,574)	(665)
	<hr/> <hr/>	<hr/> <hr/>
Amounts recognised in the profit and loss account	2015 £'000	2014 £'000
Interest cost	(508)	(515)
Expected return on assets	589	551
	<hr/>	<hr/>
Total profit and loss return	81	36
	<hr/> <hr/>	<hr/> <hr/>
Amount recognised in statement of total recognised gains and losses	2015 £'000	2014 £'000
Actual less expected return on assets	603	(151)
Experience gains on liabilities	0	233
Effect of change in assumptions on liabilities	(2,041)	(33)
Deferred tax thereon	255	(60)
Impact of tax rate changes	(12)	(26)
Current tax thereon	46	48
	<hr/>	<hr/>
Total (loss)/gain recognised	(1,149)	11
	<hr/> <hr/>	<hr/> <hr/>

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 28 March 2015 (*continued*)

17 Pensions (*continued*)

Reconciliation of assets and liabilities

	2015 £'000	2014 £'000
Fair value of assets at 30 March	10,328	9,938
Expected return on assets	589	551
Employer contributions	220	211
Benefits paid	(221)	(221)
Actuarial gain/(loss) on assets	603	(151)
	<hr/>	<hr/>
Fair value of assets at 28 March	11,519	10,328
	<hr/> <hr/>	<hr/> <hr/>
	2015 £'000	2014 £'000
Total liabilities at 30 March	11,159	11,065
Interest cost	508	515
Benefits paid	(221)	(221)
Actuarial loss/(gain) on liabilities	2,041	(200)
	<hr/>	<hr/>
Total liabilities at 28 March	13,487	11,159
	<hr/> <hr/>	<hr/> <hr/>

The total amount recognised in the consolidated statement of total recognised gains and losses in respect of actuarial gains and losses is £1,149,000 loss (2014 - £11,000 gain).

Cumulative actuarial gains/losses reported in the consolidated statement of total recognised gains and losses for accounting periods ending on or after 22 June 2002 and subsequently included by prior year adjustment under paragraph 96 of FRS17, are losses of £2,107,000 (2014 - £958,000 loss).

History of experience gains and losses

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Present value of scheme liabilities	13,487	11,159	11,065	9,700	8,591
Scheme assets	11,519	10,328	9,938	9,047	8,280
Deficit	(1,968)	(831)	(1,127)	(653)	(311)
Actuarial (losses)/gains on scheme liabilities	(2,041)	200	(1,189)	(795)	756
Experience adjustments on scheme assets	603	(151)	469	208	37

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 28 March 2015 (continued)

18 Guarantees and contingent liabilities

The company is party to a group VAT registration with its parent company and fellow group subsidiaries, Sevenfathers Limited, Gladys Emmanuel Limited, Cleeve Court Holdings Limited, Robert Dyas Property Limited, Riverdance Acquisition Limited, Riverdance Holding Limited and Riverdance Limited and as such has joint and several liabilities for amounts due to HM Revenue and Customs. The amount due at 28 March 2015 was £731,302 (2014 - £1,542,075).

The company has granted a fixed and floating charge over its assets in favour of Theo Paphitis Funding Limited in respect of the company's and fellow group companies' obligations under the £12,000,000 loan agreement. At 28 March 2015 amounts outstanding and covered by this arrangement totalled £5,400,000 (2014 - £6,000,000).

19 Capital and financial commitments

At 28 March 2015 the company's capital and financial commitments other than those disclosed in note 16 Operating leases and the foreign currency contracts disclosed below, were £Nil (2014 - £Nil).

The company enters into forward foreign currency contracts to eliminate the currency exposures that arise on purchases denominated in foreign currencies. Changes in the fair value of instruments used as hedges are not recognised in the financial statements until the hedged position matures. An analysis of these unrecognised gains and losses is as follows:

	£'000
Unrecognised gains/(losses) on hedges at 30 March 2014	(168)
Gains/(losses) arising in previous years that were recognised in the year	<u>(168)</u>
Gains arising before 30 March 2014 that were not recognised in the year	-
Gains arising in the year that were not recognised in the year	<u>766</u>
Unrecognised gains on hedges at 28 March 2015	<u>766</u>
Of which:	
Gains expected to be recognised in the year to 26 March 2016	<u>766</u>
Gains expected to be recognised after 26 March 2016	<u>-</u>

The book value of the contracts at 28 March 2015 was £10,481,000 expiring between May and November 2015 (2014 - £10,786,000 expiring between May 2014 and March 2015).

The fair value of the contracts at 28 March 2015 was £9,715,000 expiring between May and November 2015 (2014 - £10,954,000 expiring between May 2014 and March 2015).

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 28 March 2015 (*continued*)

20 Related party disclosures

The company is a wholly owned subsidiary of Fivefathers Holdings Limited and has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related Party Disclosures' not to disclose transactions with Fivefathers Holdings Limited or other wholly owned subsidiaries within the group.

Related party transactions and balances

During the year the company recharged stock for resale totalling £967,396 (2014 - £1,084,272) to and were recharged for stock and management and support fees totalling £2,933,845 (2014 - £2,549,040) by Ryman Group Limited and its subsidiaries, fellow group companies. At the year end the balance owed to Ryman Group Limited included in trade creditors was £904,903 (2014 - £107,956 debtor).

During the year the company was charged by Red Letter Days Limited an amount totalling £9,232 (2014 - £80,647) in respect of experience vouchers. T Paphitis, a director of the company, was also a director of Red Letter Days Limited. At the year end the balance owed by Red Letter Days Limited was £23,970 (2014 - £2,167 owed to Red Letter Days Limited).

During the year the company paid interest of £130,000 to Theo Paphitis Funding Limited, a company of which K Kyprianou and T Paphitis are directors and T Paphitis is the controlling shareholder. At the year end the company owed £Nil, (2014 - £130,000, relating to accrued interest). The total interest charged in the year was £Nil (2014 - £42,000).

21 Controlling party

The company's ultimate parent company is Fivefathers Holdings Limited, which is the parent of both the smallest and largest groups of which the company is a member. Fivefathers Holdings Limited is registered in Cyprus and a copy of its financial statements can be obtained from its registered office at Karaiskaki 6, City House, 3032, Limassol, Cyprus.

At 28 March 2015, the company was a wholly owned subsidiary of Cleeve Court Holdings Limited, a company incorporated in England and Wales.

The directors consider Theo Paphitis to be the ultimate controlling party.