

Robert Dyas Holdings Limited

Report and Financial Statements

Year Ended

31 March 2018

Company Number 04041884

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Robert Dyas Holdings Limited

Report and financial statements for the year ended 31 March 2018

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Directors

T Paphitis
K Kyprianou
I Childs

Secretary and registered office

K Lawton, 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 31 March 2018

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 continued progress that the Robert Dyas business is making under our group's ownership.

Since acquiring the business in July 2012, a considerable amount of effort and investment has gone into modernising and improving the business to ensure that it has a long term and sustainable future in a rapidly changing market.

Improvements have included a significant investment into a modern warehouse facility in Hemel Hempstead at an initial cost of £5m. Further investment has been made in the current year to automate operations even further, to meet the demands resulting from our success in growing our e-commerce business. Our growth in e-commerce has followed investment in a new website, shortly after acquiring the business, to provide a new platform and continually since then to enhance it so that it meets the business' objectives to drive growth across all channels. Our capability online now includes click-and-collect across not just all Robert Dyas stores but delivery to Ryman stores too, providing a network that is truly nationwide. We have also developed a 'drop-ship' capability that allows us to provide an extended range to our customers whilst using technology to deliver product to our customers directly from our carefully selected partners. We are also able to fulfil online orders from stock already held at our stores for customers choosing the option to click-and-collect. On average we are finding that around 50% of customers choose to collect their online orders from our stores, cementing the importance of having these options available to them, as well as our continued investment in stores and our colleagues. Our focus on good customer service has extended into introducing services in our stores including DHL Servicepoint and it is intended to expand this further.

We have also found that some customers value personal assistance in making an online purchase and we offer this service in store as well. Overall our investment in technology and infrastructure to provide a truly multichannel capability to our customers is expected to deliver growth in future years. Our e-commerce business has seen growth of 53.6% in the current year, which is following 45.7% delivered in the year reported. In fact, since acquiring the business we have seen sales in e-commerce grow from around £3m to an expected outcome in the current financial year of around £28m.

Our most recent significant investment has been the relocation of the Head Office functions to modern offices in Wimbledon from Leatherhead. The offices in Leatherhead were dated and did not provide what we consider a suitable working environment for our colleagues. As well as the investment required to complete the move, the ongoing costs of being in Wimbledon are much higher than Leatherhead, however, this has improved our capability to recruit for key roles and brings the Robert Dyas business closer to other group companies.

For the financial year to 31 March 2018, the business delivered like for like growth of 2.7% and turnover was marginally above last year. Gross profit was, however, slightly below the previous year due to the growth delivered in our e-commerce business which sells a greater mix of higher value, lower margin products. The continued investment in the business and related costs, as well as statutory cost increases saw our overheads increase by £1.2m. EBITDA for the period was £0.5m against £2.4m for the previous period, which included an additional week's trade.

Given the focus on continuing to develop the Robert Dyas business to have the infrastructure to deliver its potential for sustainable growth across all channels, I am satisfied with the results. I am also pleased to see evidence of our capabilities during a successful summer trading period. The trading results for the first 6 months of the current financial year, showed an increase in comparable sales of 8.3%, driven by particularly strong growth online and an EBITDA of £0.9m ahead of the same period the previous year. This places us in a good position to deliver increased turnover and profit for the full year.

Robert Dyas Holdings Limited

Strategic report for the year ended 31 March 2018 *(continued)*

Business review and future developments *(continued)*

As well as our collaboration with Ryman providing our customers with the option to collect from their over 200 stores, we have also launched our first joint store, which sees these two heritage brands trading under one roof in Bexleyheath. Launched last summer, trading at the combined store is ahead of our expectations and delivers an increased contribution in the town. We are, therefore, developing this proposition further and will be considering further opportunities in the coming year.

We have also recently successfully opened a new store in Bromley, Kent. As well as being considered the right fit for the Robert Dyas brand we were heavily influenced by the level of click and collect orders being collected by our customers from the Ryman store there. This gave us the confidence that there was demand for Robert Dyas in the town and since opening, this has been confirmed and has justified our investment. We are looking at further store opportunities and hope to see the Robert Dyas estate increase.

Our relationship with suppliers is continually improving and they see the value of engaging with a retailer that has a good network of stores, with colleagues equipped and ready to serve our customers. They have also seen our impressive growth online and the opportunity this brings to our partnership with them. We continue to work with them on the basis of building mutually beneficial long term relationships, delivering great products to our customers.

We have also shown a strong willingness to contribute to the wider community and are proud to say as well as time given, we have raised funds for good causes, in particular Comic Relief at over £4m in partnership with Ryman.

Robert Dyas, as well as other trading companies of our group, is funded without the need for bank borrowing. This allows us to make decisions that are right for the long term success and sustainability of the business, which perhaps was not the case leading up to our acquisition in 2012. We feel that the business is now well placed to deliver further growth, however, we are also mindful and cautious of the challenging economic and political environment that persists in our market. We shall, therefore, continue to be as agile as possible and ensure that we remain close to the detail.

Robert Dyas is a brand that I have been interested in for many years and I am delighted that the opportunity to acquire it arose in 2012. Its wide range of products and convenient locations has since been complemented with an excellent online offering. Despite the challenging retail environment and uncertainty around the political and economic situation in the UK, I am confident that we can continue to deliver growth by delighting our customers with great products and service.

I would finally like to thank all of our colleagues for their continued commitment to the business and I look forward to owning and leading this wonderful business as it approaches its 150th year in 2022.

Key Performance Indicators

Like for like sales increased by 2.7% (2017 - 1.1%).

Turnover increased 0.4% to £123.9 million (2017 - £123.4 million).

Operating loss amounted to £0.8 million compared to an operating profit in the comparative year of £0.7 million.

Net assets at 31 March 2018 of £9.9 million (2017 - £11.2 million).

EBITDA reduced to £0.5 million (2017 - £2.4 million 53 week period).

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

Robert Dyas Holdings Limited

Strategic report for the year ended 31 March 2018 (*continued*)

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. We are constantly monitoring developments with Brexit and considering potential impacts, particularly on our supply chain and currency exposure. We have maintained regular discussions with our suppliers and continue to hedge our currency exposure in line with our policy. We will also maintain our agile and collaborative approach to all aspects of our business to ensure that the impact of any disruption resulting from a disorderly Brexit is minimised.

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.

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 £3,191,000 (2017 - £2,894,000) at the year end.

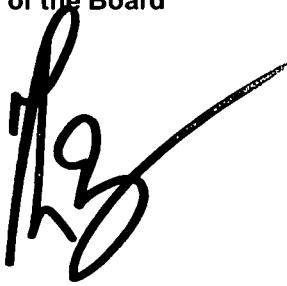
The Pension Scheme Trustees have agreed with the Company that they will not seek to increase contributions to the scheme beyond those currently agreed unless required to do so by Statute or Regulation. However, in the longer term, if the value of the scheme assets were to decline significantly relative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

Robert Dyas Holdings Limited

Strategic report
for the year ended 31 March 2018 (*continued*)

On behalf of the Board

A handwritten signature in black ink, appearing to be 'T Paphitis', with a long, sweeping flourish extending to the right.

T Paphitis
Chairman

Date 20 December 2018

Robert Dyas Holdings Limited

Directors' report for the year ended 31 March 2018

The directors present their report together with the audited financial statements for the year ended 31 March 2018.

Results and dividends

The income statement is set out on page 11 and shows the result for the year.

The loss after taxation for the year amounted to £879,000 (2017 - £363,000 profit).

The directors do not recommend the payment of a dividend (2017 - £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 3

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 Company Secretary.

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. It is committed to providing them with relevant information, 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

Directors' report for the year ended 31 March 2018 (*continued*)

Directors

The directors of the Company during the year were:

| | |
|-------------|--------------------------|
| T Paphitis | |
| K Kyprianou | |
| I Childs | (appointed 13 July 2018) |
| S Dover | (resigned 29 June 2018) |

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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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

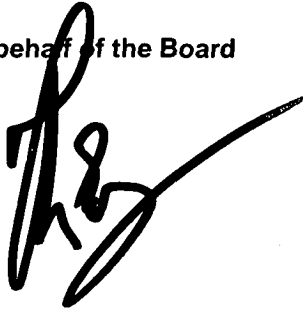
Directors' report for the year ended 31 March 2018 (*continued*)

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

A handwritten signature in black ink, appearing to be 'T Paphitis', with a long, sweeping horizontal stroke extending to the right.

T Paphitis
Director

Date 20 December 2018

Robert Dyas Holdings Limited

Independent auditor's report

TO THE MEMBERS OF ROBERT DYAS HOLDINGS LIMITED

Opinion

We have audited the financial statements of Robert Dyas Holdings Limited ("the Company") for the year ended 31 March 2018 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 to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2018 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Robert Dyas Holdings Limited

Independent auditor's report (*continued*)

Opinions 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.

Matters on which we are required to report by exception

In the 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 and directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Robert Dyas Holdings Limited

Independent auditor's report (*continued*)

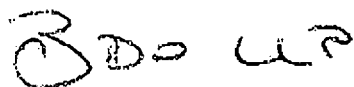
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.



James Fearon (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick
Date 20 December 2018

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 31 March 2018

| | Note | 2018 £'000 | 2017 £'000 |
|-------------------------------------------------------------|------|---------------|---------------|
| Turnover | 3 | 123,941 | 123,411 |
| Cost of sales | | (107,135) | (106,306) |
| Gross profit | | 16,806 | 17,105 |
| Administrative expenses | | (17,586) | (16,392) |
| Operating (loss)/profit | 4 | (780) | 713 |
| Interest receivable and similar income | 7 | 441 | 468 |
| Interest payable and similar charges | 8 | (579) | (1,137) |
| (Loss)/profit on ordinary activities before taxation | | (918) | 44 |
| Taxation | 9 | 39 | 319 |
| (Loss)/profit on ordinary activities after taxation | | (879) | 363 |

All amounts relate to continuing activities.

The notes on pages 16 to 31 form part of these financial statements.

Robert Dyas Holdings Limited

Statement of comprehensive income for the year ended 31 March 2018

| | Note | 2018 £'000 | 2017 £'000 |
|----------------------------------------------------------|------|---------------|---------------|
| (Loss)/profit for the year | | (879) | 363 |
| Actuarial loss recognised in respect of the pension fund | 18 | (477) | (1,955) |
| Deferred tax thereon | 12 | 6 | 342 |
| Current tax on pension contributions | 18 | 48 | 49 |
| Other comprehensive loss for the year | | (423) | (1,564) |
| Total comprehensive loss for year | | (1,302) | (1,201) |

The notes on pages 16 to 31 form part of these financial statements.

Robert Dyas Holdings Limited

Statement of financial position at 31 March 2018

| Company number 04041884 | Note | 2018 £'000 | 2018 £'000 | 2017 £'000 | 2017 £'000 |
|-------------------------------------------------------|-------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Fixed assets | | | | | |
| Property, plant and equipment | 10 | | 5,666 | | 6,515 |
| Current assets | | | | | |
| Stocks | 11 | 21,522 | | 18,722 | |
| Debtors | 12 | 8,847 | | 9,576 | |
| Cash at bank and in hand | | 1,541 | | 1,766 | |
| | | <u>31,910</u> | | <u>30,064</u> | |
| Creditors: amounts falling due within one year | 13 | <u>(22,432)</u> | | <u>(20,548)</u> | |
| Net current assets | | | 9,478 | | 9,516 |
| Total assets less current liabilities | | | <u>15,144</u> | | <u>16,031</u> |
| Provisions for liabilities | 15 | | <u>(1,296)</u> | | <u>(1,203)</u> |
| Net assets excluding pension liability | | | <u>13,848</u> | | <u>14,828</u> |
| Net pension liability | 18 | | <u>(3,940)</u> | | <u>(3,618)</u> |
| Net assets | | | <u>9,908</u> | | <u>11,210</u> |
| 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 | | | (5,039) | | (4,616) |
| Profit and loss account | | | 3,737 | | 4,616 |
| Equity shareholders' funds | | | <u>9,908</u> | | <u>11,210</u> |

The financial statements were approved by the Board of directors and authorised for issue on **20 December 2018**



T Paphitis
Director

The notes on pages 16 to 31 form part of these financial statements.

Robert Dyas Holdings Limited

Statement of changes in equity for the year ended 31 March 2018

| | Share Capital £'000 | Share Premium £'000 | Capital Contribution Reserve £'000 | Pension Reserve £'000 | Profit and loss account £'000 | Total £'000 |
|-------------------------------------------------------------------------------------------|---------------------------|---------------------------|---------------------------------------------|-----------------------------|----------------------------------------|----------------|
| 2 April 2017 | 706 | 6,989 | 3,515 | (4,616) | 4,616 | 11,210 |
| Comprehensive income for the year | | | | | | |
| Loss for the year | - | - | - | - | (879) | (879) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Actuarial loss recognised in respect of the pension scheme (net of deferred tax) | - | - | - | (423) | - | (423) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Other comprehensive income for the year | - | - | - | (423) | - | (423) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total comprehensive income for the year | - | - | - | (423) | (879) | (1,302) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| 31 March 2018 | 706 | 6,989 | 3,515 | (5,039) | 3,737 | 9,908 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |

The notes on pages 16 to 31 form part of these financial statements.

Robert Dyas Holdings Limited

Statement of changes in equity (continued) for the year ended 31 March 2018

| | 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 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Actuarial loss recognised in respect of the pension scheme (net of deferred tax) | - | - | - | (1,564) | - | (1,564) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Other comprehensive income for the year | - | - | - | (1,564) | - | (1,564) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total comprehensive income for the year | - | - | - | (1,564) | 363 | (1,201) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total contributions by and distributions to owners | - | - | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| 1 April 2017 | 706 | 6,989 | 3,515 | (4,616) | 4,616 | 11,210 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |

The notes on pages 16 to 31 form part of these financial statements.

Robert Dyas Holdings Limited

Notes forming part of the financial statements for the year ended 31 March 2018

1 Accounting policies

Robert Dyas Holdings Limited is a private Company limited by shares and 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; and
- Key management personnel remuneration.

This information is included in the consolidated financial statements of Fivefathers Holdings Limited as at 31 March 2018 and these financial statements may be obtained from the address given in note 21.

Basis of preparation

Based on the latest trading expectations and associated cash flow forecasts, the directors believe that the Company will be able to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements and have therefore prepared the accounts on a going concern basis.

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 31 March 2018 (*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 31 March 2018 (*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 31 March 2018 (*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 31 March 2018 (*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 31 March 2018 (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 the unavoidable costs exceed the economic benefits expected to be received under the lease. In determining the economic benefits expected to be received, the directors consider both the cash flows attributable to the store to the expiry of the lease term and future cash flows where it is anticipated the store lease will be renewed on an indefinite basis. This requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows.

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

| | 2018 £'000 | 2017 £'000 |
|------------------------------------------------------------------------------|---------------|---------------|
| This has been arrived at after charging/(crediting): | | |
| Depreciation of tangible fixed assets | 1,405 | 1,702 |
| Tangible fixed assets impairment | 159 | 229 |
| Loss/(profit) on disposal of tangible fixed assets and store closure revenue | 16 | (565) |
| Increase/(reduction) in onerous lease provision | 93 | (255) |
| Foreign currency gains | (704) | (806) |
| Fees payable to the Company's auditor for: | | |
| - audit of the annual accounts | 62 | 60 |
| - other services | 13 | 12 |
| Operating lease rentals: | | |
| - land and buildings | 10,316 | 11,079 |
| - commercial vehicles | 281 | 293 |
| - motor vehicles and equipment | 195 | 262 |

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 31 March 2018 (*continued*)

5 Employees

| | 2018 £'000 | 2017 £'000 |
|----------------------------|---------------|---------------|
| Employee costs consist of: | | |
| Wages and salaries | 20,071 | 19,989 |
| Social security costs | 1,430 | 1,401 |
| Other pension costs | 449 | 434 |
| | <u>21,950</u> | <u>21,824</u> |

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

| | 2018 Number | 2017 Number |
|--------------------------|----------------|----------------|
| Selling and distribution | 1,194 | 1,196 |
| Administration | 221 | 227 |
| | <u>1,415</u> | <u>1,423</u> |

6 Directors' remuneration

| | 2018 £'000 | 2017 £'000 |
|-----------------------|---------------|---------------|
| Remuneration paid | 56 | 56 |
| Pension contributions | - | - |
| | <u>56</u> | <u>56</u> |

There were no directors in the Company's defined contribution pension scheme during the year (2017 – none).

| Highest paid director | 2018 £'000 | 2017 £'000 |
|----------------------------------------------|---------------|---------------|
| Remuneration | <u>56</u> | <u>56</u> |
| Contributions to defined contribution scheme | <u>-</u> | <u>-</u> |

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 31 March 2018 (*continued*)

7 Interest receivable and similar charges

| | 2018 £'000 | 2017 £'000 |
|--------------------------------------------------------|---------------|---------------|
| Bank interest receivable | 4 | 6 |
| Interest receivable from group companies | 27 | 25 |
| Change in foreign currency forward contract fair value | 67 | - |
| Pension - interest on assets (see note 18) | 343 | 437 |
| | <hr/> | <hr/> |
| | 441 | 468 |
| | <hr/> | <hr/> |

8 Interest payable and similar charges

| | 2018 £'000 | 2017 £'000 |
|--------------------------------------------------------|---------------|---------------|
| Other interest payable | 3 | 5 |
| Interest payable to related party | 10 | 88 |
| Interest payable to group companies | 125 | 121 |
| Change in foreign currency forward contract fair value | - | 418 |
| Pension - interest cost (see note 18) | 441 | 505 |
| | <hr/> | <hr/> |
| | 579 | 1,137 |
| | <hr/> | <hr/> |

9 Taxation on profit from ordinary activities

| | 2018 £'000 | 2017 £'000 |
|------------------------------------------------|---------------|---------------|
| <i>UK Corporation tax</i> | | |
| Group relief (receivable)/payable | (188) | 127 |
| | <hr/> | <hr/> |
| Total current tax | (188) | 127 |
| | <hr/> | <hr/> |
| <i>Deferred tax</i> | | |
| Origination and reversal of timing differences | 149 | (446) |
| | <hr/> | <hr/> |
| Total deferred tax (see note 12) | 149 | (446) |
| | <hr/> | <hr/> |
| Taxation on loss on ordinary activities | (39) | (319) |
| | <hr/> | <hr/> |

A reduction in the UK corporation tax rate from 20% to 19% took effect from 1 April 2017. A further reduction in the UK corporation rate to 17% from 1 April 2020 has been announced.

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 31 March 2018 (*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:

| | 2018 £'000 | 2017 £'000 |
|---------------------------------------------------------------------------------------------------------------|---------------|---------------|
| (Loss)/profit on ordinary activities before tax | (918) | 44 |
| (Loss)/profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2017 - 20%) | (174) | 9 |
| Effects of: | | |
| Expenses not deductible for tax purposes | (14) | 118 |
| Capital allowances for year in excess of depreciation | 168 | (432) |
| Income not taxable for tax purposes | (19) | (14) |
| Total tax credit for year | (39) | (319) |

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 31 March 2018 (*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 2 April 2017 | 1,687 | 29,383 | 31,070 |
| Additions | - | 731 | 731 |
| Disposals | (35) | (277) | (312) |
| | <hr/> | <hr/> | <hr/> |
| At 31 March 2018 | 1,652 | 29,837 | 31,489 |
| | <hr/> | <hr/> | <hr/> |
| <i>Depreciation</i> | | | |
| At 2 April 2017 | 1,316 | 23,239 | 24,555 |
| Provided for the year | 72 | 1,333 | 1,405 |
| Impairment charge | 22 | 137 | 159 |
| Disposals | (30) | (266) | (296) |
| | <hr/> | <hr/> | <hr/> |
| At 31 March 2018 | 1,380 | 24,443 | 25,823 |
| | <hr/> | <hr/> | <hr/> |
| <i>Net book value</i> | | | |
| At 31 March 2018 | 272 | 5,394 | 5,666 |
| | <hr/> | <hr/> | <hr/> |
| At 1 April 2017 | 371 | 6,144 | 6,515 |
| | <hr/> | <hr/> | <hr/> |

The impairment charge of £159,000 (2017 - £229,000) 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

| | 2018 £'000 | 2017 £'000 |
|------------------|---------------|---------------|
| Goods for resale | 21,522 | 18,722 |
| | <hr/> | <hr/> |

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 31 March 2018 (*continued*)

12 Debtors

| | 2018 £'000 | 2017 £'000 |
|---------------------------------------------|---------------|---------------|
| Amounts receivable within one year | | |
| Trade debtors | 768 | 913 |
| Other debtors | 451 | 568 |
| Corporation tax – group relief receivable | 630 | 368 |
| Prepayments and accrued income | 4,956 | 5,484 |
| Amounts owed by parent company | 810 | 868 |
| | <hr/> | <hr/> |
| | 7,615 | 8,201 |
| Amounts receivable after more than one year | | |
| Deferred taxation (analysed below) | 1,232 | 1,375 |
| | <hr/> | <hr/> |
| | 8,847 | 9,576 |
| | <hr/> | <hr/> |

Deferred Taxation

| | Included in debtors £'000 | Pension Scheme (note 18) £'000 | Total £'000 |
|---------------------------------------------------|---------------------------------|-----------------------------------------|----------------|
| At 2 April 2017 | 651 | 724 | 1,375 |
| Included in the statement of comprehensive income | - | 6 | 6 |
| Included in the income statement (see note 9) | (168) | 19 | (149) |
| | <hr/> | <hr/> | <hr/> |
| At 31 March 2018 | 483 | 749 | 1,232 |
| | <hr/> | <hr/> | <hr/> |

The Company has continued to recognise deferred tax assets in respect of accelerated capital allowances of £483,000 (2017 - £651,000) due to the expectation of future profits.

Robert Dyas Holdings Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (*continued*)

13 Creditors: amounts falling due within one year

| | 2018 £'000 | 2017 £'000 |
|------------------------------------|---------------|---------------|
| Trade creditors | 9,363 | 8,596 |
| Other taxation and social security | 1,854 | 1,688 |
| Derivative financial instruments | 20 | 87 |
| Accruals and deferred income | 3,654 | 4,881 |
| Other creditors | 314 | - |
| | <hr/> | <hr/> |
| | 15,205 | 15,252 |
| Amounts owed to group companies | 7,227 | 5,296 |
| | <hr/> | <hr/> |
| | 22,432 | 20,548 |
| | <hr/> | <hr/> |

At the end of the year the Company, as a member of the Gladys Emmanuel Limited group of companies, had a working capital facility of £2,250,000 (part of the £12,000,000 loan facility provided by Theo Paphitis Funding Limited). As at the reporting date, this facility is unutilised (2017 - £nil). The interest rate on the facility is 2.50% above LIBOR.

14 Financial instruments

| | 2018 £'000 | 2017 £'000 |
|-----------------------------------------------------------------------|---------------|---------------|
| Financial assets | | |
| Financial assets that are debt instruments measured at amortised cost | 5,669 | 6,240 |
| | <hr/> | <hr/> |
| | 5,669 | 6,240 |
| | <hr/> | <hr/> |
| Financial liabilities | | |
| Financial liabilities measured at fair value through profit and loss | 20 | 87 |
| Financial liabilities measured at amortised cost | 20,226 | 17,676 |
| | <hr/> | <hr/> |
| | 20,246 | 17,763 |
| | <hr/> | <hr/> |

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 31 March 2018 (continued)

15 Provisions for liabilities

| | Onerous leases £'000 |
|---------------------------|----------------------------|
| At 2 April 2017 | (1,203) |
| Charged to profit or loss | (93) |
| | <hr/> |
| Balance at 31 March 2018 | (1,296) |
| | <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 being 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 | | | |
|----------------------------|------------------------------------|----------------|---------------|---------------|
| | 2018 Number | 2017 Number | 2018 £'000 | 2017 £'000 |
| Ordinary shares of 5p each | 14,122,160 | 14,122,160 | 706 | 706 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

17 Operating leases

As at 31 March 2018, the Company had total commitments under non-cancellable operating leases as set out below:

| | Land and buildings 2018 £'000 | Other 2018 £'000 | Land and buildings 2017 £'000 | Other 2017 £'000 |
|--------------------------------|----------------------------------------|------------------------|----------------------------------------|------------------------|
| Operating leases which expire: | | | | |
| Within one year | 9,318 | 531 | 9,644 | 523 |
| In one to five years | 24,370 | 1,112 | 26,209 | 1,376 |
| Over five years | 5,979 | 82 | 9,002 | 132 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 39,667 | 1,725 | 44,855 | 2,031 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

Robert Dyas Holdings Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (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 £67,000 (2017 - £74,000) for the year ended 31 March 2018.

The Company expects to make contributions of £384,000 to the defined benefit section of the scheme and £57,000 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 31 March 2018 by a qualified independent actuary.

The main assumptions used by the actuary were:

| | At 31 March 2018 | At 1 April 2017 | At 28 March 2016 | At 29 March 2015 | At 30 March 2014 |
|-------------------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|----------------------------------------|----------------------------------------|
| Rate of inflation | 3.25% | 3.20% | 3.05% | 3.10% | 3.10% |
| Rate of revaluation of pensions in deferment | 2.10% | 2.00% | 1.50% | 1.70% | 2.10% |
| Discount rate | 2.70% | 2.80% | 3.90% | 3.60% | 4.60% |
| Mortality rate | 95% of S2PXA CMI_2017 (1.0%) | 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%) |
| Commutation allowance | 12.5% | 12.5% | 12.5% | 12.5% | 12.5% |

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

| | 2018 £'000 | 2017 £'000 |
|------------------------------------------------|---------------|---------------|
| Equities | 8,316 | 8,082 |
| Bonds | 4,123 | 4,164 |
| Other | (6) | 20 |
| Fair value of assets | 12,433 | 12,266 |
| Present value of funded obligations | (16,373) | (15,884) |
| Deficit in the scheme | (3,940) | (3,618) |
| Related deferred tax asset included in debtors | 749 | 724 |
| Net scheme liability | (3,191) | (2,894) |

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 31 March 2018 *(continued)*

18 Pensions *(continued)*

| Amounts recognised in the income statement | 2018 £'000 | 2017 £'000 |
|---------------------------------------------------------|---------------|---------------|
| Interest cost | (441) | (505) |
| Interest on assets | 343 | 437 |
| | <hr/> | <hr/> |
| Total charged to profit or loss | (98) | (68) |
| | <hr/> | <hr/> |
| Amount recognised in other comprehensive income | 2018 £'000 | 2017 £'000 |
| (Loss)/return on scheme assets less interest | (134) | 822 |
| Experience losses on liabilities | (72) | (12) |
| Effect of change in demographic assumptions | 104 | 549 |
| Effect of change in financial assumptions | (375) | (3,314) |
| Deferred tax thereon | 6 | 342 |
| Current tax thereon | 48 | 49 |
| | <hr/> | <hr/> |
| Total remeasurements | (423) | (1,564) |
| | <hr/> | <hr/> |
| Reconciliation of assets and defined benefit obligation | 2018 £'000 | 2017 £'000 |
| Fair value of assets at 2 April 2017 | 12,266 | 11,032 |
| Interest on assets | 343 | 437 |
| Employer contributions | 253 | 243 |
| Benefits paid | (295) | (268) |
| Return on scheme assets less interest | (134) | 822 |
| | <hr/> | <hr/> |
| Fair value of assets at 31 March 2018 | 12,433 | 12,266 |
| | <hr/> | <hr/> |
| | 2018 £'000 | 2017 £'000 |
| Defined benefit obligation at 2 April 2017 | 15,884 | 12,870 |
| Interest cost | 441 | 505 |
| Benefits paid | (295) | (268) |
| Experience loss on defined benefit obligation | 72 | 12 |
| Changes to demographic assumptions | (104) | (549) |
| Changes to financial assumptions | 375 | 3,314 |
| | <hr/> | <hr/> |
| Defined benefit obligation at 31 March 2018 | 16,373 | 15,884 |
| | <hr/> | <hr/> |

Robert Dyas Holdings Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (*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 31 March 2018 amounts outstanding and covered by this arrangement totalled £5,400,000 excluding interest (2017 - £5,400,000). Since the year end this facility has been extended until December 2019.

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 £1,009,610 (2017 - £1,389,598) to, were recharged for stock, management and support fees totalling £5,109,275 (2017 - £4,775,945) and were provided with short term loans totalling £1,850,000 (2017 - £5,000,000) by Ryman Group Limited and its subsidiaries, fellow group companies. The short term loans were subject to interest at 3% per annum which created a charge in the year of £9,990. At the year end the balance owed to Ryman Group Limited was £3,050,633 (2017 - £930,435).

During the year the Company was charged by Red Letter Days Limited an amount totalling £36,348 (2017 - £14,440) in respect of experience vouchers. Up until November 2017, Theo Paphitis and Ian Childs, directors of the Company, were also directors of Red Letter Days Limited and Theo Paphitis was a shareholder of Red Letter Days Limited. At the year end the balance owed to Red Letter Days Limited was £21 (2017 - £nil). At the year end Theo Paphitis and Ian Childs are no longer directors of Red Letter Days Limited and Theo Paphitis is no longer a shareholder of Red Letter Days Limited.

During the year the Company made purchases totalling £nil (2017 - £6,359) 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 (2017 - £nil).

During the year the Company recharged management and support fees totalling £31,622 (2017 - £106,862) to and were recharged for management and support fees totalling £1,908 (2017 - £6,444) by Boux Avenue Limited, a fellow group company. At the year end the balance owed to Boux Avenue Limited was £7,060 (2017 - £784).

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 31 March 2018, 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.