

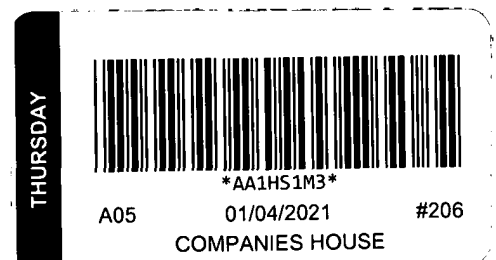
Robert Dyas Holdings Limited

Report and Financial Statements

Year Ended

28 March 2020

Company Number 04041884



Robert Dyas Holdings Limited

Report and financial statements for the year ended 28 March 2020

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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 8BQ

Auditors

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

Robert Dyas Holdings Limited

Strategic report for the year ended 28 March 2020

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

Business review and future developments

I am pleased to report an increase in sales for the Robert Dyas business for the year ended 28 March 2020. Sales increased by 2.7% on the previous year, despite the loss of trade resulting from the national lockdown for retail due to the Covid-19 pandemic towards the end of the year being reported. Although hardware stores were permitted to remain open in each of the lockdowns, the uncertainty at the time of the first lockdown resulted in us deciding not to do so, in order to protect the safety and wellbeing of our colleagues until more was known about Covid-19 and its consequences. This decision clearly had an effect on the profitability for the year but we still feel it was the right thing to do in those very uncertain times. Our stores have traded as permitted in subsequent lockdowns, albeit seeing reduced footfall as would be expected.

Despite the challenging conditions on our high streets and other physical trading locations, which resulted in a like for like decline in sales for our stores in the year reported, the investment made in recent years to develop and continually improve our e-commerce proposition and significantly increase our customer base, resulted in strong growth in this channel. Our e-commerce sales have grown to become over 20% of our business, which was our aim a few years ago before increasing this to 50% in our latest strategic plans. As seen in the retail market, the margins achievable from ranges sold online and the cost of acquiring customers through this channel is such that in the short term, in particular, these sales are less profitable on a marginal basis to store sales. The decline in stores sales of 3.6%, where many of our costs are fixed in the short term, together with the investment required to drive online sales saw EBITDA for the year at a loss of £3.1m, compared to a profit of £1.8m for the previous year. Despite the disruption caused by Covid-19, which continues to present challenges and risk to many businesses, the financial performance for the current year will see an improvement, which is partly due to the continued growth online at improved margins, as we continue to build volume and momentum in this area.

During the pandemic, whilst like for like sales of our stores have been impacted by lower footfall, we are encouraged by their resilience and are cautiously optimistic for their prospects once lockdown is lifted. Assuming we do not have further disruptions, the support of Government schemes and flexibility of our landlords will enable us to rebuild our store business coming out of lockdown. Robert Dyas, as it enters its 150th year of trading, ranges a wide selection of well known brands for the home and garden and we have in recent years complemented this with a services proposition. Our services have performed well and we have plans to extend these into more categories, increasing reasons for customers to visit our stores going forward. Following the success of our joint Robert Dyas and Ryman store in Bexleyheath this concept has been extended to our Orpington, Sevenoaks, Eastleigh and Haywards Heath stores. We plan to roll this out further once the current lockdown in retail is lifted.

The transfer of the brand values created over the years in our stores to our e-commerce business, along with the investment in this area and our infrastructure to support ambitious growth, puts us in a good position.

We look forward to the release of restrictions on non-essential retail on the 12 April as this will significantly improve footfall on the high street. This will help improve trading for Robert Dyas in almost all of our locations. During the last year, I have been encouraged by the commitment of our colleagues throughout the business and have seen that in the most challenging of times that our other stakeholders, including our supplier base, have recognised the merits of working collaboratively with us. I expect the environment to continue to be volatile, however, the investment as mentioned, made in Robert Dyas to make it relevant across all channels, is expected to prove worthwhile. After all, it is 150 not out for Robert Dyas and that's now two world wars and a pandemic.

Robert Dyas Holdings Limited

Strategic report for the year ended 28 March 2020 (*continued*)

Business review and future developments (*continued*)

Key Performance Indicators

Store like for like sales decreased by 3.6% (2019 - 5.6% increase).

Turnover increased 2.7% to £135.4 million (2019 - £131.8 million).

Operating loss amounted to £4.2 million (2019 - operating profit of £0.7million).

Net assets at 28 March 2020 of £5.8 million (2019 - £10.0 million).

EBITDA decreased to £(3.1) million (2019 – increased to £1.8 million).

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

Principal risks and uncertainties including financial risk factors

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

Covid-19

The Covid-19 pandemic has affected all aspects of the business. We are following Government guidance during this ongoing situation and the directors meet regularly to agree changes to the operation of the business.

The first quarter of our new financial year (April to June 2020) was impacted significantly by the first Covid-19 lockdown, with our stores not trading for most of the quarter. As a result, we have managed costs and cash flow tightly through the following actions:

- successfully operating our online channels, sales from which are significantly up on both last year and pre-Covid levels. As well as generating cash flow, this also kept our central operations and warehouse running.
- reduction in costs and temporary pay cuts for management.
- furloughing staff related to both the store business and central operations.
- deferral of payments and obtaining grants in accordance with Government schemes.
- negotiations with landlords to agree appropriate terms on a store by store basis.

Stores were reopened in July and sales were resilient and continued to grow each week. Despite the significant impact of Covid-19 on our store estate, the pandemic has also acted as a catalyst for change, contributing to the significant shift from stores to online sales. Unfortunately, as a result of Government guidance, high street footfall declined significantly during the second lockdown in November 2020 and again during the third lockdown from January to March 2021. However, we continued to operate our stores as an essential retailer to provide the key products that our customers required from our locally based, convenience led store estate, and online through our e-commerce channel.

As a result of our planning and attention to keeping the business safe, we have been able to ensure that our stores, warehouse operations and head office are covid-secure, to protect our customers and colleagues. We have also been able to track any Covid cases and react accordingly. Our IT systems and remote working capabilities have allowed us to continue to support the business as usual. Through regular and open communication with our suppliers, we have been able to maintain our supply chains, to provide the goods and services that our customers require and expect.

The strength of the Robert Dyas brand, business and loyal customer base, puts us in a good position to overcome the challenges of the current pandemic and the retail market, and allows us to develop the business for further success. The competitive market we operate in and the rapidly changing environment will continue to demand the best from the strong trading partnerships that we have with our suppliers and similar minded brands.

Robert Dyas Holdings Limited

Strategic report for the year ended 28 March 2020 (*continued*)

Principal risks and uncertainties including financial risk factors (*continued*)

Going Concern

In preparing the financial statements the directors are required to assess the Company's ability to continue to trade as a going concern for the foreseeable future.

As outlined above, the directors are managing through the challenges created by the Covid-19 pandemic. When our stores reopened last summer, customer flow and sales continued to build steadily, which gives us cautious optimism for when high street footfall starts to return again on 12 April. Whilst the potential for further disruption remains, including the possibility of further periods of lockdown, experience shows that any reduction in store sales will be partly offset by an increase in e-commerce revenue and our actions to save costs and preserve cash. The Company has developed its e-commerce business and has demonstrated its ability to drive sales growth through this channel for products sold in stores and extended ranges.

In undertaking their going concern review, the directors have given due consideration to the Company's trading and mitigating actions taken through the previous and current Covid-19 disruption, together with forward-looking projections to the end of March 2022, which covers the Company's next twelve months in full. The directors have also obtained letters from related party creditors confirming their commitment to continue providing existing funding and facilities to the Company.

The duration and severity of Covid-19 remains unknown so the Company has prepared detailed cash flow forecasts and undertaken further scenario modelling, including a sales sensitivity covering extended store closures, different assumptions regarding the future mix of store and online sales, and a potential working capital impact. The operating plans and financial forecasts that have been modelled as the business emerges from the pandemic indicate that the Company has sufficient cash headroom to meet its liabilities as they fall due. It is on this basis, that the directors consider that the Company will be a going concern for a period of at least 12 months from the date of approval of these financial statements and they have therefore prepared the financial statements on a going concern basis.

Cyber risk/business continuity

An ever present and increasing risk to our business is the potential impact from a cyber-attack. In response we have a dedicated Security Board with members from both within the Company and external specialists, who monitor and advise on how best to mitigate this risk. Actions taken include the appropriate updating and back up of our systems and data.

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.

Robert Dyas Holdings Limited

Strategic report for the year ended 28 March 2020 *(continued)*

Principal risks and uncertainties including financial risk factors *(continued)*

The Economy and impact of Brexit

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 post 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 following our departure from the European Union are minimised. The majority of our supply chain is based outside the European Union and as such there has been no material impact of Brexit.

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.

Pension scheme

The defined benefit pension scheme showed a deficit, net of deferred tax, of £3,162,000 (2019 - £3,504,000) 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.

People

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

Robert Dyas Holdings Limited

Strategic report for the year ended 28 March 2020 (*continued*)

Section 172 (1) statement

This Statement contains an overview of how the directors have performed their duty to promote the success of the Company as set out in section 172(1) of the UK's Companies Act 2006. The directors have acted in a way that they consider to be most likely to promote the success of the Company, and in doing so had regard to:

- the likely consequences of any decision in the long term;
- the need to act fairly as between members of the Company;
- the interest of the Company's employees;
- the need to further develop the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment; and
- the requirement of the Company in maintaining its reputation for high standards of business conduct.

Decision Making

Robert Dyas Holdings Limited is ultimately owned and controlled by a single shareholder, which works closely with the directors and senior executive team. Together they ensure that all decisions made are in the best interest of the Company, stakeholders and employees. Whilst the Company has not formally adopted an integrated governance code, these best practices form the foundation of the reviews undertaken by the shareholder, directors and senior management teams.

Formal monthly management meetings are held to discuss amongst other relevant matters:

- financial performance
- budget approvals
- business and market reviews
- market and Ecommerce reviews
- operational/strategic plans
- employee relations

Given the entrepreneurial nature of the business, the above are not restricted solely to formal monthly meetings and the shareholder will often attend the weekly trade meetings.

Some key decision making decisions by the Board include:

- the investment of a new website following the Board's decision to significantly increase its focus on dropship suppliers.
- the decision to invest in the extension programme of the Robert Dyas/Ryman joint stores initiative following the success of the trial store in Bexleyheath.
- the decision was made to set up a Covid-19 Crisis Management Executive team, who worked across the Group's four brands and coordinated a Group-wide approach to the handling of the Covid-19 pandemic. The team met on a daily basis throughout the first month of the pandemic and at least twice a week thereafter. Its' primary concern was the safety of both its' employees and customers. Some of the matters considered by the team included the furloughing of employees, sourcing of PPE and the introduction of a Covid-19 testing programme to ensure that our warehouse could continue to operate and in a secure manner. The Government guidance and regulations were continually reviewed by the team to ensure that the Group met its obligations under them. Although the Robert Dyas stores were able to open throughout the pandemic, as they were considered essential retail, the team took the decision to close them during the initial lockdown in March 2020. Once we were confident that they could operate in a covid secure manner in line with Government guidelines and that our employees felt comfortable working under the new guidelines we have kept the stores open throughout the further lockdowns to continue to serve the local communities that we operate in.

Robert Dyas Holdings Limited

Strategic report for the year ended 28 March 2020 *(continued)*

Section 172 (1) statement *(continued)*

Our Stakeholders

Suppliers

Our customers and suppliers are central to our business, without them we would not exist. We engage and build relationships with our suppliers through regular interactions at the most senior levels. The Board seeks to balance the benefits of maintaining strong partnering relationships with key suppliers alongside the need to obtain value for money for our shareholder and the desired quality and service levels for our customers. One of the highlights of the year for our colleagues is our Annual Conference and Supplier Exhibition Day. The day enables our suppliers an opportunity to showcase their products and services to our store managers and head office colleagues gaining valuable feedback and building relations.

All those in our supply chain are expected to respect the rights and wellbeing of their workforce, protect the natural environment and promote high standards of welfare.

Customers

Our customers, and their needs, remain at the forefront of our business. The work we have done internally to analyse the shopping behaviour, demographic and geo location of our customers has helped inform our ongoing brand strategies. It has enabled us to identify ways to improve the overall customer experience - including expanding delivery services, introducing flexible payment options, and working towards ensuring our service levels in stores and online continue to exceed expectations.

Our Net Promoter Score (NPS) remains strong at 8.5/10, and while we have more work to do adapting to the modern consumer, we have made great progress in this area. As we head towards our 150 year anniversary, we are proud to say that our people, including customers and colleagues, are at the heart of everything we do.

Employees

Our employees are our most valuable asset. We aim to attract, retain and develop the best talent at every level throughout Robert Dyas and believe that an engaged workforce is vital to achieving our aims. We strive to create a workplace in which everyone is safe, supported and respected; treated fairly and taken care of; listened to and motivated to achieve their full potential. We aim to realise our employees' potential by supporting their career progression and promotion wherever possible.

During the year, colleagues attended the OSS Retail 2019 weeklong academy course, which provides transformational retail leadership development for experienced managers in retail operations, head office functions and store and field management. Colleagues also took part in the Be Inspired programme in conjunction with Retail Week which has a goal of promoting diversity at all levels of retail and encourages everyone, whoever they are and whatever their background to fulfil their career aspirations.

Robert Dyas Holdings Limited
Strategic report
for the year ended 28 March 2020 (continued)

Section 172 (1) statement (continued)

Our Communities

Respect for our people, the environment and the community we operate in has always been at the heart of our business and we strive to do the right thing, not the easy thing, and make all our decisions in good conscience. Our focus is to protect human rights by doing business ethically and sustainably, enable an ethical and transparent supply chain and reduce the environmental impact of our operations and materials. We recognise that our product offering is a key area in which we can contribute to efforts that enable a reduction in consumer carbon footprint. We are a brand, which is committed to identifying new ways to reduce plastic pollution by offering our customers more environmentally friendly choices.

This year saw the introduction of our Garden Furniture range, the Dura Ocean Recycled Plastic Chair from LifestyleGarden. This is a durable chair made with 100% recycled plastics from marine waste such as recycled fishing nets, ropes and other debris collected from the oceans.

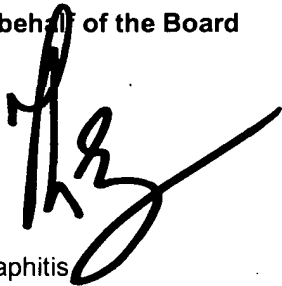
The Company continues to encourage its' customers to do their bit in reducing waste. Through the Robert Dyas and BRITA in store recycling service, 3.2 million water filter cartridges were recycled by our customers in the last 10 years.

Through our 'Going Drastic on Plastic' initiative, we actively encourage our colleagues to come up with ideas they have on reducing our plastic pollution and every suggestion is carefully considered with an aim of implementing as many as possible.

With the improved lifecycle and efficiency of LED lighting, we continue to roll out these energy-saving fixtures. Further to the improvements made at our warehouse, we focus on implementing this initiative as part of new store openings or relocations.

Another small step taken to reduce our carbon footprint has been through our relationship with e-Forest, an organisation, which plants several different species of trees across the UK in community woodlands, nature reserves, community farms and urban areas. Having announced at our Annual Conference that we would plant a tree for everyone who attended, it was received so well by the attendees that we went on to plant a tree for every employee across the business.

On behalf of the Board

A handwritten signature in black ink, appearing to be 'T Paphitis', written over a horizontal line.

T Paphitis
Chairman

Date 31 March 2021

Robert Dyas Holdings Limited

Directors' report for the year ended 28 March 2020

The directors present their report together with the audited financial statements for the year ended 28 March 2020.

Results and dividends

The income statement is set out on page 14 and shows the result for the year.

The loss after taxation for the year amounted to £4,333,000 (2019 - £227,000 profit).

The directors do not recommend the payment of a dividend (2019 - £nil).

Principal activities, business review and future developments

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

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

Financial risk factors

The consideration of the key financial risk factors is contained in the strategic report on page 2

Employees

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

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of employees becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Health and Safety

Robert Dyas understands the importance of high standards of health and safety which it monitors through its Health and Safety Committee which meets regularly. The Committee comprises representatives from operational, administrative and risk management and is chaired by the 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 28 March 2020 (*continued*)

Directors

The directors of the Company during the year were:

T Paphitis
K Kyprianou
I Childs

Post balance sheet events

Details of the post balance sheet events are contained in note 24.

Going concern

The directors' assessment of the Company's ability to continue to trade as a going concern is outlined in note 1, Accounting policies: basis of preparation.

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.

Auditors

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

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

On behalf of the Board



T Paphitis
Director

Date 31 March 2021

Robert Dyas Holdings Limited

Directors' responsibilities statement for the year ended 28 March 2020

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

Independent auditor's report

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 28 March 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the 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 28 March 2020 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.

Robert Dyas Holdings Limited

Independent auditor's report (*continued*)

Other information

The directors are responsible for the other information. The other information comprises the information included in the report and financial statements, 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.

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.

Robert Dyas Holdings Limited

Independent auditor's report (*continued*)

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.

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 on 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: 31 March 2021

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 28 March 2020

	Note	2020 £'000	2019 £'000
Turnover	3	135,421	131,805
Cost of sales		(119,825)	(113,135)
Gross profit		15,596	18,670
Administrative expenses		(20,044)	(17,949)
Other operating income		236	-
Operating (loss)/profit	4	(4,212)	721
Interest receivable and similar income	7	380	386
Interest payable and similar charges	8	(610)	(1,077)
(Loss)/profit on ordinary activities before taxation		(4,442)	30
Taxation	9	109	197
(Loss)/profit on ordinary activities after taxation		(4,333)	227

All amounts relate to continuing activities.

The notes on pages 19 to 37 form part of these financial statements.

Robert Dyas Holdings Limited

Statement of comprehensive income for the year ended 28 March 2020

	Note	2020 £'000	2019 £'000
(Loss)/profit for the year		(4,333)	227
Actuarial profit/(loss) recognised in respect of the pension fund	20	22	(100)
Deferred tax thereon	14	4	(127)
Current tax on pension contributions	20	76	73
Other comprehensive profit/(loss) for the year		102	(154)
Total comprehensive (loss)/profit for year		(4,231)	73

The notes on pages 19 to 37 form part of these financial statements.

Robert Dyas Holdings Limited

Statement of financial position at 28 March 2020

<i>Company number 04041884</i>	Note	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Fixed assets					
Intangible assets	10		452		-
Tangible assets	11		4,899		5,913
Non current assets					
Debtors due after more than one year	14		1,287		1,263
Current assets					
Stocks	12	20,088		21,487	
Debtors due within one year	13	6,611		7,139	
Cash at bank and in hand		4,362		2,168	
			31,061		30,794
Total assets			37,699		37,970
Current liabilities					
Creditors: amounts falling due within one year	15		(27,250)		(22,826)
Total assets less current liabilities			10,449		15,144
Provisions for liabilities	17		(795)		(941)
Net assets excluding pension liability			9,654		14,203
Pension liability	20		(3,904)		(4,222)
Net assets			5,750		9,981
Capital and reserves					
Called up share capital	18		706		706
Share premium			6,989		6,989
Capital contribution reserve			3,515		3,515
Pension reserve			(5,091)		(5,193)
Profit and loss account			(369)		3,964
Equity shareholders' funds			5,750		9,981

The financial statements were approved by the Board of directors and authorised for issue on 31 March 2021

T Paphiti
Director

The notes on pages 19 to 37 form part of these financial statements.

Robert Dyas Holdings Limited

Statement of changes in equity for the year ended 28 March 2020

	Share Capital £'000	Share Premium £'000	Capital Contribution Reserve £'000	Pension Reserve £'000	Profit and loss account £'000	Total £'000
31 March 2019	706	6,989	3,515	(5,193)	3,964	9,981
Comprehensive income/(loss) for the year:						
Loss for the year	-	-	-	-	(4,333)	(4,333)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Actuarial profit recognised in respect of the pension scheme (net of deferred tax)	-	-	-	102	-	102
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Other comprehensive income for the year	-	-	-	102	-	102
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income/(loss) for the year	-	-	-	102	(4,333)	(4,231)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
28 March 2020	706	6,989	3,515	(5,091)	(369)	5,750
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The notes on pages 19 to 37 form part of these financial statements.

Robert Dyas Holdings Limited

Statement of changes in equity (continued) for the year ended 28 March 2020

	Share Capital £'000	Share Premium £'000	Capital Contribution Reserve £'000	Pension Reserve £'000	Profit and loss account £'000	Total £'000
1 April 2018	706	6,989	3,515	(5,039)	3,737	9,908
Comprehensive income/(loss) for the year:						
Profit for the year	-	-	-	-	227	227
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Actuarial loss recognised in respect of the pension scheme (net of deferred tax)	-	-	-	(154)	-	(154)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Other comprehensive income/(loss) for the year	-	-	-	(154)	-	(154)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income/(loss) for the year	-	-	-	(154)	227	73
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
30 March 2019	706	6,989	3,515	(5,193)	3,964	9,981
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The notes on pages 19 to 37 form part of these financial statements.

Robert Dyas Holdings Limited

Notes forming part of the financial statements for the year ended 28 March 2020

1 Accounting policies

Robert Dyas Holdings Limited is a private Company limited by shares and incorporated in England & Wales under the Companies Act 2006. 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 28 March 2020 and these financial statements may be obtained from the address given in note 23.

Basis of preparation

In preparing the financial statements the directors are required to assess the Company's ability to continue to trade as a going concern for the foreseeable future.

As outlined in the strategic report, the directors are managing through the challenges created by the Covid-19 pandemic. When our stores reopened last summer, customer flow and sales continued to build steadily, which gives us cautious optimism for when high street footfall starts to return again on 12 April. Whilst the potential for further disruption remains, including the possibility of further periods of lockdown, experience shows that any reduction in store sales will be partly offset by an increase in e-commerce revenue and our actions to save costs and preserve cash. The Company has developed its e-commerce business and has demonstrated its ability to drive sales growth through this channel for products sold in stores and extended ranges.

In undertaking their going concern review, the directors have given due consideration to the Company's trading and mitigating actions taken through the previous and current Covid-19 disruption, together with forward-looking projections to the end of March 2022, which covers the Company's next twelve months in full. The directors have also obtained letters from related party creditors confirming their commitment to continue providing existing funding and facilities to the Company.

The duration and severity of Covid-19 remains unknown so the Company has prepared detailed cash flow forecasts and undertaken further scenario modelling, including a sales sensitivity covering extended store closures, different assumptions regarding the future mix of store and online sales, and a potential working capital impact. The operating plans and financial forecasts that have been modelled as the business emerges from the pandemic indicate that the Company has sufficient cash headroom to meet its liabilities as they fall due. It is on this basis, that the directors consider that the Company will be a going concern for a period of at least 12 months from the date of approval of these financial statements and they have therefore prepared the financial statements on a going concern basis.

Robert Dyas Holdings Limited

Notes forming part of the financial statements for the year ended 28 March 2020 (*continued*)

1 Accounting policies (*continued*)

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.

Intangible assets – Software development costs

Software costs that are classified as intangible fixed assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Software costs are capitalised as they relate to the development and functionality of the Company's website which is expected to generate future revenues in excess of the costs of development.

All software development costs are internally generated. Expenditure on maintaining software is written off as incurred.

Amortisation

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight line method. The software intangible assets are amortised over 4 years.

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.

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 and software costs

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.

Robert Dyas Holdings Limited

Notes forming part of the financial statements for the year ended 28 March 2020 (*continued*)

1 Accounting policies (*continued*)

Impairment of fixed assets and software costs (continued)

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.

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 in the same place as the item to which they relate.

Derivative financial instruments

The Company's exposure to foreign exchange rate fluctuations is managed through the use of forward exchange contracts. The Company has not adopted hedge accounting. Unrealised changes in the fair value of these derivative instruments and cumulative gains and losses realised on the settlement of these derivative instruments are recognised in the in the profit or loss in the same place as the item to which they relate.

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.

Robert Dyas Holdings Limited

Notes forming part of the financial statements for the year ended 28 March 2020 (*continued*)

1 Accounting policies (*continued*)

Current and deferred taxation (continued)

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.

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.

Robert Dyas Holdings Limited

Notes forming part of the financial statements for the year ended 28 March 2020 (*continued*)

1 Accounting policies (*continued*)

Pension schemes (continued)

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.

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; and
- the profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

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.

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.

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.

Government Grants

Income received from the government in the form of grants is accounted for on an accruals basis and recognised in profit or loss on a systematic basis over the period in which the compensated expenses are incurred. Recognition takes place when there is reasonable certainty that the Company will be compliant with the conditions of the grants and that the grants will be received.

Robert Dyas Holdings Limited

Notes forming part of the financial statements for the year ended 28 March 2020 (*continued*)

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 and intangible asset useful lives

Tangible fixed assets and intangible 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 and intangible assets are included in notes 10 and 11.

Tangible fixed asset and intangible asset impairment

Determining whether tangible fixed assets or intangible 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 a store. The directors have concluded that no additional impairment to the carrying value of tangible fixed assets or intangible assets is required in the period under review.

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 20.

Robert Dyas Holdings Limited

Notes forming part of the financial statements for the year ended 28 March 2020 (*continued*)

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

Intercompany impairments

In preparing the financial statements, the directors have determined whether there are indicators of impairment of the intercompany balances at year end. Factors taken into consideration in reaching such a decision include the expected future financial performance of the relevant group entities and their ability to settle any amounts due.

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 (loss)/profit

	2020 £'000	2019 £'000
This has been arrived at after charging/(crediting):		
Amortisation of intangible fixed assets	51	-
Depreciation of tangible fixed assets	1,101	1,164
Tangible fixed assets impairment	(2)	(97)
Loss on disposal of tangible fixed assets and store closure revenue	-	8
(Decrease) in onerous lease provision	(146)	(355)
Foreign currency gains	(419)	(450)
Fees payable to the Company's auditor for:		
- audit of the annual accounts	67	64
- other services	11	13
Operating lease rentals:		
- land and buildings	10,895	10,180
- commercial vehicles	281	293
- motor vehicles and equipment	145	153
	<hr/>	<hr/>

5 Employees

	2020 £'000	2019 £'000
Employee costs consist of:		
Wages and salaries	22,054	20,811
Social security costs	1,573	1,434
Other pension costs	795	657
	<hr/>	<hr/>
	24,422	22,902
	<hr/>	<hr/>

Robert Dyas Holdings Limited

Notes forming part of the financial statements for the year ended 28 March 2020 (continued)

5 Employees (continued)

In addition to the costs above the Company was recharged payroll costs from other group companies totalling £1,314,000 (2019 - £1,382,000).

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

	2020 Number	2019 Number
Selling and distribution	1,179	1,183
Administration	221	218
	<hr/>	<hr/>
	1,400	1,401
	<hr/>	<hr/>

6 Directors' remuneration

	2020 £'000	2019 £'000
Remuneration paid	50	50
Pension contributions	1	1
	<hr/>	<hr/>
	51	51
	<hr/>	<hr/>

There was one director in the Company's pension scheme during the year (2019 – one).

Highest paid director	2020 £'000	2019 £'000
Remuneration	50	50
	<hr/>	<hr/>
Pension contributions	1	1
	<hr/>	<hr/>

7 Interest receivable and similar charges

	2020 £'000	2019 £'000
Bank interest receivable	7	8
Interest receivable from group companies	25	29
Change in foreign currency forward contract fair value	7	13
Foreign currency exchange profit	12	-
Pension - interest on assets (see note 20)	329	336
	<hr/>	<hr/>
	380	386
	<hr/>	<hr/>

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 28 March 2020 (*continued*)

8 Interest payable and similar charges

	2020 £'000	2019 £'000
Interest payable to group companies	178	138
Foreign currency exchange loss	-	37
Pension - interest cost (see note 20)	432	437
Pension - past service costs (see note 20)	-	465
	<hr/>	<hr/>
	610	1,077
	<hr/>	<hr/>

9 Taxation on (loss)/profit from ordinary activities

	2020 £'000	2019 £'000
<i>UK Corporation tax</i>		
Group relief receivable	(692)	(39)
Adjustment in respect of prior period	603	-
	<hr/>	<hr/>
Total current tax	(89)	(39)
	<hr/>	<hr/>
<i>Deferred tax</i>		
Origination and reversal of timing differences	(20)	(158)
	<hr/>	<hr/>
Total deferred tax (see note 14)	(20)	(158)
	<hr/>	<hr/>
Taxation on (loss)/profit on ordinary activities	(109)	(197)
	<hr/>	<hr/>

Robert Dyas Holdings Limited

Notes forming part of the financial statements for the year ended 28 March 2020 (*continued*)

9 Taxation on (loss)/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:

	2020 £'000	2019 £'000
(Loss)/profit on ordinary activities before tax	(4,442)	30
(Loss)/profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2019 - 19%)	(844)	6
Effects of:		
Expenses not deductible for tax purposes	10	32
Depreciation in excess of/(less than) capital allowances	199	(112)
Defined benefit pension scheme trading adjustment	(57)	35
Other deferred tax movements	(20)	(158)
Adjustment in respect of prior periods	603	-
Total tax credit for year	(109)	(197)

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 had been announced but at Budget 2020 the rate remained at 19% for years starting 1 April 2020 and 2021.

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 28 March 2020 (*continued*)

10 Intangible assets

	Software costs
	Total £'000
<i>Cost</i>	
At 31 March 2019	-
Additions	503
	<hr/>
At 28 March 2020	503
	<hr/>
<i>Amortisation</i>	
At 31 March 2019	-
Amortised during the year	51
	<hr/>
At 28 March 2020	51
	<hr/>
<i>Net book value</i>	
At 28 March 2020	452
	<hr/>
At 30 March 2019	-
	<hr/>

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 28 March 2020 (*continued*)

11 Tangible assets

	Short leasehold land and buildings £'000	Fixtures, fittings and equipment £'000	Total £'000
<i>Cost or valuation</i>			
At 31 March 2019	1,601	30,780	32,381
Additions	-	85	85
Disposals	(33)	(201)	(234)
	<hr/>	<hr/>	<hr/>
At 28 March 2020	1,568	30,664	32,232
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 31 March 2019	1,384	25,084	26,468
Provided for the year	44	1,057	1,101
Impairment	5	(7)	(2)
Disposals	(33)	(201)	(234)
	<hr/>	<hr/>	<hr/>
At 28 March 2020	1,400	25,933	27,333
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 28 March 2020	168	4,731	4,899
	<hr/>	<hr/>	<hr/>
At 30 March 2019	217	5,696	5,913
	<hr/>	<hr/>	<hr/>

The net impairment reversal of £2,000 (2019 - £97,000 reversal) relates to individual store cash generating units. The recoverable amount of the related fixed assets have been assessed based on value in use.

12 Stocks

	2020 £'000	2019 £'000
Goods for resale	20,088	21,487
	<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 28 March 2020 (*continued*)

13 Debtors due within one year

	2020 £'000	2019 £'000
Trade debtors	874	539
Other debtors	266	395
Corporation tax – group relief receivable	960	768
Prepayments and accrued income	3,496	4,607
Amounts owed by group companies	167	2
Amounts owed by parent company	848	828
	<hr/>	<hr/>
	6,611	7,139
	<hr/>	<hr/>

14 Debtors due after more than one year

	2020 £'000	2019 £'000
Deferred taxation (analysed below)	1,287	1,263
	<hr/>	<hr/>
	1,287	1,263
	<hr/>	<hr/>

Deferred Taxation

	Deferred capital allowances £'000	Pension Scheme (note 20) £'000	Total £'000
At 31 March 2019	545	718	1,263
Included in the statement of comprehensive income	-	4	4
Included in the income statement (see note 9)	-	20	20
	<hr/>	<hr/>	<hr/>
At 28 March 2020	545	742	1,287
	<hr/>	<hr/>	<hr/>

The Company has continued to recognise deferred tax assets in respect of deferred capital allowances of £545,000 (2019 - £545,000) and additionally has unrecognised deferred tax assets of £557,000 (2019 - £nil) on the basis that their future economic benefit is uncertain.

Robert Dyas Holdings Limited

Notes forming part of the financial statements for the year ended 28 March 2020 (continued)

15 Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	12,367	10,037
Other taxation and social security	2,809	1,816
Derivative financial instruments	-	7
Accruals and deferred income	4,848	3,504
Other creditors	628	310
	<hr/>	<hr/>
	20,652	15,674
Amounts owed to group companies	6,598	7,152
	<hr/>	<hr/>
	27,250	22,826
	<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 (2019 - £nil). The interest rate on the facility is 2.50% above LIBOR.

16 Financial instruments

	2020 £'000	2019 £'000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	6,517	3,932
	<hr/>	<hr/>
Financial liabilities		
Financial liabilities measured at fair value through profit and loss	-	7
Financial liabilities measured at amortised cost	23,136	19,780
	<hr/>	<hr/>
	23,136	19,787
	<hr/>	<hr/>

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors, other debtors 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 28 March 2020 (*continued*)

17 Provisions for liabilities

	Onerous leases £'000
At 31 March 2019	(941)
Credited to profit or loss	146
	<hr/>
Balance at 28 March 2020	(795)
	<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.

18 Share capital

	Allotted, called up and fully paid			
	2020 Number	2019 Number	2020 £'000	2019 £'000
Ordinary shares of 5p each	14,122,160	14,122,160	706	706
	<hr/>	<hr/>	<hr/>	<hr/>

19 Operating leases

As at 28 March 2020, the Company had total commitments under non-cancellable operating leases as set out below:

	Land and buildings 2020 £'000	Other 2020 £'000	Land and buildings 2019 £'000	Other 2019 £'000
Operating leases which expire:				
Within one year	8,778	468	9,479	526
In one to five years	23,032	368	23,885	808
Over five years	3,619	25	5,737	52
	<hr/>	<hr/>	<hr/>	<hr/>
	35,429	861	39,101	1,386
	<hr/>	<hr/>	<hr/>	<hr/>

Robert Dyas Holdings Limited

Notes forming part of the financial statements for the year ended 28 March 2020 (continued)

20 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 £59,000 (2019 - £56,000) for the year ended 28 March 2020.

The Company expects to make contributions of £156,000 to the defined benefit section of the scheme and £57,000 to the defined contribution section of the scheme during the year to 27 March 2021.

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 2016 and has been updated to 28 March 2020 by a qualified independent actuary. The main assumptions used by the actuary were:

	At 28 March 2020	At 30 March 2019	At 31 March 2018	At 28 March 2017	At 29 March 2016
Rate of inflation	2.80%	3.30%	3.25%	3.20%	3.05%
Rate of revaluation of pensions in deferment	2.00%	2.30%	2.10%	2.00%	1.50%
Discount rate	2.30%	2.60%	2.70%	2.80%	3.90%
Mortality rate	95% of S3PMA_H (males) 105% of S3PFA (females) CMI_2018 (1.0%)	95% of S2PXA CMI_2017 (1.0%)	95% of S2PXA CMI_2017 (1.0%)	95% of S2PXA CMI_2016 (1.0%)	95% of S2PXA CMI_2015 (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:

	2020 £'000	2019 £'000
Equities	10,963	9,365
Bonds	1,347	3,446
Other	(93)	25
Fair value of assets	12,217	12,836
Present value of funded obligations	(16,121)	(17,058)
Deficit in the scheme	(3,904)	(4,222)
Related deferred tax asset included in debtors (note 14)	742	718
Net scheme liability	(3,162)	(3,504)

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 28 March 2020 (continued)

20 Pensions (continued)

Amounts recognised in the income statement	2020 £'000	2019 £'000
Interest cost	(432)	(437)
Interest on assets	329	336
Past service costs	-	(465)
	<hr/>	<hr/>
Total charged to profit or loss	(103)	(566)
	<hr/>	<hr/>
Amount recognised in other comprehensive income		
(Loss)/gain on scheme assets less interest	(833)	43
Experience gains/(losses) on liabilities	330	(18)
Effect of change in demographic assumptions	1,141	464
Effect of change in financial assumptions	(616)	(589)
Deferred tax thereon	4	(127)
Current tax thereon	76	73
	<hr/>	<hr/>
Total remeasurements	102	(154)
	<hr/>	<hr/>
Reconciliation of assets and defined benefit obligation	2020 £'000	2019 £'000
Fair value of assets at 31 March 2019	12,836	12,433
Interest on assets	329	336
Employer contributions	399	384
Benefits paid	(514)	(360)
Return on scheme assets less interest	(833)	43
	<hr/>	<hr/>
Fair value of assets at 28 March 2020	12,217	12,836
	<hr/>	<hr/>
Defined benefit obligation at 31 March 2019	17,058	16,373
Past service costs	-	465
Interest cost	432	437
Benefits paid	(514)	(360)
Experience gains/(losses) on defined benefit obligation	(330)	18
Changes to demographic assumptions	(1,141)	(464)
Changes to financial assumptions	616	589
	<hr/>	<hr/>
Defined benefit obligation at 28 March 2020	16,121	17,058
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Robert Dyas Holdings Limited

Notes forming part of the financial statements for the year ended 28 March 2020 (*continued*)

21 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 28 March 2020 amounts outstanding and covered by this arrangement totalled £5,400,000 excluding interest (2019 - £5,400,000). Since the year end this facility has been extended until December 2021.

22 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 FRS 102 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 £1,914,273 (2019 - £1,890,994) to, were recharged for stock, management and support fees totalling £6,343,529 (2019 - £6,037,240) and were provided with short term loans totalling £1,500,000 (2019 - £1,800,000) 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 £62,948 (2019 - £19,307). At the year end the balance owed to Ryman Group Limited was £2,348,611 (2019 - £3,127,188).

During the year the Company made purchases totalling £nil (2019 - £459) 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 (2019 - £nil).

During the year the Company recharged management and support fees totalling £44,510 (2019 - £41,499) to and were recharged for management and support fees totalling £7,502 (2019 - £6,735) by Boux Avenue Limited, a fellow group company. At the year end the balance owed by Boux Avenue Limited was £17,631 (2019 - £2,484).

23 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 28 March 2020, the Company was a wholly owned subsidiary of Cleeve Court Holdings Limited, a company incorporated in England and Wales.

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

Robert Dyas Holdings Limited

Notes forming part of the financial statements for the year ended 28 March 2020 (*continued*)

24 Post balance sheet events

Immediately prior to the balance sheet date, the Covid-19 pandemic resulted in a lockdown on business and social activity by the Government, which resulted in a severe but short-term disruption to our business activity.

Consequently, the Company's stores were closed on 22 March 2020 and subsequently reopened during June 2020. Our stores have been able to trade on the high street as essential stores under the Government guidance measures, however footfall has been significantly disrupted. Our warehouse and head office continue to operate in a Covid secure way and we are incredibly proud of our colleagues who are ensuring that our customers are served safely to our normal high standards.

Action has been taken and will continue to be taken to mitigate the impact on the business, for example by driving our e-commerce business.

The directors have considered whether any adjustments are required to the amounts reported in the March 2020 financial statements. They have undertaken various modelling and sensitivity analysis together with the review of carrying values of stock, amounts from group companies and tangible assets. The directors consider it to be a current period event and have concluded that no adjustments are required.

Full details are contained in both the strategic report and the directors' report.