

Robert Dyas Holdings Limited

Report and Financial Statements

Year Ended

1 April 2017

Company Number 04041884

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Robert Dyas Holdings Limited

Report and financial statements
for the year ended 1 April 2017

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Directors

T Paphitis
K Kyprianou
S Dover

Secretary and registered office

A E Mantz, 1 St George's Road, Wimbledon, London SW19 4DR

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 1 April 2017

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 with the progress made by the Robert Dyas business in the year ended 1 April 2017.

Since acquiring the business in 2012, a considerable amount of work and investment has gone into modernising the business. This has included strengthening the infrastructure the business relies on as well as providing it with a platform to drive 'modern day' growth.

During the year, further enhancements were made to the warehouse and fulfilment centre in Hemel Hempstead to build on our multi-channel capabilities. Our click and collect service has proved extremely popular with our customers, with around 40% of orders being collected from one of our stores. The investment in our systems has been made to ensure that we deliver our customers' expectations as efficiently as possible. In addition to making available across all of our channels the wide range of products that customers are accustomed to seeing at Robert Dyas, in partnership with our suppliers, we have extended the products available to be wider than ever before. As well as collection from our 95 stores, customers have the option of collecting their orders from our group company, Ryman, resulting in a click and collect service in total from over 300 stores nationwide.

Further investment in the future of Robert Dyas was made in relocating the head-quarters of the business to Wimbledon in May 2017 to join other group companies already based there. The new offices provide our colleagues with a much improved working environment and excellent transport links. The move is also expected to assist with the recruitment and development of people to grow the business across all channels, building on the brand's heritage in products for the home and garden over 140 years.

The increased focus on trading resulted in turnover in the year increasing by £3.4m to £123.4m, an increase of 2.8%. Improvements in operations across the business resulted in EBITDA increasing to £2.4m from £1.5m the previous year. We expect to build on this performance further, however, in the immediate future we expect retailing in the UK to remain challenging, not helped by the political and economic uncertainty we face. The commitment of the group to the business is reflected in the investment made since acquisition and available for future developments and trading opportunities.

Robert Dyas once again joined Ryman in fundraising for Comic Relief, which resulted in a record amount being raised during the last campaign of over £600k. This has taken the total raised by the group to over £4m. A great effort by all involved.

The wide range of products Robert Dyas is loved for was one of the reasons for acquiring the business in 2012. Improvements and investments have been made throughout our ownership and will continue to be made to build a proposition that combines the convenience and service of our high street locations with a first class online offering.

I am grateful for the commitment of our colleagues across the business and look forward to continuing with growing and developing this heritage brand for the benefit of all stakeholders.

Robert Dyas Holdings Limited

Strategic report for the year ended 1 April 2017 (*continued*)

Key Performance Indicators

Like for like sales increased by 1.1% (2016 - 4.7% decrease).

Turnover increased 2.8% to £123.4 million (2016 - £120.03 million).

Operating profit amounted to £0.7 million compared to an operating loss (before exceptional item) in the comparative year of £2.0 million.

Net assets at 1 April 2017 of £11.2 million (2016 - £12.4 million).

EBITDA increased to £2.4 million (2016 - £1.5 million).

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

Principal risks and uncertainties including financial risk factors

The principal risks and uncertainties that the Company faces together with an explanation of how they are managed and mitigated are as follows:

Liquidity and cash flow

The directors review the liquidity and cash flow risk of the Company carefully. Cash flow is monitored by the directors on a regular basis and surplus funds are primarily invested in readily accessible accounts to ensure that peak working capital requirements are easily managed.

Currency

The Company manages foreign exchange risk through, when appropriate, the forward buying of US Dollars for future trade payments. The directors agree and review the policy on a regular basis. Financial instruments such as trade creditors arise directly from the Company's operations.

The Economy

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

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 directors recognise the importance of our people in the success of its operations. The risk of reliance on key individuals is reduced through the development of succession plans.

Robert Dyas Holdings Limited

Strategic report
for the year ended 1 April 2017 (continued)

Principal risks and uncertainties (continued)

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 US Dollar price.

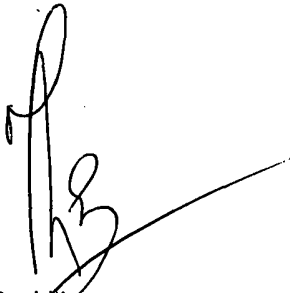
Pension scheme

The defined benefit pension scheme showed a deficit, net of deferred tax, of £2,894,000 (2016 - £1,470,000) at the year end.

The Pension Scheme Trustees have agreed with the Company that they will not seek to increase contributions to the scheme beyond those currently agreed 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 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.

Additionally, the Company complies with current auto enrolment pension legislation and as such contributes to the pension plans for those eligible employees.

On behalf of the Board



T Paphitis
Chairman

Date 13 December 2017

Robert Dyas Holdings Limited

Report of the directors for the year ended 1 April 2017

The directors present their report together with the audited financial statements for the year ended 1 April 2017.

Results and dividends

The income statement is set out on page 9 and shows the result for the year.

The profit after taxation for the year amounted to £363,000 (2016 - £2,442,000 loss).

The directors do not recommend the payment of a dividend (2016 - £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 2.

Employees

Robert Dyas is an equal opportunities employer, committed to diversity and inclusion for all employees. The Company recruits the best people from all backgrounds reflecting the communities in which it operates and encourages development through training programmes for employees to make best use of their skills.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of employees 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 with that of other employees.

Health and Safety

Robert Dyas understands the importance of high standards of health and safety which it monitors through its Health and Safety Committee which meets regularly. The Committee comprises representatives from operational, administrative and risk management and is chaired by the Group Finance Director.

Employee consultation

The Company places considerable value on the involvement of its employees 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 employees are consulted on a wide range of matters that affect their interests. The Company operates a regular performance review process with each employee to discuss personal and career development.

Robert Dyas Holdings Limited

Report of the directors for the year ended 1 April 2017 (*continued*)

Directors

The directors of the Company during the year were:

T Paphitis
K Kyprianou
S Dover

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless 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 1 April 2017 (*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.

On behalf of the Board



T Paphitis
Director

Date 13 December 2017

Robert Dyas Holdings Limited

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 1 April 2017 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity 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 1 April 2017 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, based on the work undertaken in the course of the audit:

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

Robert Dyas Holdings Limited

Independent auditor's report (*continued*)

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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 *15 December 2017*

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

Robert Dyas Holdings Limited

Income statement for the year ended 1 April 2017

	Note	2017 £'000	2016 £'000
Turnover	3	123,411	120,030
Cost of sales		(106,306)	(103,600)
Gross profit		<u>17,105</u>	<u>16,430</u>
Administrative expenses		(16,392)	(18,463)
Operating profit/(loss)	4	713	(2,033)
Interest receivable and similar income	7	468	450
Interest payable and similar charges	8	(1,137)	(1,158)
Profit/(loss) on ordinary activities before taxation		<u>44</u>	<u>(2,741)</u>
Taxation	9	319	299
Profit/(loss) on ordinary activities after taxation		<u>363</u>	<u>(2,442)</u>

All amounts relate to continuing activities.

The notes on pages 14 to 29 form part of these financial statements.

Robert Dyas Holdings Limited

Statement of comprehensive income for the year ended 1 April 2017

	Note	2017 £'000	2016 £'000
Profit/(loss) for the year		363	(2,442)
Actuarial loss recognised in respect of the pension fund	18	(1,955)	(37)
Deferred tax thereon	12	342	(39)
Current tax on pension contributions	18	49	46
		<hr/>	<hr/>
Other comprehensive loss for the year		(1,564)	(30)
		<hr/>	<hr/>
Total comprehensive loss for year		<u>(1,201)</u>	<u>(2,472)</u>

The notes on pages 14 to 29 form part of these financial statements.

Robert Dyas Holdings Limited

Statement of financial position at 1 April 2017

<i>Company number 04041884</i>	Note	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Fixed assets					
Property, plant and equipment	10		6,515		7,846
Current assets					
Stocks	11	18,722		19,665	
Debtors	12	9,576		10,302	
Cash at bank and in hand		1,766		2,855	
			30,064		32,822
Creditors: amounts falling due within one year	13	(20,548)		(24,961)	
Net current assets			9,516		7,861
Total assets less current liabilities			16,031		15,707
Provisions for liabilities	15		(1,203)		(1,458)
Net assets excluding pension liability			14,828		14,249
Net pension liability	18		(3,618)		(1,838)
Net assets			11,210		12,411
Capital and reserves					
Called up share capital	16		706		706
Share premium			6,989		6,989
Capital contribution reserve			3,515		3,515
Pension reserve			(4,616)		(3,052)
Profit and loss account			4,616		4,253
Equity shareholders' funds			11,210		12,411

The financial statements were approved by the Board of directors and authorised for issue on 13 December 2017


T Paphitis
Director

The notes on pages 14 to 29 form part of these financial statements.

Robert Dyas Holdings Limited

Statement of changes in equity for the year ended 1 April 2017

	Share Capital £'000	Share Premium £'000	Capital Contribution Reserve £'000	Pension Reserve £'000	Profit and loss account £'000	Total £'000
27 March 2016	706	6,989	3,515	(3,052)	4,253	12,411
Comprehensive income for the year						
Profit for the year	-	-	-	-	363	363
Actuarial loss recognised in respect of the pension scheme (net of deferred tax)	-	-	-	(1,564)	-	(1,564)
Other comprehensive income for the year	-	-	-	(1,564)	-	(1,564)
Total comprehensive income for the year	-	-	-	(1,564)	363	(1,201)
Total contributions by and distributions to owners	-	-	-	-	-	-
1 April 2017	706	6,989	3,515	(4,616)	4,616	11,210

The notes on pages 14 to 29 form part of these financial statements.

Robert Dyas Holdings Limited

Statement of changes in equity (continued) for the year ended 1 April 2017

	Share Capital £'000	Share Premium £'000	Capital Contribution Reserve £'000	Pension Reserve £'000	Profit and loss account £'000	Total £'000
29 March 2015	706	6,989	3,515	(3,022)	6,695	14,883
Comprehensive income for the year						
Loss for the year	-	-	-	-	(2,442)	(2,442)
Actuarial loss recognised in respect of the pension scheme (net of deferred tax)	-	-	-	(30)	-	(30)
Other comprehensive income for the year	-	-	-	(30)	-	(30)
Total comprehensive income for the year	-	-	-	(30)	(2,442)	(2,472)
Total contributions by and distributions to owners	-	-	-	-	-	-
26 March 2016	706	6,989	3,515	(3,052)	4,253	12,411

The notes on pages 14 to 29 form part of these financial statements.

Robert Dyas Holdings Limited

Notes forming part of the financial statements for the year ended 1 April 2017

1 Accounting policies

Robert Dyas Holdings Limited is a Company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the Company's operations and its principal activities are set out in the strategic report.

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The accounts are drawn up to the nearest whole £'000, except where otherwise indicated.

Financial Reporting Standard 102 – reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland':

- Statement of cash flows and related notes;
- Key management personnel remuneration.

This information is included in the consolidated financial statements of Fivefathers Holdings Limited as at 1 April 2017 and these financial statements may be obtained from the address given in note 21.

The following principal accounting policies have been applied:

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

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Robert Dyas Holdings Limited

Notes forming part of the financial statements for the year ended 1 April 2017 (continued)

1 Accounting policies (continued)

Depreciation

Depreciation is charged so as to write off the cost of assets, less their residual value, over their expected useful lives using the following rates:

Fixtures, fittings and equipment	-	7.5% - 33.33% straight line
Short leasehold property	-	The term of the lease

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Administrative expenses' in the income statement.

Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit ("CGU") to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

Stocks

Stocks are stated at the lower of cost and net realisable value being the estimated selling price less costs to sell. Cost is based on the weighted average cost.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to sell. The impairment loss is recognised immediately in profit or loss.

Operating leases

Operating lease rentals are charges to profit or loss on a straight-line basis over the term of the lease.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard (30 March 2014) to continue to be charged over the shorter period to the first market rent review rather than the term of lease.

For leases entered into on or after 30 March 2014, reverse premiums and similar incentives received to enter into operating lease agreements are released to profit or loss over the term of the lease.

Robert Dyas Holdings Limited

Notes forming part of the financial statements for the year ended 1 April 2017 (*continued*)

1 Accounting policies (*continued*)

Financial assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the economic substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Foreign currency transactions and balances

Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the dates of the transactions or at an average rate where this rate approximates the actual rate at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss within cost of sales.

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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.

Robert Dyas Holdings Limited

Notes forming part of the financial statements for the year ended 1 April 2017 (*continued*)

1 Accounting policies (*continued*)

Reserves

The Company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- The share premium account includes the premium on issue of equity shares, net of any issue costs.
- The capital contribution reserve contains the nominal value of forgiveness of intercompany payables.
- The pension reserve represents cumulative actuarial profits or losses in respect of the pension scheme, net of taxation.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

Pension schemes

The Company operates one pension scheme, split into two sections.

For the defined contribution section of the scheme the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method, and is based on actuarial advice.

The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Re-measurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit or loss in subsequent periods.

The defined net benefit pension asset or liability in the statement of financial position comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Employees who are not members of the Company pension scheme are able to auto-enrol into the Company's separate workplace pension if they are eligible.

Interest on intra-group balances

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

Robert Dyas Holdings Limited

Notes forming part of the financial statements for the year ended 1 April 2017 (continued)

1 Accounting policies (continued)

Onerous lease contracts

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease. This is released over the remaining lease term.

Derivative financial instruments

The Company's derivative financial instruments comprise forward foreign currency contracts. These instruments are initially accounted for and measured at fair value on the date the forward foreign currency contract is entered into and subsequently measured at fair value. The resulting gain or loss is recognised in profit or loss immediately, within interest receivable or interest payable. 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.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the reporting date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the statement of financial position date.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

Critical judgements in applying the Company's accounting policies

The directors do not feel that they have made any critical judgements in the year in the process of applying the company's accounting policies, apart from those involving estimations (which are dealt with separately below).

Key sources of estimation uncertainty

The key assumptions or estimation uncertainties at the statement of financial position 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.

Inventory provisions

Stock is valued at the lower of cost and net realisable value. Management apply judgement in estimating the net realisable value for each product line, which includes assessing the lifecycle of the product, sell through data and price achieved. Estimates are revised as latest information is available.

Tangible fixed asset useful lives

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The selection of these estimated lives requires the exercise of management judgement. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. The carrying amount of tangible fixed assets is included in note 10.

Tangible fixed asset impairment

Determining whether tangible fixed assets are impaired requires an estimation of the value in use of the cash-generating units to which these assets have been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from a cash-generating unit, which is usually considered to be store. The directors have concluded that no impairment to the carrying value of tangible fixed assets is required in the period under review.

Robert Dyas Holdings Limited

Notes forming part of the financial statements for the year ended 1 April 2017 (continued)

2 Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Onerous lease provision

A provision for onerous leases is considered when a store is loss making and there is an estimation that future cash flows will not be sufficient to cover the unavoidable cost of meeting its obligations under the lease. This is based on the Board's judgement and experience and requires estimation of future cash flows and discount rates.

Defined benefit pension scheme

Defined benefit obligations and plan assets, and the resulting liabilities and assets that are recognised, are subject to significant volatility as actuarial assumptions regarding future outcomes and market values change. Substantial judgement is required in determining the actuarial assumptions, which vary for the different plans to reflect local conditions but are determined under a common process in consultation with independent actuaries. The assumptions applied in respect of each plan are reviewed annually and adjusted where necessary to reflect changes in experience and actuarial recommendations. Details of the assumptions made are included in note 18.

3 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.

4 Operating profit/(loss)

	2017 £'000	2016 £'000
This has been arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	1,702	1,878
Tangible fixed assets impairment/(reversal)	229	(16)
(Profit)/loss on disposal of tangible fixed assets and store closure revenue	(565)	46
Reduction in onerous lease provision	255	-
Foreign currency gains	(806)	(647)
Fees payable to the Company's auditor for:		
- audit of the annual accounts	60	60
- other services	12	3
Operating lease rentals:		
- land and buildings	11,079	10,674
- motor vehicles and equipment	262	218
	<hr/>	<hr/>

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 1 April 2017 (continued)

5 Employees	2017 £'000	2016 £'000
Employee costs consist of:		
Wages and salaries	19,989	19,774
Social security costs	1,401	1,330
Other pension costs	434	390
	<u>21,824</u>	<u>21,494</u>

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

	2017 Number	2016 Number
Selling and distribution	1,196	1,215
Administration	227	216
	<u>1,423</u>	<u>1,431</u>

6 Directors' remuneration	2017 £'000	2016 £'000
Remuneration paid	56	169
Pension contributions	-	1
	<u>56</u>	<u>170</u>

There were no directors in the Company's defined contribution pension scheme during the year (2016 – one).

Highest paid director	2017 £'000	2016 £'000
Remuneration	<u>56</u>	<u>113</u>
Contributions to defined contribution scheme	<u>-</u>	<u>2</u>

Robert Dyas Holdings Limited

Notes forming part of the financial statements for the year ended 1 April 2017 (continued)

7 Interest receivable and similar charges	2017 £'000	2016 £'000
Bank interest receivable	6	20
Interest receivable from group companies	25	19
Pension - interest on assets (see note 18)	437	411
	<hr/>	<hr/>
	468	450
	<hr/>	<hr/>
 8 Interest payable and similar charges	 2017 £'000	 2016 £'000
Other interest payable	5	2
Interest payable to related party	88	127
Interest payable to group companies	121	117
Change in foreign currency forward contract fair value	418	435
Pension - interest cost (see note 18)	505	477
	<hr/>	<hr/>
	1,137	1,158
	<hr/>	<hr/>
 9 Taxation on profit from ordinary activities	 2017 £'000	 2016 £'000
<i>UK Corporation tax</i>		
Current tax on profits for the year	-	-
Group relief payable/(receivable)	127	(430)
	<hr/>	<hr/>
Total current tax	127	(430)
	<hr/>	<hr/>
<i>Deferred tax</i>		
Origination and reversal of timing differences	(446)	131
	<hr/>	<hr/>
Total deferred tax (see note 12)	(446)	131
	<hr/>	<hr/>
Taxation on loss on ordinary activities	(319)	(299)
	<hr/>	<hr/>

Robert Dyas Holdings Limited

Notes forming part of the financial statements for the year ended 1 April 2017 (continued)

9 Taxation on profit from ordinary activities (continued)

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

	2017 £'000	2016 £'000
Profit/(loss) on ordinary activities before tax	44	(2,741)
Profit/(loss) on ordinary activities at the standard rate of corporation tax in the UK of 20% (2016 - 20%)	9	(548)
Effects of:		
Expenses not deductible for tax purposes	118	262
Capital allowances for year in excess of depreciation	(432)	-
Income not taxable for tax purposes	(14)	(13)
Total tax credit for year	(319)	(299)

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 1 April 2017 (*continued*)

10 Property, plant and equipment

	Short leasehold land and buildings £'000	Fixtures, fittings and equipment £'000	Total £'000
<i>Cost or valuation</i>			
At 27 March 2016	1,687	28,783	30,470
Additions	-	600	600
Disposals	-	-	-
	1,687	29,383	31,070
<i>Depreciation</i>			
At 27 March 2016	1,213	21,411	22,624
Provided for the year	82	1,620	1,702
Impairment charge	21	208	229
	1,316	23,239	24,555
<i>Net book value</i>			
At 1 April 2017	371	6,144	6,515
At 26 March 2016	474	7,372	7,846

The impairment charge of £229,000 (2016 – gain £16,000) relates to individual store cash generating units. The recoverable amount of the related fixed assets have been assessed based on value in use.

11 Stocks

	2017 £'000	2016 £'000
Goods for resale	18,722	19,665
	18,722	19,665

There is no material difference between the replacement cost of stocks and the amounts stated above.

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 1 April 2017 (continued)

12 Debtors	2017 £'000	2016 £'000
Amounts receivable within one year		
Trade debtors	913	1,097
Other debtors	568	428
Corporation tax – group relief receivable	368	418
Derivative financial instruments	-	331
Prepayments and accrued income	5,484	6,535
Amounts owed by parent company	868	906
	8,201	9,715
Amounts receivable after more than one year		
Deferred taxation (analysed below)	1,375	587
	9,576	10,302

Deferred Taxation

	Included in debtors £'000	Pension Scheme (note 18) £'000	Total £'000
At 27 March 2016	219	368	587
Included in the statement of comprehensive income	-	342	342
Included in the income statement (see note 9)	432	14	446
	651	724	1,375
At 1 April 2017	651	724	1,375

Included in the £651,000 above, the Company has continued to recognise deferred tax assets in respect of accelerated capital allowances of £651,000 (2016 - £224,000) due to the expectation of future profits.

Robert Dyas Holdings Limited

Notes forming part of the financial statements for the year ended 1 April 2017 (continued)

13 Creditors: amounts falling due within one year	2017 £'000	2016 £'000
Trade creditors	8,596	8,627
Other taxation and social security	1,688	1,424
Derivative financial instruments	87	-
Accruals and deferred income	4,881	4,748
Other creditors	-	178
	<u>15,252</u>	<u>14,977</u>
Amounts owed to group companies	5,296	9,984
	<u>20,548</u>	<u>24,961</u>

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 reporting date, this facility is unutilised (2016 - £nil). The interest rate on the facility is 2.50% above LIBOR.

14 Financial instruments	2017 £'000	2016 £'000
Financial assets		
Financial assets measured at fair value through profit and loss	-	331
Financial assets that are debt instruments measured at amortised cost	6,240	8,093
	<u>6,240</u>	<u>8,424</u>
Financial liabilities		
Financial liabilities measured at fair value through profit and loss	87	-
Financial liabilities measured at amortised cost	17,676	22,042
	<u>17,763</u>	<u>22,042</u>

Financial assets measured at fair value comprise forward currency contracts.

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors, other debtors, accrued income and amounts owed by group undertakings.

Financial liabilities measured at fair value comprise forward currency contracts.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and amounts owed to group undertakings.

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 1 April 2017 (continued)

15 Provisions for liabilities

	Onerous leases £'000
At 27 March 2016	(1,458)
Credited to profit or loss	255
	<hr/>
Balance at 1 April 2017	(1,203)
	<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.

16 Share capital

	Allotted, called up and fully paid			
	2017 Number	2016 Number	2017 £'000	2016 £'000
Ordinary shares of 5p each	14,122,160	14,122,160	706	706
	<hr/>	<hr/>	<hr/>	<hr/>

17 Operating leases

As at 1 April 2017, the Company had total commitments under non-cancellable operating leases as set out below:

	Land and buildings	Other	Land and buildings	Other
	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Operating leases which expire:				
Within one year	9,644	124	10,086	183
In one to five years	26,209	97	28,864	138
Over five years	9,002	-	12,036	-
	<hr/>	<hr/>	<hr/>	<hr/>
	44,855	221	50,986	321
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Robert Dyas Holdings Limited

Notes forming part of the financial statements for the year ended 1 April 2017 (continued)

18 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 £74,000 (2016 - £76,000) for the year ended 1 April 2017.

The Company expects to make contributions of £253,000 to the defined benefit section of the scheme and £75,000 to the defined contribution section of the scheme during the year to 31 March 2018.

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

The most recent comprehensive actuarial valuation of the final salary section was carried out as at 1 April 2013 and has been updated to 1 April 2017 by a qualified independent actuary.

The main assumptions used by the actuary were:

	At 1 April 2017	At 28 March 2016	At 29 March 2015	At 30 March 2014	At 31 March 2013
Rate of inflation	3.20%	3.05%	3.10%	3.10%	3.25%
Rate of revaluation of pensions in deferment	2.00%	1.50%	1.70%	2.10%	2.25%
Discount rate	2.80%	3.90%	3.60%	4.60%	4.70%
Mortality rate	95% of S2PXA CMI_2016 (1.0%)	95% of S2PXA CMI_2015 (1.0%)	105% of S1PXA CMI_2014 (1.0%)	105% of S1PXA CMI_2013 (1.0%)	105% of S1PXA CMI_2012 (1.0%)
Commutation allowance	12.5%	12.5%	12.5%	12.5%	12.5%

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

	2017 £'000	2016 £'000
Equities	8,082	7,294
Bonds	4,164	3,757
Other	20	(19)
Fair value of assets	12,266	11,032
Present value of funded obligations	(15,884)	(12,870)
Deficit in the scheme	(3,618)	(1,838)
Related deferred tax asset included in debtors	724	368
Net scheme liability	(2,894)	(1,470)

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 1 April 2017 (continued)

18 Pensions (continued)

Amounts recognised in the income statement	2017 £'000	2016 £'000
Interest cost	(505)	(477)
Interest on assets	437	411
	<hr/>	<hr/>
Total charged to profit or loss	(68)	(66)
	<hr/>	<hr/>
Amount recognised in other comprehensive income	2017 £'000	2016 £'000
Return on scheme assets less interest	822	(673)
Experience losses on liabilities	(12)	-
Effect of change in demographic assumptions	549	(255)
Effect of change in financial assumptions	(3,314)	891
Deferred tax thereon	342	(39)
Current tax thereon	49	46
	<hr/>	<hr/>
Total remeasurements	(1,564)	(30)
	<hr/>	<hr/>
Reconciliation of assets and defined benefit obligation	2017 £'000	2016 £'000
Fair value of assets at 27 March 2016	11,032	11,519
Interest on assets	437	411
Employer contributions	243	233
Benefits paid	(268)	(458)
Return on scheme assets less interest	822	(673)
	<hr/>	<hr/>
Fair value of assets at 1 April 2017	12,266	11,032
	<hr/>	<hr/>
Defined benefit obligation	2017 £'000	2016 £'000
Defined benefit obligation at 27 March 2016	12,870	13,487
Interest cost	505	477
Benefits paid	(268)	(458)
Experience loss on defined benefit obligation	12	-
Changes to demographic assumptions	(549)	255
Changes to financial assumptions	3,314	(891)
	<hr/>	<hr/>
Defined benefit obligation at 1 April 2017	15,884	12,870
	<hr/>	<hr/>

Robert Dyas Holdings Limited

Notes forming part of the financial statements for the year ended 1 April 2017 (*continued*)

19 Guarantees and contingent liabilities

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 1 April 2017 amounts outstanding and covered by this arrangement totalled £5,400,000 (2016 - £5,400,000).

20 Related party disclosures

The Company is controlled by Cleeve Court Holdings Limited, which owns 100% of its issued share capital. The Company's ultimate controlling party is Theo Paphitis who has control of the issued share capital of Fivefathers Holdings Limited, the ultimate parent company at the year end. The Company is a wholly owned subsidiary of Fivefathers Holdings Limited and has taken advantage of the exception conferred by FRS102 paragraph 33.1A 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, management and support fees totalling £1,389,598 (2016 - £1,055,867) to and were recharged for stock, management and support fees totalling £4,775,945 (2016 - £4,861,132) by Ryman Group Limited and its subsidiaries, fellow group companies and repaid short term loans totalling £5,000,000. At the year end the balance owed to Ryman Group Limited was £930,435 (2016 - £5,764,597 included in trade creditors).

During the year the Company was charged by Red Letter Days Limited an amount totalling £14,440 (2016 - £29,282) in respect of experience vouchers. At the year end Theo Paphitis, a director of the Company, was also a director and shareholder of Red Letter Days Limited. At the year end the balance owed to Red Letter Days Limited was £nil (2016 - £29,019). Since the year end Theo Paphitis is no longer a director or shareholder of Red Letter Days Limited.

During the year the Company made purchases totalling £6,359 (2016 - £9,793) from Fareport Training Organisation Limited a company controlled by directors and shareholders related to Theo Paphitis, a director of the Company. At the year end the balance owed to Fareport Training Organisation Limited was £nil (2016 - £nil).

During the year the Company recharged management and support fees totalling £106,862 (2016 - £61,613) to and were recharged for management and support fees totalling £6,444 (2016 - £113,958) by Boux Avenue Limited, a fellow group company. At the year end the balance owed to Boux Avenue Limited was £784 (2016 - £58,984 owed by).

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 and is included in that company's financial statements. 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 1 April 2017, 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.