

Robert Dyas Holdings Limited

Annual Report and Financial Statements

Year Ended

26 March 2022

Company Number 04041884

WEDNESDAY



ABWGYIYI

A17

01/02/2023

#40

COMPANIES HOUSE

Robert Dyas Holdings Limited

Annual report and financial statements for the year ended 26 March 2022

Contents

Page:

1	Strategic report
7	Directors' report
10	Directors' responsibilities statement
11	Independent auditor's report
15	Income statement
16	Statement of comprehensive income
17	Statement of financial position
18	Statement of changes in equity
20	Notes forming part of the financial statements

Directors

T Paphitis
K Kyprianou
I Childs
K Lawton
S Spencelayh
C Walker

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 26 March 2022

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 that the progress made with the Robert Dyas business continued into the year reported, with a 34.4% increase in turnover from £122.5m to £164.6m. The success in developing our online proposition and extensive ranges for the home and garden across both channels was well received by our customers. The performance was despite challenges within the retail market and supply chain largely caused by the pandemic. The growth delivered an improvement in our profits, with an EBITDA profit of £2.5m against a loss of £0.7m in the previous year.

The investment made in our online offering and infrastructure has set the business up well to continue its development as we pass our 150th year anniversary. The combination of delivering to our customers some of the leading brands for the home and garden as well as direct sourcing of products has proved successful. Our technology has enabled us to provide our customers more choice than ever, including direct to consumer deliveries from our trusted and carefully selected partners.

The growth in our e-commerce business on the previous record year was 19.0% and contributed 42.4% of our total sales, a performance we are proud of given the market circumstances. Online sales compared to our pre-pandemic levels are ahead by 123.6%. Our store sales grew compared to last year by 43.7%, due largely to the periods of closure in the prior year.

Whilst we remain cautious with the economic outlook and cost pressures on businesses and consumers, the progress made over recent years gives us optimism for the medium term future. The fundamentals of the business and management have vastly improved and we anticipate that we will see Robert Dyas continuing as a growing and profitable business. Our infrastructure is there to deliver this and the Company is funded entirely by the Fivefathers group and related parties that continue to be supportive of its plans. The resilience of our stores through the Covid-19 disruption has given us further confidence and we have identified a number of potential new sites to increase our portfolio. Our joint stores with Ryman, a sister company of the group, have worked well and we now have seven, again with the potential for more to follow. We have also extended our services in store and look for further opportunities in this area.

I am delighted to welcome Kirsten Lawton, Simon Spencelayh (Chief Operating Officer) and Charlotte Walker (Finance Director) to the board. Simon and Charlotte have been key to the growth delivered by the business, which is well placed for the future. Kirsten joined the Group as Company Secretary in 2018 and has brought a dedicated focus on contractual, compliance and CSR responsibilities.

I would like to thank our suppliers and other stakeholders for their support over recent years, in particular, and look forward to growing our business further.

Key Performance Indicators

Store like for like sales increased by 43.7% (2021 - 36.2% decrease).

Turnover increased 34.4% to £164.6 million (2021 - £122.5 million).

Operating profit amounted to £1.1 million (2021 - £2.1 million loss).

Net assets at 26 March 2022 of £6.7 million (2021 - £4.0 million).

EBITDA (earnings before interest, taxation, depreciation, amortisation and impairments) improved to £2.5 million profit (2021 – loss £0.7 million).

Given the challenging environment resulting from the Covid-19 pandemic, the directors are satisfied with the performance of the Company against the key performance indicators.

Robert Dyas Holdings Limited

Strategic report

for the year ended 26 March 2022 (continued)

Principal risks and uncertainties including financial risk factors

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

Covid-19

Whilst the impact and restrictions relating to the Covid-19 pandemic have eased during the year this did at times affect all aspects of the business. We have followed Government guidance during this period and the directors meet regularly to review and agree changes to the operation of the business.

The period under review continued to be impacted by Covid-19 restrictions and as a result, we have continued to manage costs and cash flow tightly.

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 remain 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 continued challenges of the 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.

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 continue to manage through the challenges created by the Covid-19 pandemic. Since the periods of lockdown during the previous period, customer flow and sales have continued to build steadily, and as such we remain cautiously optimistic for the future. Whilst the potential for further disruption is remote, if any were to occur, 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 2024, 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, including the unutilised £6.6m facility expiring in December 2024 (see note 16).

The long term impact of Covid-19 remains unknown so the Company has prepared detailed cash flow forecasts and undertaken further scenario modelling, including sales sensitivities, 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 indicate that the Company has sufficient cash headroom to meet its liabilities as they fall due. Despite the inherent uncertainty in respect of Covid-19, based on the above the directors do not consider these uncertainties to be material. 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

Strategic report for the year ended 26 March 2022 *(continued)*

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

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 together with insurance covering cyber risk and business continuity.

Liquidity and cash flow

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

Currency

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

The Economy 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. At the year end, the continuing rising levels of inflation and interest rates have led to increased risk within the Company. The directors are reviewing costs across the business and all strategic decisions are made with the view to mitigate risk and to maintain stakeholder satisfaction.

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 through the business. Challenges associated with the increased shipping and container costs seen in the reporting period were managed through regular contact with our agent. Rates since the year end are now back to expected levels.

Pension scheme

The defined benefit pension scheme showed a deficit, net of deferred tax, of £613,000 (2021 - £2,682,000) at the year end. The Pension Scheme Trustees have agreed with the Company that they will not seek to increase contributions to the scheme beyond those currently agreed unless required to do so by Statute or Regulation. However, in the longer term, if the value of the scheme assets were to decline significantly relative to its liabilities, the Company might need to make further additional contributions to cover any shortfall. This would have an adverse impact on cash flow. The Company and Pension Scheme Trustees meet regularly and receive advice from external actuaries with the objective of mitigating this risk through the scheme's investment strategy. Additionally, the Company complies with current auto enrolment pension legislation and as such contributes to the pension plans for those eligible employees.

Robert Dyas Holdings Limited

Strategic report for the year ended 26 March 2022 (*continued*)

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

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.

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, who works closely with the directors and the Business Leadership 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 e-commerce reviews;
- operational/strategic plans;
- employee relations; and
- corporate, social, responsibility programme.

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 decisions made by the Board during the year:

- to strengthen the Board with the appointment of three new statutory directors with backgrounds in Ecommerce, Finance and Legal & Compliance;
- introduce a Management Incentive Plan for key members of the Business Leadership Team;
- to invest in an end-to-end workforce management system to help optimise labour, spend, reduce turnover and improve workforce productivity;
- continue to roll out LED light conversion across the store estate as part of a wider energy saving initiative; and
- to build a MyDyas Loyalty Scheme to be launched early 2023.

Robert Dyas Holdings Limited

Strategic report for the year ended 26 March 2022 *(continued)*

Section 172 (1) statement *(continued)*

Our Stakeholders

During 2022 Robert Dyas is celebrating its 150 year anniversary on the High Street and as we arrive at this milestone we are proud to say that our people, including customers and colleagues, are at the heart of everything we do.

Suppliers

Our 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 the Company and the desired quality and service levels for our customers. This year we invited our top suppliers to join us in our 150th year celebrations at our Partners Event. 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. We work with our suppliers to find environmentally friendly solutions that we know our customers like. This includes offering our customers the opportunity to recycle products through our stores.

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.

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 encourage diversity and inclusion every day, ensuring that everyone should be able to be their true self at work, and feel they belong.

Investment has been made in an end-to-end workforce management system, which will help us to optimise labour, spend, reduce turnover and improve workforce productivity. The system will enable us to share important information with groups, teams or the entire business whilst ensuring employees can easily access document libraries and HR policies all in one place.

Employee wellbeing remains a focus for the business, so investment in training Mental Health First Aiders has continued across the business, along with offering ongoing support from the Retail Trust.

Our Communities

Respect for our people, the environment and the communities that we have been operating in for 150 years have always been at the heart of our business. We strive to do the right thing by making all of 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.

Robert Dyas Holdings Limited

Strategic report
for the year ended 26 March 2022 (continued)

Section 172 (1) statement (continued)

Our Communities (continued)

As a heritage brand on the High Street, Robert Dyas looks to support the local communities that it operates in. We have collaborated with Starlight a children's charity working across the UK who are focused on providing seriously ill children the opportunity to play within a hospital environment. We really appreciate our suppliers who always step up to help us support our charity activities. This year we hosted our first charity shoot, which many of our suppliers attended and helped us raise over £60,000 to be distributed between two charities close to our heart, Starlight and Hide Out Youth Zone.

We have seen; better than ever, how our suppliers, employees and the communities we operate in can pull together, when the distressing news unfolded in Ukraine. With a desire to help, we launched a fundraising initiative across the Theo Paphitis Retail Group of which Robert Dyas forms a part, whereby we encouraged our colleagues and customers to raise money for the Disasters Emergency Committee (DEC). We agreed that the Theo Paphitis Charitable Trust would match donations our colleagues across the group raised up to £50,000. This saw a whole host of fundraising activities from cake sales, raffles to sponsored walks with over £200,000 in cash donated to the DEC in just over three months. Our suppliers also joined forces with us to donate over £110,000 of products, which were shipped to Ukraine.

On behalf of the Board



T Paphitis
Chairman

Date 18 January 2023

Robert Dyas Holdings Limited

Directors' report for the year ended 26 March 2022

The directors present their report together with the audited financial statements for the year ended 26 March 2022.

Results and dividends

The income statement is set out on page 15 and shows the profit for the year.

The profit after taxation for the year amounted to £868,000 (2021 - £2,153,000 loss).

The directors do not recommend the payment of a dividend (2021 - £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 26 March 2022 (continued)

Directors

The directors of the Company during the year were:

T Paphitis
K Kyprianou
I Childs
K Lawton (appointed 16 May 2022)
S Spencelayh (appointed 16 May 2022)
C Walker (appointed 16 May 2022)

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.

Streamlined Energy and Carbon Reporting (SECR) statement

In line with the Streamlined Energy and Carbon Reporting legislation, the Company is required to report its energy consumption and greenhouse gas emissions arising in the UK. All scope 1 and 2 sources of energy and emissions have been disclosed as well as mandatory scope 3 sources of energy and emissions.

Conversion factors

All conversion factors and fuel properties used in this disclosure have been taken from the 2021 "UK Government Greenhouse Gas Conversion Factors for Company Reporting" published by the Department for Business, Energy & Industrial Strategy (BEIS) and the Department for Environment, Food & Rural Affairs (DEFRA). All greenhouse gas emissions have been expressed in terms of their carbon dioxide equivalence. LG Energy Group has assisted us with the data gathering and reporting calculations.

Energy efficiencies

In comparison to the previous financial period our total energy consumption has increased by 736.5 MWh or 7%, and our greenhouse gas emissions have decreased by 14.1 tCO₂e or 1%. Our total floor area has decreased therefore our energy and emissions intensity have increased by 8% and 1% respectively. The reported year on year movement is non-comparable due to the underlying change in business activity. This is mostly due to an increase in activity as pandemic restrictions have eased, in particular consumption of diesel in company vehicles which has increased by 34%. We continue to utilise video conferencing technology and remote working where appropriate to keep this to a minimum. We continue to roll out automatic meter readers and have implemented energy management software to improve data collection and allow for better energy management. We have also partnered with an energy saving consultant and have reduced our natural gas consumption by 7% during this period.

Utilities

Where possible, energy consumption expressed in kilowatt-hours has been taken from suppliers' invoices. Some locations have infrequent electricity invoices therefore some consumption has been apportioned pro-rata to the period. Six sites which have energy supplied by the landlord did not have consumption data available therefore gas and electricity consumption have been estimated using the average kWh/m² benchmark of the rest of the estate. 4% (2021 – 11%) of the electricity and gas consumption have been estimated in this way. Location based kgCO₂e/kWh conversion factors for the average UK grid supply have been used to calculate greenhouse gas emissions from electricity and natural gas consumption.

Robert Dyas Holdings Limited

Directors' report for the year ended 26 March 2022 (continued)

Streamlined Energy and Carbon Reporting (SECR) statement (continued)

Energy consumption and greenhouse gas emissions for the period 1 April 2021 to 31 March 2022

Source of energy and emissions	2022 GHG emissions (tCO ₂ e)	2021
Scope 1 (gas, diesel and other fuels)		
Total scope 1	983.45	889.44
Scope 2 (electricity)		
Total scope 2	1,439.57	1,547.65
Total emissions in tonnes CO ₂ e	2,423.02	2,437.09
Intensity ratio (per 1000m ² gross floor area tCO ₂ e)	45.67	45.36
Total energy consumption MWh	11,284.72	10,548.26

Transport

Fuel cards record the quantity of fuel consumed in Company vehicles in litres. The kgCO₂e/litre and kgCO₂e/kWh conversion factors for the average forecourt blend of diesel has been used to calculate the underlying energy use and associated greenhouse gas emissions.

Other fuels and emissions

No other fuels are used. Maintenance records contained one instance of a refrigerant leak from air conditioning during the reference period. No other fugitive emissions have been identified.

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 18 January 2023

Robert Dyas Holdings Limited

Directors' responsibilities statement for the year ended 26 March 2022

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 for the year ended 26 March 2022

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

Qualified Opinion on the financial statements

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 26 March 2022 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.

We have audited the financial statements of Robert Dyas Holdings Limited ("the Company") for the year ended 26 March 2022 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and 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).

Basis for qualified opinion

We were not able to observe the counting of store stock until after 27 March 2021 due to lockdown restrictions put in place by the government specifically as a result of the Novel Coronavirus. We were, therefore, unable to satisfy ourselves by alternative means concerning the store stock quantities held at 27 March 2021, which amounted to £10.0m of the total stock balance included in the balance sheet at £19.6m, by using other audit procedures. Consequently, we were unable to determine whether any adjustment to this amount at 27 March 2021 was necessary or whether there was any consequential effect on the cost of sales for the year ended 26 March 2022.

In addition, were any adjustment to the stock balance to be required, the strategic report and the directors' report would also need to be amended.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence

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.

Robert Dyas Holdings Limited

Independent auditor's report for the year ended 26 March 2022 (continued)

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the store stock quantities held at 27 March 2021 which amount to £10.0m of the total stock balance included in the balance sheet at £19.6m and whether there was any consequential effect on the cost of sales for the year ended 26 March 2022. We have concluded that where the other information refers to the store stock balance or related balances such as cost of sales, it may be materially misstated for the same reason.

Other Companies Act 2006 reporting

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of the audit:

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

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, 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 or the directors' report.

Arising from the limitation on the scope of our work referred to above we have not obtained all of the information and explanations that we considered necessary for the purpose of our audit.

Robert Dyas Holdings Limited

Independent auditor's report for the year ended 26 March 2022 (continued)

Other Companies Act 2006 reporting (continued)

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.

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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company that were contrary to applicable laws and regulations, including fraud.
- We considered the Company's compliance with laws and regulations that have a significant impact on the financial statements including, but not limited to, UK accounting standards, company law and tax legislation, and we considered the extent to which non-compliance might have a material effect on the Company financial statements.
- We designed audit procedures to identify instances of non-compliance with such laws and regulations. Our procedures included reviewing the financial statement disclosures and agreeing to underlying supporting documentation where necessary. We reviewed minutes of all Board meetings held during the year for any indicators of non-compliance and made enquiries of management and of the directors as to the risks of non-compliance and any instances thereof. We also made similar enquiries of advisers to the Company, where information from that adviser has been used in the preparation of the financial statements.

Robert Dyas Holdings Limited

Independent auditor's report for the year ended 26 March 2022 (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- We addressed the risk of management override of internal controls, including testing a sample of journal entries based on risk criteria processed during the year and evaluating whether there was evidence of bias in these entries that represented a risk of material misstatement due to fraud.
- We designed audit procedures that specifically address the fraud risk due to improper revenue recognition.
- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it. In addition, the extent to which the audit was capable of detecting irregularities, including fraud was limited by the matter described in the basis for qualified opinion section of our report.

A further description of our responsibilities is available 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.

DocuSigned by:

Michael Philp

552C94ADC61E458...

Michael Philp (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick, UK

Date: 20 January 2023

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

Robert Dyas Holdings Limited

Income statement for the year ended 26 March 2022

	Note	2022 £'000	2021 £'000
Turnover	3	164,552	122,476
Cost of sales		(137,630)	(107,204)
Gross profit		26,922	15,272
Administrative expenses		(26,109)	(21,120)
Other operating income	4	239	3,756
Operating profit/(loss)	5	1,052	(2,092)
Interest receivable and similar income	8	292	312
Interest payable and similar charges	9	(491)	(598)
Profit/(loss) on ordinary activities before taxation		853	(2,378)
Taxation	10	15	225
Profit/(loss) on ordinary activities after taxation		868	(2,153)

All amounts relate to continuing activities.

The notes on pages 20 to 38 form part of these financial statements.

Robert Dyas Holdings Limited

Statement of comprehensive income for the year ended 26 March 2022

	Note	2022 £'000	2021 £'000
Profit/(loss) for the year		868	(2,153)
Actuarial profit recognised in respect of the pension fund	21	2,120	545
Deferred tax thereon	15	(439)	(133)
Current tax thereon	21	82	30
		<hr/>	<hr/>
Other comprehensive profit for the year		1,763	442
		<hr/>	<hr/>
Total comprehensive profit/(loss) for year		2,631	(1,711)
		<hr/>	<hr/>

The notes on pages 20 to 38 form part of these financial statements.

Robert Dyas Holdings Limited

Statement of financial position at 26 March 2022

Company number 04041884	Note	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Fixed assets					
Intangible assets	11		894		716
Tangible assets	12		3,356		3,857
Current assets					
Stocks	13	24,894		19,631	
Debtors					
- due within one year	14	6,522		6,025	
- due after more than one year	15	750		1,174	
		7,272		7,199	
Cash at bank and in hand		4,114		11,894	
			36,280		38,724
Total assets			40,530		43,297
Current liabilities					
Creditors: amounts falling due within one year	16		(32,439)		(35,275)
Total assets less current liabilities			8,091		8,022
Provisions for liabilities	18		(600)		(672)
Net assets excluding pension liability			7,491		7,350
Pension liability	21		(818)		(3,311)
Net assets			6,673		4,039
Capital and reserves					
Called up share capital	19		709		706
Share premium			6,989		6,989
Capital contribution reserve			3,515		3,515
Pension reserve			(2,886)		(4,649)
Profit and loss account			(1,654)		(2,522)
Equity shareholders' funds			6,673		4,039

The financial statements were approved by the Board and authorised for issue on 18 January 2023


T Pappas
Director

The notes on pages 20 to 38 form part of these financial statements.

Robert Dyas Holdings Limited

Statement of changes in equity for the year ended 26 March 2022

	Share Capital £'000	Share Premium £'000	Capital Contribution Reserve £'000	Pension Reserve £'000	Profit and loss account £'000	Total £'000
28 March 2021	706	6,989	3,515	(4,649)	(2,522)	4,039
Comprehensive profit for the year	-	-	-	-	868	868
Actuarial profit recognised in respect of the pension scheme (net of deferred tax)	-	-	-	1,763	-	1,763
Other comprehensive income for the year	-	-	-	1,763	-	1,763
Total comprehensive income for the year	-	-	-	1,763	868	2,631
Issue of share capital	3	-	-	-	-	3
26 March 2022	709	6,989	3,515	(2,886)	(1,654)	6,673

The notes on pages 20 to 38 form part of these financial statements.

Robert Dyas Holdings Limited

Statement of changes in equity for the year ended 26 March 2022 (continued)

	Share Capital £'000	Share Premium £'000	Capital Contribution Reserve £'000	Pension Reserve £'000	Profit and loss account £'000	Total £'000
29 March 2020	706	6,989	3,515	(5,091)	(369)	5,750
Comprehensive loss for the year	-	-	-	-	(2,153)	(2,153)
Actuarial profit recognised in respect of the pension scheme (net of deferred tax)	-	-	-	442	-	442
Other comprehensive income for the year	-	-	-	442	-	442
Total comprehensive income/(loss) for the year	-	-	-	442	(2,153)	(1,711)
27 March 2021	706	6,989	3,515	(4,649)	(2,522)	4,039

The notes on pages 20 to 38 form part of these financial statements.

Robert Dyas Holdings Limited

Notes forming part of the financial statements for the year ended 26 March 2022

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 and directors' reports.

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 26 March 2022 and these financial statements may be obtained from the address given in note 24.

As at 27 March 2021, debtors due after more than one year of £1,174,000 were included within non-current assets. These have now been shown within current assets in accordance with the Companies Act 2006.

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 continue to manage through the challenges created by the Covid-19 pandemic. Since the periods of lockdown during the previous period, customer flow and sales have continued to build steadily, and as such we remain cautiously optimistic for the future. Whilst the potential for further disruption is remote, if any were to occur, 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 2024, 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, including the £6.6m unutilised facility expiring in December 2024 (see note 16).

Robert Dyas Holdings Limited

Notes forming part of the financial statements for the year ended 26 March 2022 (continued)

1 Accounting policies (continued)

Basis of preparation (continued)

The long term impact of Covid-19 remains unknown so the Company has prepared detailed cash flow forecasts and undertaken further scenario modelling, including sales sensitivities, 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 indicate that the Company has sufficient cash headroom to meet its liabilities as they fall due. Despite the inherent uncertainty in respect of Covid-19, based on the above the directors do not consider these uncertainties to be material. 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.

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.

Robert Dyas Holdings Limited

Notes forming part of the financial statements for the year ended 26 March 2022 (continued)

1 Accounting policies (continued)

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 CGUs) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

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

Stocks

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

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

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 profit or loss in the same place as the item to which they relate.

Robert Dyas Holdings Limited

Notes forming part of the financial statements for the year ended 26 March 2022 (continued)

1 Accounting policies (continued)

Current and deferred taxation

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

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

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

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

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

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

Group relief for tax losses

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

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.

Robert Dyas Holdings Limited

Notes forming part of the financial statements for the year ended 26 March 2022 (continued)

1 Accounting policies (continued)

Pension schemes (continued)

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

The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

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

Interest on intra-group balances

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

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 charged to profit or loss on a straight-line basis over the term of the 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.

During the year the Company has received rent concessions on a number of the leased properties. In accordance with the amendment to FRS 102 the Company has recognised the change in lease payments over the period that the change is intended to compensate where the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is less than the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022 (2021 – 30 June 2021); and
- there is no significant change to other terms and conditions 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.

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 26 March 2022 (*continued*)

1 Accounting policies (*continued*)

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.

Grants of a revenue nature are recognised in "other operating income" within profit or loss in the same period as the related expenditure. This includes the Government Coronavirus Job Retention Scheme ('Furlough'). The Company has also benefited from other forms of government assistance including the retail, hospitality and leisure grant fund.

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 12 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 discount rate used in the calculation is 15%. 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.

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 26 March 2022 (continued)

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

Onerous lease provision

A provision for onerous leases is considered when a store is loss making and the unavoidable costs exceed the economic benefits expected to be received under the lease. In determining the economic benefits expected to be received, the directors consider both the cash flows attributable to the store to the expiry of the lease term and future cash flows where it is anticipated the store lease will be renewed on an indefinite basis. This requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. The discount rate used in the calculation is 15%.

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 21.

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. Analysis of turnover by channel:

	2022 £'000	2021 £'000
Stores	94,782	65,958
Ecommerce	69,770	56,518
	<hr/>	<hr/>
	164,552	122,476
	<hr/>	<hr/>

4 Other operating income

	2022 £'000	2021 £'000
Government grants – Government Coronavirus Job Retention Scheme (Furlough)	239	3,506
Other government grants – revenue in nature	-	250
	<hr/>	<hr/>
	239	3,756
	<hr/>	<hr/>

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 26 March 2022 (continued)

5 Operating profit/(loss)

	2022 £'000	2021 £'000
This has been arrived at after charging/(crediting):		
Amortisation of intangible fixed assets	520	172
Depreciation of tangible fixed assets	911	1,323
Tangible fixed assets impairment/(reversal)	21	(80)
Decrease in onerous lease provision	(72)	(123)
Foreign currency gains	(752)	(450)
Fees payable to the Company's auditor for:		
- audit of the annual accounts	78	71
- audit of the pension scheme	10	7
Operating lease rentals:		
- land and buildings	8,585	8,687
- commercial vehicles	264	283
- motor vehicles and equipment	110	155

Operating lease expense above is the expense recorded after recognising in the income statement Covid-19-related rent concessions received of £133,000 (2021 - £1,520,000).

6 Employees

	2022 £'000	2021 £'000
Employee costs consist of:		
Wages and salaries	23,110	21,694
Social security costs	1,691	1,517
Other pension costs	855	495
	<u>25,656</u>	<u>23,706</u>

In addition to the costs above the Company was recharged payroll costs from other group companies totalling £1,676,000 (2021 - £1,183,000).

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

	2022 Number	2021 Number
Selling and distribution	1,069	1,115
Administration	229	222
	<u>1,298</u>	<u>1,337</u>
Full time equivalent	<u>824</u>	<u>846</u>

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 26 March 2022 (continued)

6 Employees (continued)

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £374,000 (2021 - £287,000). Company contributions amounting to £30,000 (2021 - £27,000) were payable to the fund at year end and are included in creditors.

7 Directors' remuneration

	2022 £'000	2021 £'000
Remuneration paid	57	50
Pension contributions	1	1
	<hr/>	<hr/>
	58	51
	<hr/>	<hr/>

There was one director in the Company's pension scheme during the year (2021 – one).

In addition to the above, the directors are remunerated by Ryman Group Limited and their remuneration for services to the group are disclosed in note 7 of those financial statements.

8 Interest receivable and similar income

	2022 £'000	2021 £'000
Bank interest receivable	-	2
Other interest receivable	-	6
Interest receivable from group companies	26	25
Pension - interest on assets (see note 21)	266	279
	<hr/>	<hr/>
	292	312
	<hr/>	<hr/>

9 Interest payable and similar charges

	2022 £'000	2021 £'000
Interest payable to group companies	166	164
Foreign currency exchange loss	-	47
Pension - interest cost (see note 21)	325	367
Pension - past service costs (see note 21)	-	20
	<hr/>	<hr/>
	491	598
	<hr/>	<hr/>

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 26 March 2022 (*continued*)

10 Taxation on profit/(loss) from ordinary activities

	2022 £'000	2021 £'000
<i>UK Corporation tax</i>		
Adjustment in respect of prior period	-	(205)
Total current tax	-	(205)
<i>Deferred tax</i>		
Origination and reversal of timing differences	(15)	(20)
Total deferred tax (see note 15)	(15)	(20)
Taxation on profit/(loss) on ordinary activities	(15)	(225)

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

	2022 £'000	2021 £'000
Profit/(loss) on ordinary activities before tax	853	(2,378)
Profit/(loss) on ordinary activities at the standard rate of corporation tax in the UK of 19% (2021 - 19%)	162	(452)
Effects of:		
Expenses not deductible for tax purposes	9	9
Movements in capital allowance in excess of depreciation	(297)	266
Defined benefit pension scheme trading adjustment	(71)	(9)
Other deferred tax movements	(15)	(20)
Adjustment in respect of prior periods	-	(205)
Tax losses not recognised	197	186
Total tax credit for year	(15)	(225)

A change in the main UK corporation tax rate, announced in the Budget on 3 March 2021, was substantively enacted on 24 May 2021. From 1 April 2023 the main corporation tax rate will increase from 19% to 25%.

The deferred tax asset as at 26 March 2022 is measured at 25%.

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 26 March 2022 (*continued*)

11 Intangible assets

	Software costs
	Total £'000
<i>Cost</i>	
At 28 March 2021	939
Additions	698
	<hr/>
At 26 March 2022	1,637
	<hr/>
<i>Amortisation</i>	
At 28 March 2021	223
Amortised during the year	520
	<hr/>
At 26 March 2022	743
	<hr/>
<i>Net book value</i>	
At 26 March 2022	894
	<hr/>
At 27 March 2021	716
	<hr/>

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 26 March 2022 (*continued*)

12 Tangible assets

	Short leasehold land and buildings £'000	Fixtures, fittings and equipment £'000	Total £'000
<i>Cost or valuation</i>			
At 28 March 2021	1,568	30,865	32,433
Additions	-	431	431
At 26 March 2022	1,568	31,296	32,864
<i>Depreciation</i>			
At 28 March 2021	1,436	27,140	28,576
Provided for the year	46	865	911
Impairment	-	21	21
At 26 March 2022	1,482	28,026	29,508
<i>Net book value</i>			
At 26 March 2022	86	3,270	3,356
At 27 March 2021	132	3,725	3,857

The net impairment charge of £21,000 (2021 - £80,000 reversal) relates to individual store cash generating units. The recoverable amount of the related fixed assets have been assessed based on value in use.

13 Stocks

	2022 £'000	2021 £'000
Goods for resale	24,894	19,631

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

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 26 March 2022 (continued)

14 Debtors due within one year

	2022 £'000	2021 £'000
Trade debtors	785	683
Other debtors	1,797	440
Corporation tax – group relief receivable	1,044	980
Prepayments and accrued income	2,004	3,050
Amounts owed by group companies	2	3
Amounts owed by parent company	890	869
	<u>6,522</u>	<u>6,025</u>

15 Debtors due after more than one year

Debtors due after more than one year		2022 £'000	2021 £'000
Deferred taxation (analysed below)		750	1,174
		<hr/>	<hr/>
Deferred Taxation	Deferred capital allowances £'000	Pension Scheme (note 21) £'000	Total £'000
At 28 March 2021	545	629	1,174
Included in the statement of comprehensive income	-	(439)	(439)
Included in the income statement (see note 10)	-	15	15
	<hr/>	<hr/>	<hr/>
At 26 March 2022	545	205	750

The Company has continued to recognise deferred tax assets in respect of deferred capital allowances of £545,000 (2021 - £545,000) and additionally has unrecognised deferred tax assets of £815,000 (2021 - £802,000) on the basis that their future economic benefit is uncertain.

As at 27 March 2021, debtors due after more than one year of £1,174,000 were included within non-current assets. These have now been shown within current assets in accordance with the Companies Act 2006.

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 26 March 2022 (continued)

16 Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	16,680	13,886
Other taxation and social security	1,901	5,118
Accruals and deferred income	6,627	7,593
Other creditors	1,000	1,532
	<hr/>	<hr/>
	26,208	28,129
Amounts owed to group companies (note 23)	6,231	7,146
	<hr/>	<hr/>
	32,439	35,275
	<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 (2021 - £nil). The interest rate on the facility is 2.50% above LIBOR.

Since the year end the above working capital facility of £2,250,000 has been increased to £5,000,000.

Other than as disclosed in note 23, amounts owed to other group companies are unsecured, interest free and repayable on demand.

17 Financial Instruments

	2022 £'000	2021 £'000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	7,588	13,889
	<hr/>	<hr/>
Financial liabilities		
Financial liabilities measured at amortised cost	29,148	28,650
	<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 amortised cost comprise trade creditors, other creditors, accruals and amounts owed to group undertakings.

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 26 March 2022 (continued)

18 Provisions for liabilities

	Onerous leases £'000
At 28 March 2021	(672)
Credited to profit or loss	72
	<hr/>
Balance at 26 March 2022	(600)
	<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.

19 Share capital

	2022 Number	Allotted, called up and fully paid 2021 Number	2022 £'000	2021 £'000
Ordinary shares of £0.05 each	14,122,160	14,122,160	706	706
Ordinary shares of £0.001 each	2,575,222	-	3	-
	<hr/>	<hr/>	<hr/>	<hr/>
	16,697,382	14,122,160	709	706
	<hr/>	<hr/>	<hr/>	<hr/>

The ordinary shares have attached to them full voting, dividend and capital distribution rights (including on winding up).

During the year a new class of shares was issued: 2,575,222 B Ordinary. The Shareholders of these new shares shall not be entitled to receive notice of, nor attend or vote at any general meeting of the members of the Company. They are not entitled to receive dividends.

During the year a management incentive scheme was set up by the Company. The new issued class of shares detailed above were in respect of this scheme and were issued at fair value. Equity incentive amounts are payable if the management participating are employees of the Company at an exit event.

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 26 March 2022 (*continued*)

20 Operating leases

As at 26 March 2022, the Company had total commitments under non-cancellable operating leases as set out below:

	Land and buildings 2022 £'000	Other 2022 £'000	Land and buildings 2021 £'000	Other 2021 £'000
Operating leases which expire:				
Within one year	6,699	126	7,159	237
In one to five years	12,458	140	14,696	183
Over five years	1,720	-	2,225	-
	<u>20,877</u>	<u>266</u>	<u>24,080</u>	<u>420</u>

21 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 £49,000 (2021 - £52,000) for the year ended 26 March 2022.

The Company expects to make contributions of £450,000 to the defined benefit section of the scheme and £48,000 to the defined contribution section of the scheme during the year to 1 April 2023.

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

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 26 March 2022 (continued)

21 Pensions (continued)

The most recent comprehensive actuarial valuation of the final salary section was carried out as at 31 March 2019 and has been updated to 26 March 2022 by a qualified independent actuary. The main assumptions used by the actuary were:

	At 26 March 2022	At 27 March 2021	At 30 March 2020	At 30 March 2019	At 31 March 2018
Rate of inflation	3.90%	3.50%	2.80%	3.30%	3.25%
Rate of revaluation of pensions in deferment	3.40%	3.00%	2.00%	2.30%	2.10%
Discount rate	2.80%	1.90%	2.30%	2.60%	2.70%
Mortality rate	95% of S3PMA_H (males) 105% of S3PFA (females) CMI_2021 (1.0%)	95% of S3PMA_H (males) 105% of S3PFA (females) CMI_2020 (1.0%)	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%)
Commutation allowance	12.5%	12.5%	12.5%	12.5%	12.5%

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

	2022 £'000	2021 £'000
Equities	13,193	12,517
Bonds	1,349	1,542
Other	25	(68)
Fair value of assets	14,567	13,991
Present value of funded obligations	(15,385)	(17,302)
Deficit in the scheme	(818)	(3,311)
Related deferred tax asset included in debtors (note 15)	205	629
Net scheme liability	(613)	(2,682)

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 26 March 2022 (continued)

21 Pensions (continued)

Amounts recognised in the income statement	2022 £'000	2021 £'000
Interest cost	(325)	(367)
Interest on assets	266	279
Past service costs	-	(20)
	<hr/>	<hr/>
Total charged to profit or loss	(59)	(108)
	<hr/>	<hr/>
Amount recognised in other comprehensive income	2022 £'000	2021 £'000
Profit on scheme assets less interest	248	1,703
Experience gains on liabilities	(189)	82
Effect of change in demographic assumptions	(8)	264
Effect of change in financial assumptions	2,069	(1,504)
	<hr/>	<hr/>
	2,120	545
Deferred tax thereon	(439)	(133)
Current tax thereon	82	30
	<hr/>	<hr/>
Total remeasurements	1,763	442
	<hr/>	<hr/>
Reconciliation of assets and defined benefit obligation	2022 £'000	2021 £'000
Fair value of assets at 27 March 2021	13,991	12,217
Interest on assets	266	279
Employer contributions	432	156
Benefits paid	(370)	(364)
Return on scheme assets less interest	248	1,703
	<hr/>	<hr/>
Fair value of assets at 26 March 2022	14,567	13,991
	<hr/>	<hr/>
Defined benefit obligation at 27 March 2021	17,302	16,121
Past service costs	-	20
Interest cost	325	367
Benefits paid	(370)	(364)
Experience gains on defined benefit obligation	189	(82)
Changes to demographic assumptions	8	(264)
Changes to financial assumptions	(2,069)	1,504
	<hr/>	<hr/>
Defined benefit obligation at 26 March 2022	15,385	17,302
	<hr/>	<hr/>

Robert Dyas Holdings Limited

Notes forming part of the financial statements
for the year ended 26 March 2022 (*continued*)

22 Guarantees and contingent liabilities

The Company has granted a fixed and floating charge over its assets in favour of Theo Paphitis Funding Limited in respect of the Company's and fellow group companies' obligations under the £12,000,000 loan agreement. At 26 March 2022 amounts outstanding and covered by this arrangement totalled £5,400,000 excluding interest (2021 - £5,400,000). During the year this facility has been extended until December 2024.

23 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 £1,195,697 (2021 - £736,501) to and was recharged for stock, management and support fees totalling £6,658,323 (2021 - £5,411,367) by Ryman Group Limited and its subsidiaries, fellow group companies. The short term loans of £1,500,000 (2021 - £1,500,000) were subject to interest at 3% per annum which created a charge in the year of £45,000 (2021 - £45,000). At the year end the balance owed to Ryman Group Limited was £1,912,411 (2021 - £2,928,151).

During the year the Company recharged management, support fees and other costs totalling £386 (2021 - £25,000) to and was recharged for management, support fees and other costs totalling £18 (2021 - £26,000) by Boux Avenue Limited, a fellow group company. At the year end the balance owed by Boux Avenue Limited was £57 (2021 - £2,754).

24 Controlling party

The Company's ultimate parent company is Fivefathers Holdings Limited, which is the parent of both the smallest and largest groups of which the Company is a member and is included in that company's financial statements. Fivefathers Holdings Limited is registered in Cyprus and a copy of its financial statements can be obtained from its registered office at Karaiskaki 6, City House, 3032, Limassol, Cyprus.

At 26 March 2022, 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.