

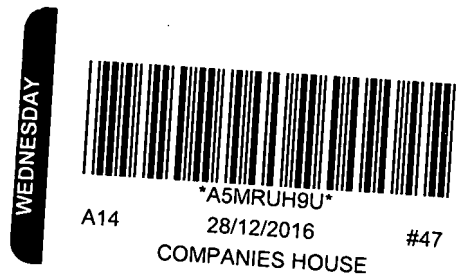
# Robert Dyas Holdings Limited

Report and Financial Statements

Year Ended

26 March 2016

Company Number 04041884



# Robert Dyas Holdings Limited

Report and financial statements  
for the year ended 26 March 2016

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## Directors

T Paphitis  
K Kyprianou  
S Dover

## Secretary and registered office

A E 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 26 March 2016

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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**

During the year to 26 March 2016 a considerable amount of investment and progress was made in modernising the Robert Dyas business. Having acquired the business in July 2012 and experienced strong growth in the subsequent 3 years, our resources in the year were focussed on building our logistics and e-commerce capabilities to support growth for the future.

Our warehousing and logistics were brought in house to a new 160,000 sq. ft. facility in Hemel Hempstead, involving an investment of over £5 million. This included the implementation of new warehousing and picking systems to improve our multi-channel capability and to ensure customers can purchase from Robert Dyas in the way that most suits them. Customer purchases are now capable of being fulfilled from store stock when a customer chooses click and collect. Not only does this significantly reduce the cost of doing business online, it provides customers with an experience that often exceeds their expectation. Further investment will continue in this area, as we consider that the disruption seen in retail over recent years will continue. Robert Dyas is now well placed to meet the demands that this will place on the business. As well as utilising our portfolio of 96 stores, we are able to offer our customers the option of collecting orders from our fellow group company, Ryman which provides over 200 stores, nationwide. Investment in both systems and people has also continued in developing and improving our e-commerce business.

Turnover for the year was lower than 2015 at £120 million, mainly as a result of a decline in like for like sales of 4.7%. EBITDA was £1.5 million for the year (2015 – underlying EBITDA £7 million). Our results were undoubtedly impacted by the financial commitment as well as the focus and considerable effort of our management team in delivering the implementation of key projects, including those outlined above. I am sure we will reap the benefits of this in future years.

Robert Dyas again joined Ryman, another group company, as an official partner of Comic Relief. Our colleagues, customers and suppliers participated in fund raising activities including the sale of Sport Relief pens and various sponsored events, which culminated in a total group contribution to the campaign of over £0.4 million. This takes the total raised to date for the Comic Relief Charities by our group to £3.5 million. I am proud of the effort all round and with this achievement.

The appointment of Rachel Brain as Chief Operating Officer and Andrew Hart as Commercial and Finance Director has strengthened our management team during the year and together with the support of other new appointments, complementing many loyal and dedicated colleagues, the Robert Dyas business is well placed to build on its heritage of retailing for over 140 years meeting the demands of the customer of the future.

I am confident that Robert Dyas has great potential and 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 26 March 2016 (*continued*)

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### Key Performance Indicators

Like for like sales decreased by 4.7% (2015 - 1.0% increase).

Turnover decreased 4.36% to £120.03 million (2015 - £125.50 million).

Operating loss amounted to £2.03 million compared to an operating profit (before exceptional item) in the comparative year of £5.13 million.

Net assets at 26 March 2016 of £12.41 million (2015 - £14.88 million).

EBITDA decreased to £1.46million (2015 - £7.0 million).

Whilst the key performance indicators have deteriorated during the year and are understandable given the logistics and e-commerce investment impact, the directors expect an improvement in subsequent periods.

### 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 26 March 2016 (*continued*)

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## 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 Dollar price.

### *Pension scheme*

The defined benefit pension scheme showed a deficit, net of deferred tax, of £1,470,000 (2015 - £1,574,000) at the year end.

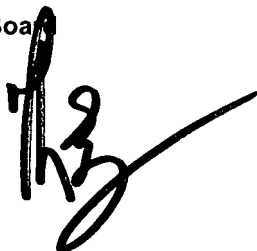
The Pension Scheme Trustees have agreed with the Company that they will not seek to increase contributions to the scheme beyond those currently agreed unless required to do so by Statute or Regulation. However, in the longer term, if the value of the scheme assets were to decline significantly relative 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 13/12/16



# Robert Dyas Holdings Limited

## Report of the directors for the year ended 26 March 2016

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The directors present their report together with the audited financial statements for the year ended 26 March 2016.

### Results and dividends

The income statement is set out on page 10 and shows the result for the year.

The loss after taxation for the year amounted to £2,442,000 (2015 - £1,837,000 profit).

The directors do not recommend the payment of a dividend (2015 - £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](http://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 26 March 2016 (*continued*)

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### Directors

The directors of the Company during the year were:

T Paphitis  
K Kyprianou  
S Dover  
B Pearson (resigned 30 April 2015)

### 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 26 March 2016 (*continued*)

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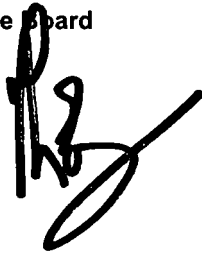
### Auditors

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

A handwritten signature in black ink, appearing to be 'T Paphitis', written over a faint, illegible stamp or background.

Date 13/12/16



# Robert Dyas Holdings Limited

## Independent auditor's report

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### TO THE MEMBERS OF ROBERT DYAS HOLDINGS LIMITED

We have audited the financial statements of Robert Dyas Holdings Limited for the year ended 26 March 2016 which comprise the income statement, 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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](http://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 26 March 2016 and of its loss 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*)

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### 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 *13/12/16*

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 26 March 2016

	Note	2016 £'000	2015 £'000
Turnover	3	120,030	125,499
Cost of sales		(103,600)	(104,952)
<b>Gross profit</b>		16,430	20,547
Administrative expenses		(18,463)	(19,003)
<b>Operating (loss)/profit before exceptional item</b>		(2,033)	5,131
Exceptional item – warehousing project	5	-	(3,587)
<b>Operating (loss)/profit</b>	5	(2,033)	1,544
Interest receivable and similar income	7	450	1,445
Interest payable and similar charges	8	(1,158)	(669)
<b>(Loss)/profit on ordinary activities before taxation</b>		(2,741)	2,320
Taxation	9	299	(483)
<b>(Loss)/profit on ordinary activities after taxation</b>		(2,442)	1,837

All amounts relate to continuing activities.

The notes on pages 14 to 31 form part of these financial statements.

# Robert Dyas Holdings Limited

## Statement of comprehensive income for the year ended 26 March 2016

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	Note	2016 £'000	2015 £'000
<b>(Loss)/profit for the year</b>		(2,442)	1,837
Actuarial loss recognised in respect of the pension fund	18	(37)	(1,324)
Deferred tax thereon	12	(39)	221
Current tax on pension contributions	18	46	46
		<hr/>	<hr/>
<b>Other comprehensive loss for the year</b>		<b>(30)</b>	<b>(1,057)</b>
		<hr/>	<hr/>
<b>Total comprehensive (loss)/income for year</b>		<b>(2,472)</b>	<b>780</b>
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 14 to 31 form part of these financial statements.

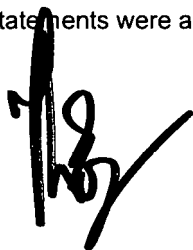
# Robert Dyas Holdings Limited

## Statement of financial position at 26 March 2016

<i>Company number 04041884</i>	Note	2016 £'000	2016 £'000	2015 £'000	2015 £'000
<b>Fixed assets</b>					
Property, plant and equipment	10		7,846		8,668
<b>Current assets</b>					
Stocks	11	19,665		22,087	
Debtors	12	10,302		8,738	
Cash at bank and in hand		2,855		3,096	
		32,822		33,921	
<b>Creditors: amounts falling due within one year</b>	13	(24,961)		(24,280)	
<b>Net current assets</b>			7,861		9,641
<b>Total assets less current liabilities</b>			15,707		18,309
<b>Provisions for liabilities</b>	15		(1,458)		(1,458)
<b>Net assets excluding pension liability</b>			14,249		16,851
Net pension liability	18		(1,838)		(1,968)
<b>Net assets</b>			12,411		14,883
<b>Capital and reserves</b>					
Called up share capital	16		706		706
Share premium			6,989		6,989
Capital contribution reserve			3,515		3,515
Pension reserve			(3,052)		(3,022)
Profit and loss account			4,253		6,695
<b>Equity shareholders' funds</b>			12,411		14,883

The financial statements were approved by the Board of directors and authorised for issue on 13/12/16

T Paphitis  
Director



The notes on pages 14 to 31 form part of these financial statements.

## Robert Dyas Holdings Limited

### Statement of changes in equity for the year ended 26 March 2016

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

The notes on pages 14 to 31 form part of these financial statements.

## Robert Dyas Holdings Limited

### Statement of changes in equity (continued) for the year ended 26 March 2016

	Share Capital £'000	Share Premium £'000	Capital Contribution Reserve £'000	Pension Reserve £'000	Profit and loss account £'000	Total £'000
<b>30 March 2014</b>	706	6,989	3,515	(1,965)	4,858	14,103
<b>Comprehensive income for the year</b>						
<b>Profit for the year</b>	-	-	-	-	1,837	1,837
Actuarial loss recognised in respect of the pension scheme (net of deferred tax)	-	-	-	(1,057)	-	(1,057)
<b>Other comprehensive income for the year</b>	-	-	-	(1,057)	-	(1,057)
<b>Total comprehensive income for the year</b>	-	-	-	(1,057)	1,837	780
<b>Total contributions by and distributions to owners</b>	-	-	-	-	-	-
<b>28 March 2015</b>	<b>706</b>	<b>6,989</b>	<b>3,515</b>	<b>(3,022)</b>	<b>6,695</b>	<b>14,883</b>

The notes on pages 14 to 31 form part of these financial statements.

# Robert Dyas Holdings Limited

## Notes forming part of the financial statements for the year ended 26 March 2016

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### 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.

This is the first year in which the financial statements have been prepared under the FRS 102. Refer to note 22 for an explanation of the transition.

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 26 March 2016 and these financial statements may be obtained from the address given in note 21.

The following principal accounting policies have been applied:

#### *Basis of preparation*

The Company has loan facilities from a related party, Theo Paphitis Funding Limited, of £12,000,000 which have been extended to December 2017. 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.

#### *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 26 March 2016 (*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 26 March 2016 (*continued*)

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### 1 Accounting policies (*continued*)

#### *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.

#### *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.

#### *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.

# Robert Dyas Holdings Limited

## Notes forming part of the financial statements for the year ended 26 March 2016 (*continued*)

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### 1 Accounting policies (*continued*)

#### *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.

#### *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 26 March 2016 (*continued*)

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### 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 26 March 2016 (*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 Employees

	2016 £'000	2015 £'000
Employee costs consist of:		
Wages and salaries	19,774	16,264
Social security costs	1,330	1,129
Other pension costs	390	401
	<u>21,494</u>	<u>17,794</u>

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

	2016 Number	2015 Number
Selling and distribution	1,215	1,229
Administration	216	168
	<u>1,431</u>	<u>1,397</u>

# Robert Dyas Holdings Limited

Notes forming part of the financial statements  
for the year ended 26 March 2016 (*continued*)

5 Operating profit	2016 £'000	2015 £'000
This has been arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	1,878	1,651
Tangible fixed assets impairment/ (reversal)	(16)	39
Loss on disposal of tangible fixed assets and store closures	46	210
Reduction in onerous lease provision	-	(689)
Foreign currency gains	(647)	(392)
Fees payable to the Company's auditor for:		
- audit of the annual accounts	60	60
- other services	3	3
Operating lease rentals:		
- land and buildings	10,674	9,904
- motor vehicles and equipment	218	206
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
	10,772	13,984
6 Directors' remuneration	2016 £'000	2015 £'000
Remuneration paid	169	303
Pension contributions	1	25
	170	328
There was one director in the Company's defined contribution pension scheme during the year (2015 – one).		
<b>Highest paid director</b>	<b>2016 £'000</b>	<b>2015 £'000</b>
Remuneration	113	247
	113	247
Contributions to defined contribution scheme	2	25
	2	25

# Robert Dyas Holdings Limited

Notes forming part of the financial statements  
for the year ended 26 March 2016 (*continued*)

7 Interest receivable and similar charges	2016 £'000	2015 £'000
Bank interest receivable	20	13
Interest receivable from group companies	19	23
Change in foreign currency forward contract fair value	-	934
Pension - interest on assets (see note 18)	411	475
	450	1,445
	450	1,445
8 Interest payable and similar charges	2016 £'000	2015 £'000
Other interest payable	2	-
Interest payable to related party	127	-
Interest payable to group companies	117	161
Change in foreign currency forward contract fair value	435	-
Pension - interest cost (see note 18)	477	508
	1,158	669
	1,158	669
9 Taxation on profit from ordinary activities	2016 £'000	2015 £'000
<i>UK Corporation tax</i>		
Current tax on profits for the year	-	325
Group relief receivable	(430)	-
	(430)	325
Total current tax	(430)	325
<i>Deferred tax</i>		
Origination and reversal of timing differences	131	158
	131	158
Total deferred tax (see note 12)	131	158
Taxation on (loss)/profit on ordinary activities	(299)	483

# Robert Dyas Holdings Limited

Notes forming part of the financial statements  
for the year ended 26 March 2016 (*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:

	2016 £'000	2015 £'000
(Loss)/profit on ordinary activities before tax	(2,741)	2,320
(Loss)/profit on ordinary activities at the standard rate of corporation tax in the UK of 20% (2015 - 21%)	(548)	487
Effects of:		
Expenses not deductible for tax purposes	262	161
Income not taxable for tax purposes	(13)	(196)
Chargeable gain	-	31
Total tax (credit)/charge for year	(299)	483



## Robert Dyas Holdings Limited

Notes forming part of the financial statements  
for the year ended 26 March 2016 (*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 29 March 2015	1,684	28,031	29,715
Additions	18	1,046	1,064
Disposals	(15)	(294)	(309)
	1,687	28,783	30,470
<i>Depreciation</i>			
At 29 March 2015	1,141	19,906	21,047
Provided for the year	87	1,791	1,878
Impairment reversal	-	(16)	(16)
Disposals	(15)	(270)	(285)
	1,213	21,411	22,624
<i>Net book value</i>			
At 26 March 2016	474	7,372	7,846
At 28 March 2015	543	8,125	8,668

The impairment gain of £16,000 (2015 – loss £39,000) is a reversal of charges previously made and relates to individual store cash generating units. The recoverable amount of the related fixed assets have been reassessed based on value in use.

### 11 Stocks

	2016 £'000	2015 £'000
Goods for resale	19,665	22,087

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 26 March 2016 (*continued*)

## 12 Debtors

	2016 £'000	2015 £'000
Amounts receivable within one year		
Trade debtors	1,097	719
Other debtors	428	834
Corporation tax	418	-
Derivative financial instruments	331	766
Prepayments and accrued income	6,535	5,067
Amounts owed by parent company	906	595
	<u>9,715</u>	<u>7,981</u>
Amounts receivable after more than one year		
Deferred taxation (analysed below)	587	757
	<u>10,302</u>	<u>8,738</u>

## Deferred Taxation

	Included in debtors £'000	Pension Scheme (note 18) £'000	Total £'000
At 29 March 2015	363	394	757
Included in the statement of comprehensive income	-	(39)	(39)
Included in the income statement (see note 9)	(144)	13	(131)
	<u>219</u>	<u>368</u>	<u>587</u>

Included in the £219,000 above, the Company has continued to recognise deferred tax assets in respect of accelerated capital allowances of £224,000 (2015 - £373,000) due to the expectation of future profits

# Robert Dyas Holdings Limited

Notes forming part of the financial statements  
for the year ended 26 March 2016 (continued)

13 Creditors: amounts falling due within one year	2016 £'000	2015 £'000
Trade creditors	8,627	12,009
Other taxation and social security	1,424	1,059
Corporation tax	-	112
Accruals and deferred income	4,748	6,911
Other creditors	178	135
	<u>14,977</u>	<u>20,226</u>
Amounts owed to group companies	9,984	4,079
	<u>24,961</u>	<u>24,305</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 (2015 - £nil). The interest rate on the facility is 2.50% above LIBOR.

14 Financial instruments	2016 £'000	2015 £'000
<b>Financial assets</b>		
Financial assets measured at fair value through profit and loss	331	766
Financial assets that are debt instruments measured at amortised cost	8,093	7,674
	<u>8,424</u>	<u>8,440</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	22,042	22,051
	<u>22,042</u>	<u>22,051</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 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 26 March 2016 (*continued*)

## 15 Provisions for liabilities

	<b>Onerous leases £'000</b>
At 26 March 2016 and at 28 March 2015	(1,458)

### 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

	<b>Allotted, called up and fully paid</b>			
	<b>2016 Number</b>	<b>2015 Number</b>	<b>2016 £'000</b>	<b>2015 £'000</b>
Ordinary shares of 5p each	14,122,160	14,122,160	706	706

## 17 Operating leases

As at 26 March 2016, the Company had total commitments under non-cancellable operating leases as set out below:

	<b>Land and buildings 2016 £'000</b>	<b>Other 2016 £'000</b>	<b>Land and buildings 2015 £'000</b>	<b>Other 2015 £'000</b>
	Operating leases which expire:			
Within one year	10,086	183	10,038	179
In one to five years	28,864	138	31,641	151
Over five years	12,036	-	16,451	-
	<u>50,986</u>	<u>321</u>	<u>58,130</u>	<u>330</u>

# Robert Dyas Holdings Limited

## Notes forming part of the financial statements for the year ended 26 March 2016 (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 £76,000 (2015 - £112,000) for the year ended 26 March 2016.

The Company expects to make contributions of £243,000 to the defined benefit section of the scheme and £75,000 to the defined contribution section of the scheme during the year to 1 April 2017.

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 26 March 2016 by a qualified independent actuary.

The main assumptions used by the actuary were:

	At 26 March 2016	At 28 March 2015	At 29 March 2014	At 30 March 2013	At 31 March 2012
Rate of inflation	3.05%	3.10%	3.10%	3.25%	2.90%
Rate of revaluation of pensions in deferment	1.50%	1.70%	2.10%	2.25%	2.00%
Discount rate	3.90%	3.60%	4.60%	4.70%	5.20%
Mortality rate	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%)	105% of S1PXA CMI_2011 (1.0%)
Commutation allowance	12.5%	12.5%	12.5%	12.5%	20.0%

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

	2016 £'000	2015 £'000
Equities	7,294	7,609
Bonds	3,757	3,920
Other	(19)	(10)
Fair value of assets	11,032	11,519
Present value of funded obligations	(12,870)	(13,487)
Deficit in the scheme	(1,838)	(1,968)
Related deferred tax asset included in debtors	368	419
Net scheme liability	(1,470)	(1,549)

# Robert Dyas Holdings Limited

Notes forming part of the financial statements  
for the year ended 26 March 2016 (*continued*)

## 18 Pensions (*continued*)

<b>Amounts recognised in the income statement</b>	<b>2016 £'000</b>	<b>2015 £'000</b>
Interest cost	(477)	(508)
Interest on assets	411	475
	<hr/>	<hr/>
Total charged to profit or loss	(66)	(33)
	<hr/>	<hr/>
<b>Amount recognised in other comprehensive income</b>	<b>2016 £'000</b>	<b>2015 £'000</b>
Return on scheme assets less interest	(673)	717
Effect of change in demographic assumptions	(255)	26
Effect of change in financial assumptions	891	(2,067)
Deferred tax thereon	(39)	232
Impact of tax rate changes	-	(11)
Current tax thereon	46	46
	<hr/>	<hr/>
Total remeasurements	(30)	(1,057)
	<hr/>	<hr/>
<b>Reconciliation of assets and defined benefit obligation</b>	<b>2016 £'000</b>	<b>2015 £'000</b>
Fair value of assets at 29 March	11,519	10,328
Interest on assets	411	475
Employer contributions	233	220
Benefits paid	(458)	(221)
Return on scheme assets less interest	(673)	717
	<hr/>	<hr/>
Fair value of assets at 26 March	11,032	11,519
	<hr/>	<hr/>
<b>Defined benefit obligation</b>	<b>2016 £'000</b>	<b>2015 £'000</b>
Defined benefit obligation at 29 March	13,487	11,159
Interest cost	477	508
Benefits paid	(458)	(221)
Changes to demographic assumptions	255	(26)
Changes to financial assumptions	(891)	2,067
	<hr/>	<hr/>
Defined benefit obligation at 26 March	12,870	13,487
	<hr/>	<hr/>

# Robert Dyas Holdings Limited

## Notes forming part of the financial statements for the year ended 26 March 2016 (*continued*)

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### 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 26 March 2016 amounts outstanding and covered by this arrangement totalled £5,400,000 (2015 - £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 £1,055,867 (2015 - £967,396) to and were recharged for stock, management and support fees totalling £4,861,132 (2015 - £2,933,845) and received short term loans totalling £5,000,000 (2015 - £nil) by Ryman Group Limited and its subsidiaries, fellow group companies. At the year end the balance owed to Ryman Group Limited was £5,764,597 (2015 - £904,903 included in trade creditors).

During the year the Company was charged by Red Letter Days Limited an amount totalling £29,282 (2015 - £9,232) in respect of experience vouchers. Theo Paphitis, a director of the Company, is also a director and shareholder of Red Letter Days Limited. At the year end the balance owed to Red Letter Days Limited was £29,019 (2015 - £23,970).

During the year the Company recharged management and support fees totalling £61,613 (2015 - £4,158) to and were recharged for management and support fees totalling £113,958 (2015 - £3,860) by Boux Avenue Limited, a fellow group company. At the year end the balance owed by Boux Avenue Limited was £58,984 (2015 - £nil).

### 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 26 March 2016, 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.

# Robert Dyas Holdings Limited

Notes forming part of the financial statements  
for the year ended 26 March 2016 (*continued*)

## 22 First time adoption of FRS 102

The last financial statements were prepared under the previous framework applicable under UK GAAP. These financial statements have been prepared under FRS 102 and the adjustments on adoption of FRS 102 either at the transition date, 30 March 2014, or to the comparative balance sheet or profit and loss account are detailed below:

		(Loss)/profit for the year ended	Equity as at
	Equity as at 30 March 2014 £'000	28 March 2015 £'000	28 March 2015 £'000
<b>As previously stated under former UK GAAP</b>	14,271	(63)	14,208
<b>Transitional adjustments:</b>			
Change in period for recognising lease incentives	a	-	(116)
Recognition of derivative financial instruments	b	(168)	934
Defined benefit pension return on assets	c	-	-
Associated tax recalculation	d	-	25
	<u>14,103</u>	<u>780</u>	<u>14,883</u>
<b>As stated in accordance with FRS 102</b>			

### Explanation of changes to previously reported profit and equity

- a. Prior to the adoption of FRS 102, the Company had recognised the benefit of lease incentives over the period to the date of the next rent review at which rent is expected to be reset at market rate.

FRS 102 requires such incentives to be recognised over the life of the lease but includes an exemption which allows an entity to continue to spread such incentives over the periods previously used for those leases entered into before the date of the transition. The Company has taken advantage of the exemption and accordingly there is no adjustment to the balance sheet at the date of transition to FRS 102, being 30 March 2014.

Lease incentives obtained in the year to 28 March 2015 have been restated in accordance with FRS 102 resulting in an increase in the rental expense for the year ended 28 March 2015 and an increase in deferred income.



# Robert Dyas Holdings Limited

## Notes forming part of the financial statements for the year ended 26 March 2016 (*continued*)

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### 22 First time adoption of FRS 102 (*continued*)

- b. The Company was not previously required to recognise derivative financial instruments on the balance sheet. Instead the effects of the derivative financial instruments were recognised in profit or loss on settlement.

Under FRS 102, derivative financial instruments are classified as other financial instruments and are recognised as a financial asset or a financial liability, at fair value, when an entity becomes party to the contractual provisions of the instrument.

On the adoption of the requirements of FRS102, financial liabilities of £168,000 have been recognised on the balance sheet at the date of transition, 30 March 2014.

At 26 March 2016, the fair values of the financial assets were £331,000 (2015 - £766,000).

In accordance with the accounting policy in note 1 above the difference between the fair values of £435,000 has been recognised in profit or loss for the year.

- c. Under FRS 17 the defined benefit disclosures in the prior year recognised an expected return on assets of £589,000. In line with FRS 102 the prior year has been restated and this has been replaced with a comparable interest on assets of £475,000. There has been no effect on the results as it is a restatement between interest payable and actuarial losses.
- d. The tax charge has been recalculated according to FRS 102 rules with a resulting reduction in the charge for year ending 28 March 2015.