

Robert Dyas Holdings Limited

Report and Financial Statements

Year Ended

30 March 2013

Company Number 04041884

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Robert Dyas Holdings Limited

Report and financial statements for the year ended 30 March 2013

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Directors

T Paphitis
P C Green
K Kyprianou
B Pearson
S Dover
T Maywood

Secretary and registered office

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

Company number

04041884

Bankers

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

Auditors

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

Robert Dyas Holdings Limited

Chairman's statement for the year ended 30 March 2013

Key Performance Indicators

Like for like sales increased by 11.2% (2012 – 2.2%)

Turnover increased 8% to £114.37 million (2012 - £105.91 million)

Operating profit was £4.89 million (2012 - £1.08 million)

Net assets at 30 March 2013 of £10.42 million (2012 - £7.91 million)

Business review and future developments

I am delighted to report on the financial year that saw me purchase the Robert Dyas business, a brand that has interested me for many years. The acquisition was completed on 10 July 2012 by a newly formed company wholly owned by me, Gladys Emmanuel Limited. At completion the Robert Dyas business and its Group were released from all bank borrowing.

I have been encouraged by the positive response I've received over the last 12 months from the management team, colleagues and trading partners of the business. I believe that this response together with the removal of the burden of debt and introduction of working capital has enabled us to focus on providing our customers with what they value Robert Dyas for. This has resulted in a strong trading and financial performance for the year. Not underestimating the work and focus required to continue the turnaround of Robert Dyas, as well as key developments in my other businesses, including the international ambitions of Boux Avenue, I regretfully gave up my seat on Dragons' Den last February. Whilst, of course, I miss Dragons' Den, I believe that the progress we are making at Robert Dyas has fully vindicated and rewarded that decision.

Improvements to the business resulted in an increase in turnover of 8%, driven by a like for like increase of 11.2%. There is no doubt in my mind that in the current economic and retail environment this was a great achievement. Operating profit also increased by more than four-fold from £1.1m to £4.9m, which is retained in the business, contributing further to the considerable improvement in the Group's overall financial position. Underlying EBITDA, a key measure of performance, increased from £2.8m to £4.9m and is detailed further down in our report.

The current financial year has also started well with continued like for like sales growth within both stores and online. The Robert Dyas catalogue was launched in May 2013 and distributed through our stores, direct mailing and various newspapers. I am very excited by the response to this and further publications are planned for the autumn and winter.

My colleagues at Robert Dyas have also worked well with the management of my other businesses, particularly Ryman where there are many similarities. This work, which benefits both companies, is continuing and I am delighted that our board director, Bea Pearson has recently accepted the role of Operations Director, Robert Dyas & Ryman. Robert Dyas also joined Ryman in charitable fundraising by participating in Comic Relief 2013.

In getting to know the business, focus has been mainly on improving trading in our existing stores, as opposed to opening new ones. Significant investment has been made in, and is planned for, the online and catalogue elements of the business so as to build a truly great multi-channel experience for our loyal customers and to assist with acquiring new ones. Investment in our portfolio of stores is also planned for the current year, which is encouraged by the reaction seen in recent upgrades, including that undertaken at one of our larger stores at Chiswick.

I am passionate about retail and excited by the prospects at Robert Dyas. I believe that the improved financial position, investment in the right areas and embracing of technology, will see the business prosper for many years to come. I feel a huge honour and responsibility in taking on a brand that has been on our high streets for 140 years!

Robert Dyas Holdings Limited

Chairman's statement for the year ended 30 March 2013

It is right for me to thank the management that contributed prior to my acquisition and who were supportive in the early days in me getting to know the business. I am grateful to Graham Coles, the previous CEO who left the business in November to progress other opportunities. Phil Green was promoted to the role of Chief Operating Officer and the Board was strengthened further with the appointment, as executive directors, of Sue Dover who has worked with me for many years and joined to head up our multi-channel business as well as Terry Maywood who manages logistics and operational support across all of my companies.

Finally, this has been an extremely encouraging start to my ownership of Robert Dyas and I would like to thank all Robert Dyas colleagues for their on-going commitment and effort put into every part of the business. Their contribution, in particular in providing an excellent customer experience, is vital to the continued success of the business and I look forward to proceeding with confidence with all stakeholders to drive the business even further in the years to come.



Theo Paphitis
Chairman

30th July 2013

Robert Dyas Holdings Limited

Report of the directors for the year ended 30 March 2013

The directors present their report together with the audited financial statements for the year ended 30 March 2013

Results and dividends

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

The directors do not recommend the payment of a dividend (2012 - £Nil)

Business review and future developments

Robert Dyas is positioned as a convenience retailer of everyday items and the principal activity is the retailing of functional home and garden products with almost 100 stores, mostly located in the South of England. Most of its stores are located in High Streets and local shopping centres, often in smaller market towns and workplace locations.

A review of the business and future developments is contained within the Chairman's statement on page 1.

Underlying EBITDA was £4.9m up from £2.8m in the previous year. Underlying EBITDA is calculated as follows:

	2013 £'000	2012 £'000
Operating profit before exceptional item	4,894	1,081
Add back		
Depreciation and impairment of fixed assets	866	1,774
New store pre-opening costs	-	2
(Profit)/loss on disposal of tangible fixed assets and store closures	(704)	231
Directors' compensation for loss of office	-	148
Pension contributions	(201)	(195)
Onerous lease credit due to change in anticipated costs of disposal	-	(256)
	<u>4,855</u>	<u>2,785</u>

On 10 July 2012, the parent company of the Robert Dyas business was purchased by Gladys Emmanuel Limited. As part of this transaction the following events occurred:

- Approximately £13,630,000 of the Cleeve Court Holdings Limited group debt was irrevocably released in consideration for an issue of new Ordinary shares to the lenders.
- The entire share capital of Cleeve Court Holdings Limited was then purchased by Gladys Emmanuel Limited, a company wholly owned by Theo Paphitis.
- All existing utilisations under the banking facilities were repaid in accordance with the terms and conditions of those arrangements.

Robert Dyas Holdings Limited

Report of the directors for the year ended 30 March 2013 (*continued*)

Business review and future developments (*continued*)

- The Gladys Emmanuel group entered into a new loan facility, due for review in October 2014, of £12,000,000 with Theo Paphitis Funding Limited, a company owned by Theo Paphitis, the sole shareholder of the group, comprising
 - £6,000,000 utilised at completion to repay all remaining bank borrowing of the group
 - £2,250,000 for additional working capital of which £1,000,000 was utilised as at the balance sheet date
 - £3,750,000 utilised at completion to cash collateralise letter of credit facilities with Lloyds TSB Bank plc to the company. As at the balance sheet date, the available facility had reduced to £1,750,000

Capital expenditure and cash

Tangible fixed assets acquired during the year, mainly incurred on store fixtures, fittings and equipment, amounts to £651,000 (2012 - £752,000). The cash balance held at the bank on 30 March 2013 was £3,950,000 (2012 - £2,496,000).

Principal risks and uncertainties

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

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

Strategic risks

The Economy

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

Competition

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

Operational risks

Stock

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

Robert Dyas Holdings Limited

Report of the directors for the year ended 30 March 2013 (continued)

Principle risks and uncertainties (continued)

Operational risks (continued)

People

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

Suppliers

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

Financial risks

Cash flow

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

Currency risk

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

Pension scheme

The defined benefit pension scheme showed a deficit, net of deferred tax, of £868,000 (2012 - £496,000) at the year end. The increase in the deficit is predominantly due to

- change in actuarial assumptions with the discount rate applied reducing from 5.2% in the prior year to 4.7% as well as the decrease in the commutation allowance from 20% in the prior year to 12.5% with the resultant increase in the value of the pension scheme liabilities, offset by
- a small experience gain on the liabilities and
- better than expected investment returns resulting in an experience gain on the assets

The Pension Scheme Trustees have agreed with the company that they will not seek to increase contributions to the scheme beyond those currently agreed until at least June 2015, unless required to do so by Statute or Regulation. However, in the longer term, if the value of the scheme assets were to decline significantly relative to its liabilities, the company might need to make further additional contributions to cover any shortfall. This would have an adverse impact on cash flow. The company 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.

Creditor payment policy

For all trade creditors it is the company's policy to

- agree the terms of payment at the start of business with that supplier,
- ensure that all suppliers are aware of the terms of payment, and
- pay in accordance with its contractual and other legal obligations

For the company, creditor payments relating to stock purchased for resale at 30 March 2013 equated to 41 days (2012 - 38 days). The movement in creditor days is a reflection of the increased investment in stock during the final quarter of the year to support the improved sales performance.

Robert Dyas Holdings Limited

Report of the directors for the year ended 30 March 2013 (continued)

People

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

The company places considerable value on the involvement of its 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.

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

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

Donations

During the year the company made charitable donations of £35,223 (2012 - £184) including a payment of £10,000 to the Theo Paphitis Charitable Trust and £22,243 to Comic Relief. The company was made a corporate sponsor of the Comic Relief charity during the year and through sponsored activities, products and events, colleagues, customers and suppliers contributed over £100,000 to the cause. No political donations were made in the year under review.

Deeds of indemnity

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

Directors

The directors of the company during the year were

T Paphitis	(Appointed 10 July 2012)
P C Green	
K Kyprianou	(Appointed 10 July 2012)
B Pearson	
S Dover	(Appointed 4 March 2013)
T Maywood	(Appointed 9 June 2013)
M Emerson	(Appointed 1 December 2012, resigned 29 March 2013)
C G Coles	(Resigned 30 November 2012)
G Brady	(Resigned 10 July 2012)
I A Gray	(Resigned 10 July 2012)

On 17 July 2012 Ann Mantz was appointed Company Secretary. On the same date Graham Coles resigned as Company Secretary.

Robert Dyas Holdings Limited

Report of the directors for the year ended 30 March 2013 (continued)

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board

K Kyprianou
Director

30 July 2013

Robert Dyas Holdings Limited

Independent auditor's report

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

We have audited the financial statements of Robert Dyas Holdings Limited for the year ended 30 March 2013 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board'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 Financial Reporting Council's website at www.frc.org.uk/apb/scope/private.cfm.

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 30 March 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Robert Dyas Holdings Limited

Independent auditor's report (*continued*)

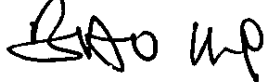
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

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



James Roberts (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick
30 July 2013

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

Robert Dyas Holdings Limited

Profit and loss account for the year ended 30 March 2013

	Note	2013 £'000	2012 £'000
Turnover	2	114,374	105,911
Cost of sales		(98,916)	(94,244)
Gross profit		15,458	11,667
Selling, distribution and administration costs		(10,564)	(10,586)
Operating profit before exceptional item		4,894	1,081
Exceptional item - restructuring costs	4	(1,487)	(565)
Operating profit	4	3,407	516
Interest receivable and similar income	6	545	562
Interest payable and similar charges	7	(800)	(892)
Profit on ordinary activities before taxation		3,152	186
Taxation	8	(73)	(416)
Profit/(loss) on ordinary activities after taxation		3,079	(230)

All amounts relate to continuing activities
The notes on pages 13 to 27 form part of these financial statements

Robert Dyas Holdings Limited

Statement of total recognised gains and losses for the year ended 30 March 2013

	Note	2013 £'000	2012 £'000
Profit/(loss) for the year		3,079	(230)
Actuarial loss recognised in respect of the pension fund	17	(720)	(587)
Deferred tax thereon	13	102	133
Current tax on pension contributions	17	49	-
Total recognised gains and losses for the year		2,510	(684)

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

Robert Dyas Holdings Limited

Balance sheet at 30 March 2013

<i>Company number 04041884</i>	Note	2013 £'000	2013 £'000	2012 £'000	2012 £'000
Fixed assets					
Tangible assets	9		6,400		6,616
Current assets					
Stocks	10	16,845		13,334	
Debtors	11	5,650		7,270	
Cash at bank and in hand		3,950		2,496	
		26,445		23,100	
Creditors, amounts falling due within one year	12	(18,607)		(18,097)	
Net current assets			7,838		5,003
Total assets less current liabilities			14,238		11,619
Provisions for liabilities	13	(2,948)		(3,211)	
Net assets excluding pension liability			11,290		8,408
Net pension liability	17		(868)		(496)
Net assets			10,422		7,912
Capital and reserves					
Called up share capital	14		706		706
Share premium	15		6,989		6,989
Capital contribution reserve	15		3,515		3,515
Profit and loss account	15		(788)		(3,298)
Equity shareholders' funds	15		10,422		7,912

The financial statements were approved by the Board of directors and authorised for issue on 30 July 2013

K Kyprianou
Director

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

Robert Dyas Holdings Limited

Notes forming part of the financial statements for the year ended 30 March 2013

1 Accounting policies

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

The following principal accounting policies have been applied

Going concern

The company and group has loan facilities from a related party, Theo Paphitis Funding Limited, of £12,000,000 which are due for review in October 2014. 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.

Cashflow

Under FRS1 the company is exempt from the requirement to prepare a cashflow statement on the grounds that a parent undertaking includes the company in its own published financial statements.

Turnover

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

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

Tangible fixed assets

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

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

Depreciation

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

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

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

Robert Dyas Holdings Limited

Notes forming part of the financial statements for the year ended 30 March 2013 (*continued*)

1 Accounting policies (*continued*)

Impairment review

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

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

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

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

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

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

Stocks

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

Taxation

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

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

Robert Dyas Holdings Limited

Notes forming part of the financial statements for the year ended 30 March 2013 (continued)

1 Accounting policies (continued)

Operating leases

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

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

Foreign exchange

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

Pension scheme

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

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

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

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

Interest on intra-group balances

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

Group relief for tax losses

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

Onerous lease contracts

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

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 30 March 2013 (*continued*)

2 Turnover

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

3 Employees

	2013 £'000	2012 £'000
Staff costs consist of		
Wages and salaries	14,975	14,346
Social security costs	1,082	1,045
Other pension costs	358	352
	<u>16,415</u>	<u>15,743</u>

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

	2013 Number	2012 Number
Selling and distribution	1,149	1,097
Administration	131	136
	<u>1,280</u>	<u>1,233</u>

4 Operating profit

	2013 £'000	2012 £'000
This has been arrived at after charging/(crediting)		
Depreciation of tangible fixed assets	1,579	1,555
Tangible fixed assets impairment (reversal)/charge	(713)	219
(Profit)/loss on disposal of tangible fixed assets and store closures	(704)	231
Movement in onerous lease provision	(263)	(765)
New store pre-opening costs	-	2
Auditors' remuneration	68	82
Exceptional item		
- restructuring costs in respect of the various transactions referred to in the directors report and senior management changes	1,487	565
Operating lease rentals		
- land and buildings	9,791	10,236
- motor vehicles and equipment	199	203
	<u>9,990</u>	<u>10,706</u>

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 30 March 2013 (*continued*)

5 Directors' remuneration

	2013 £'000	2012 £'000
Remuneration paid	1,104	676
Compensation for loss of office	247	148
Pension contributions	64	74
	<u>1,415</u>	<u>898</u>

There were three directors in the company's defined contribution pension scheme during the year

Highest paid director

	2013 £'000	2012 £'000
Remuneration	266	104
Compensation for loss of office	220	143
Contributions to defined contribution scheme	13	18

6 Interest receivable and similar charges

	2013 £'000	2012 £'000
Bank interest receivable	6	6
Interest receivable from group companies	-	11
Pension - expected return on assets (see note 17)	539	545
	<u>545</u>	<u>562</u>

7 Interest payable and similar charges

	2013 £'000	2012 £'000
Bank interest payable	69	212
Bank facility fees	48	173
Interest payable to related party	88	-
Interest payable to group companies	99	12
Pension - interest cost (see note 17)	496	495
	<u>800</u>	<u>892</u>

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 30 March 2013 (*continued*)

8 Taxation on profit from ordinary activities

	2013 £'000	2012 £'000
<i>Current tax</i>		
UK corporation tax on profits for the year	639	352
Adjustment in respect of previous periods	101	-
	<hr/>	<hr/>
Total current tax	740	352
	<hr/>	<hr/>
<i>Deferred tax</i>		
Origination and reversal of timing differences	(667)	-
Pension payments in excess of pension costs	-	64
	<hr/>	<hr/>
Total deferred tax (see note 13)	(667)	64
	<hr/>	<hr/>
Taxation on profit on ordinary activities	73	416
	<hr/>	<hr/>

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

	2013 £'000	2012 £'000
Profit on ordinary activities before tax	3,152	186
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 24% (2012 - 26%)	756	48
Effects of		
Capital allowances for year in excess of depreciation	(131)	253
Expenses not deductible for tax purposes	41	115
Income not taxable for tax purposes	(29)	-
Other short term timing differences	2	(64)
Adjustment in respect of prior periods	101	-
	<hr/>	<hr/>
Current tax charge for year	740	352
	<hr/>	<hr/>

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 30 March 2013 (*continued*)

9 Tangible fixed assets

	Short leasehold land and buildings £'000	Fixtures, fittings and equipment £'000	Total £'000
<i>Cost or valuation</i>			
At 31 March 2012	2,149	27,020	29,169
Additions	-	651	651
Disposals	(111)	(3,252)	(3,363)
	<hr/>	<hr/>	<hr/>
At 30 March 2013	2,038	24,419	26,457
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 31 March 2012	1,612	20,941	22,553
Provided for the year	108	1,471	1,579
Impairment reversal	(40)	(673)	(713)
Disposals	(111)	(3,251)	(3,362)
	<hr/>	<hr/>	<hr/>
At 30 March 2013	1,569	18,488	20,057
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 30 March 2013	469	5,931	6,400
	<hr/>	<hr/>	<hr/>
At 31 March 2012	537	6,079	6,616
	<hr/>	<hr/>	<hr/>

The impairment gain of £713,000 (2012 – loss £219,000) relates to individual store income generating units
The recoverable amount of the related fixed assets have been assessed based on value in use

10 Stocks

	2013 £'000	2012 £'000
Goods for resale	16,845	13,334
	<hr/>	<hr/>

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 30 March 2013 (*continued*)

11 Debtors

	2013 £'000	2012 £'000
Amounts receivable within one year		
Trade debtors	327	274
Other debtors	379	245
Prepayments and accrued income	4,277	4,214
Amounts owed by parent company	-	2,537
	<hr/> 4,983	<hr/> 7,270
Amounts receivable after more than one year		
Deferred taxation (see note 13)	667	-
	<hr/> 5,650	<hr/> 7,270
	<hr/> <hr/>	<hr/> <hr/>

12 Creditors amounts falling due within one year

	2013 £'000	2012 £'000
Bank loans and overdrafts	-	4,800
Amounts due to related parties	1,000	-
Trade creditors	8,069	6,374
Other taxation and social security	1,505	1,949
Corporation tax	473	-
Accruals and deferred income	3,071	2,459
Other creditors	118	7
	<hr/> 14,236	<hr/> 15,589
Amounts owed to group companies	4,371	2,508
	<hr/> 18,607	<hr/> 18,097
	<hr/> <hr/>	<hr/> <hr/>

On 10 July 2012, following the transaction referred to in the directors report, all the existing banking facilities that existed were terminated and replaced with the facility described below

- At the end of the year the company, as a member of the Gladys Emmanuel Limited group of companies, had a working capital facility of £2,250,000 (part of the £12,000,000 loan facility provided by Theo Paphitis Funding Limited) As at the balance sheet date £1,000,000 of this facility has been utilised The interest rate on the facility is 2.50% above LIBOR In the prior year £4,800,000 had been utilised from a facility of £5,200,000 provided by Lloyds TSB Bank plc and Allied Irish Bank plc

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 30 March 2013 (*continued*)

13 Provisions for liabilities

	Onerous leases £'000
At 31 March 2012	(3,211)
Credited to profit and loss account	263
Balance at 30 March 2013	(2,948)

Provision for onerous leases

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

Deferred taxation

The company has provided fully for deferred taxation in accordance with Financial Reporting Standard 19, in the current year at 23% (2012 - 24%). Deferred tax is included in the balance sheet as follows:

	Included in debtors £'000	Included in net pension liability £'000	Total £'000
At 31 March 2012	-	157	157
Included in the statement of total recognised gains and losses	-	102	102
Included in the profit and loss account (see note 8)	667	-	667
At 30 March 2013	667	259	926

Included in the £667,000 above, the company has recognised deferred tax assets in respect of accelerated capital allowances of £662,000 in the year due to the expectation of future profits. In the prior year the unrecognised deferred tax assets totalled £1,403,702.

In March 2012, the Chancellor of the Exchequer announced that the main rate of UK corporation tax would reduce from 26% to 24% with effect from 1 April 2012. This tax change was substantively enacted in March 2012 and has been included in these financial statements.

In addition to the changes in rates of Corporation tax disclosed above, further changes to the UK Corporation tax rates were announced in the 2012 Autumn Statement and the March 2013 Budget. These include further reductions to the main rate:

- a reduction to 23% from 1 April 2013 which was substantively enacted in March 2013 and has been included in these financial statements
- further reductions, to 21% from 1 April 2014 and then to 20% from 1 April 2015. These changes had not been substantively enacted at the balance sheet date and are therefore not included in these financial statements.

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 30 March 2013 (*continued*)

14 Share capital

	Allotted, called up and fully paid			2012
	2013 Number	2012 Number	2013 £'000	£'000
Equity interest Ordinary shares of 5p each	14,122,160	14,122,160	706	706

15 Reconciliation of shareholders' funds and movements on reserves

	Share capital £'000	Share premium £'000	Capital contribution reserve £'000	Profit and loss account £'000	Total £'000
At 31 March 2012	706	6,989	3,515	(3,298)	7,912
Profit for the year	-	-	-	3,079	3,079
Actuarial loss recognised in respect of the pension scheme (net of deferred tax)	-	-	-	(569)	(569)
At 30 March 2013	706	6,989	3,515	(788)	10,422

The profit and loss account is analysed as follows

	Pension reserve £'000	Profit and loss reserve £'000	Total £'000
At 31 March 2012	(1,407)	(1,891)	(3,298)
Profit for the year	-	3,079	3,079
Actuarial loss recognised in respect of the pension scheme (net of deferred tax)	(569)	-	(569)
At 30 March 2013	(1,976)	1,188	(788)

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 30 March 2013 (continued)

16 Operating leases

As at 30 March 2013, the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2013 £'000	Other 2013 £'000	Land and buildings 2012 £'000	Other 2012 £'000
Operating leases which expire				
Within one year	1,900	64	2,141	40
In two to five years	3,567	118	3,186	143
Over five years	4,711	-	5,026	-
	<u>10,178</u>	<u>182</u>	<u>10,353</u>	<u>183</u>

17 Pensions

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

The details below relate to the defined benefit section of the scheme. In addition, the company's contributions payable to the defined contribution section of the scheme were £129,000 (2012 - £123,000) for the year ended 30 March 2013.

The company expects to make contributions of £211,000 to the defined benefit section of the scheme and £104,000 to the defined contribution section of the scheme during the year to 29 March 2014.

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

A full actuarial valuation of the final salary section was carried out as at 1 April 2010 and has been updated to 30 March 2013 by a qualified independent actuary.

The main assumptions used by the actuary were

	At 30 March 2013	At 31 March 2012	At 26 March 2011	At 27 March 2010	At 28 March 2009
Rate of inflation	3.25%	2.90%	3.25%	3.25%	2.75%
Rate of increase in pensions in payment					
- Pre 97 pension	3.00%	3.00%	3.00%	3.00%	3.00%
- Post 97 pension	3.15%	3.10%	3.20%	3.50%	3.30%
Rate of revaluation of pensions in deferment	2.25%	2.00%	2.50%	3.25%	2.75%
Discount rate	4.70%	5.20%	5.70%	5.75%	6.70%
Mortality rate				120% of PNMA00	120% of PNMA00
	105% of S1PXA CMI_2012 (1.0%)	105% of S1PXA CMI_2011 (1.0%)	105% of S1PXA CMI_2009 (1.0%)	1c min 1% males/0.5 % females	1c min 1% males/0.5 % females
Commutation allowance	12.5%	20.0%	12.5%	12.5%	12.5%

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 30 March 2013 (*continued*)

17 Pensions (*continued*)

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

	Expected long term return 2013 %	Value 2013 £'000	Expected long term return 2012 %	Value 2012 £'000
Equities	6.75	6,976	7.00	6,317
Bonds	4.00	2,989	5.00	2,707
Other	3.00	(27)	3.00	23
		<hr/>		<hr/>
Total market value		9,938		9,047
Present value of scheme liabilities		(11,065)		(9,700)
		<hr/>		<hr/>
Deficit in the scheme		(1,127)		(653)
Related deferred tax asset		259		157
		<hr/>		<hr/>
Net scheme liability		(868)		(496)
		<hr/>		<hr/>
Amounts recognised in the profit and loss account		2013 £'000		2012 £'000
Interest cost		(496)		(495)
Expected return on assets		539		545
		<hr/>		<hr/>
Total profit and loss return		43		50
		<hr/>		<hr/>
Amount recognised in statement of total recognised gains and losses		2013 £'000		2012 £'000
Actual less expected return on assets		469		208
Experience gains/(losses) on liabilities		7		(124)
Effect of change in assumptions on liabilities		(1,196)		(671)
Deferred tax thereon		124		153
Impact of tax rate changes		(22)		(20)
Current tax thereon		49		-
		<hr/>		<hr/>
Total loss recognised		(569)		(454)
		<hr/>		<hr/>

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 30 March 2013 (continued)

17 Pensions (continued)

Reconciliation of assets and liabilities

	2013 £'000	2012 £'000
Fair value of assets at 1 April	9,047	8,280
Expected return on assets	539	545
Employer contributions	203	195
Contributions by scheme participants	-	-
Benefits paid	(320)	(181)
Actuarial gain on assets	469	208
Change due to settlements and curtailments	-	-
	<hr/>	<hr/>
Fair value of assets at 30 March	9,938	9,047
	<hr/>	<hr/>
	2013 £'000	2012 £'000
Total liabilities at 1 April	9,700	8,591
Current service cost	-	-
Contributions by scheme participants	-	-
Past service costs	-	-
Interest cost	496	495
Benefits paid	(320)	(181)
Actuarial loss on liabilities	1,189	795
Change due to settlements and curtailments	-	-
	<hr/>	<hr/>
Total liabilities at 30 March	11,065	9,700
	<hr/>	<hr/>

The total amount recognised in the consolidated statement of total recognised gains and losses in respect of actuarial gains and losses is £569,000 loss (2012 - £454,000 loss)

Cumulative actuarial gains/losses reported in the consolidated statement of total recognised gains and losses for accounting periods ending on or after 22 June 2002 and subsequently included by prior year adjustment under paragraph 96 of FRS17, are losses of £969,000 (2012 - £410,000 loss)

History of experience gains and losses

	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Present value of scheme liabilities	11,065	9,700	8,591	8,976	6,950
Scheme assets	9,938	9,047	8,280	7,665	5,709
Deficit	(1,127)	(653)	(311)	(1,311)	(1,241)
Actuarial (losses)/gains on scheme liabilities	(1,189)	(795)	756	(1,735)	653
Experience adjustments on scheme assets	469	208	37	1,491	(1,859)

Robert Dyas Holdings Limited

Notes forming part of the financial statements for the year ended 30 March 2013 (*continued*)

18 Guarantees and contingent liabilities

The company is party to a group VAT registration with its parent company and fellow group subsidiaries, Gladys Emmanuel Limited, Cleeve Court Holdings Limited, Robert Dyas Property Limited, Riverdance Acquisition Limited, Riverdance Holding Limited and Riverdance Limited and as such has joint and several liabilities for amounts due to HM Revenue and Customs. The amount due at 30 March 2013 was £1,218,850 (2012 - £1,607,665)

On 10 July 2012, following the transaction referred to in note 1, the fixed and floating charge granted by the company over its assets in favour of Lloyds Banking Group plc and Allied Irish Banks plc in respect of the company's obligations under the banking facility agreements of both the company, fellow subsidiaries and the parent company, Robert Dyas Property Limited, Riverdance Acquisition Limited, Riverdance Holding Limited, Riverdance Limited, Robert Dyas Holdings Limited and Cleeve Court Holdings Limited was terminated. At 30 March 2013 amounts owed by Cleeve Court Holdings Limited and covered by this arrangement totalled £nil (2012 - £19,800,000)

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 30 March 2013 amounts outstanding and covered by this arrangement totalled £8,750,000 (2012 - £nil)

As at the balance sheet date the company had letter of credit facilities of £1,750,000 provided by Lloyds TSB Bank plc. These facilities are cash collateralised by Theo Paphitis Funding Limited as part of the £12,000,000 loan facility referred to above.

19 Capital and financial commitments

At 30 March 2013 the company's capital and financial commitments other than those disclosed in note 16 Operating Leases, were as follows

	2013 £'000	2012 £'000
Authorised by the Board and contracted for but not provided for in the financial statements	-	-

Robert Dyas Holdings Limited

Notes forming part of the financial statements for the year ended 30 March 2013 (*continued*)

20 Related party disclosures

Advantage has been taken of the exemption available in FRS 8 from disclosing transactions with group companies, as these are included in the group accounts prepared by Gladys Emmanuel Limited

Related party transactions and balances

During the year the company was charged £19,000 (2012 - £36,000) in respect of consultancy services from a company associated with Ian Gray, who was a non executive director until 10 July 2012

During the year the company was charged management and support fees totalling £800,943 (2012 - £nil) by Ryman Group Limited and its subsidiary companies T Paphitis and K Kyprianou, both directors of the company, are also directors of Ryman Group Limited At the year end the balance owed to Ryman Group Limited was £7,479 (2012 - £nil)

During the year the company charged Ryman Group Limited and its subsidiary companies an amount totalling £202,054 (2012 - £nil) in respect of stock for resale At the year end the balance owed by Ryman Group Limited was £74,714 (2012 - £nil)

During the year the company was charged by Red Letter Days Limited an amount totalling £2,459 (2012 - £nil) in respect of experience vouchers T Paphitis, a director of the company, is also a director of Red Letter Days Limited At the year end the balance owed to Red Letter Days Limited was £150 (2012 - £nil)

During the year the company was provided a loan facility of £1,000,000 (part of the £12,000,000 loan facility) by Theo Paphitis Funding Limited, a company in which K Kyprianou and T Paphitis are directors and T Paphitis is the sole shareholder At the year end the company owed £1,088,000, which includes £88,000 relating to accrued interest The total interest charged in the year was £88,000

During the year the company had letter of credit facilities provided by Lloyds TSB Bank plc of £3,750,000 reducing to £1,750,000 at the year end These facilities are cash collateralised by Theo Paphitis Funding Limited as part of the £12,000,000 loan facility

21 Controlling party

The company is a wholly owned subsidiary of Cleeve Court Holdings Limited

The largest and only group in which the results of Robert Dyas Holdings Limited are consolidated is that of Gladys Emmanuel Limited, its ultimate parent company Copies of the group accounts can be obtained from Companies House

The ultimate controlling party is Theo Paphitis