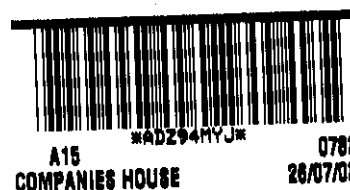


# **Robert Dyas Holdings Limited**



**52 weeks ended  
29 March 2003**

**Company Number 4041884**

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**ROBERT DYAS HOLDINGS LIMITED**

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**INDEX TO THE FINANCIAL STATEMENTS**  
**FOR THE 52 WEEKS ENDED 29 MARCH 2003**

**Page**

1.	Directors and advisers
2.	Chairman's Statement
3.	Chief Executive's Statement
4.	Finance Director's Report
6.	Report of the Directors
12.	Independent Auditors' Report
13.	Group Profit and Loss Account
14.	Group Balance Sheet
15.	Company Balance Sheet
16.	Group Cash Flow Statement
17.	Notes to the financial statements
30.	List of stores

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**ROBERT DYAS HOLDINGS LIMITED**

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**DIRECTORS AND ADVISERS**

**DIRECTORS**

Chairman

R A Pedder \* +

Executive

B F Wilkinson

S A Rand

M Smart FCA

Non-Executive

L P Crookshank \* +

J D Leake FCA \* +

M J Maskey LLB \* +

\* Member of the Appointments and Remuneration Committee

+ Member of the Audit Committee

**COMPANY SECRETARY**

J P Rowland FCIS

**REGISTERED OFFICE**

Cleeve Court

Cleeve Road

Leatherhead

Surrey

KT22 7SD

**AUDITORS**

Blueprint Audit Limited

66 Chiltern Street

London

W1U 4JT

**BANKERS**

National Westminster Bank Plc

15 Bishopsgate

London

EC2P 2AP

**WEB SITE**

[www.robertdyas.co.uk](http://www.robertdyas.co.uk)

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**ROBERT DYAS HOLDINGS LIMITED**

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**CHAIRMAN'S STATEMENT**  
**FOR THE 52 WEEKS ENDED 29 MARCH 2003**

This past year is the fourth in the Robert Dyas' business dramatic return to profitability. It was again an excellent trading year with turnover increasing by £11 million to £72.9 million, an increase of 17.8%, and gross profit increased by £5 million to £32.9 million, a proportionate increase of 17.6%

This is a strong trading result in what, for many retailers, was an indifferent or difficult year. The shopping formula that Robert Dyas presents has proved attractive to both established and new customers; the combination of a wide range of convenience hardware and homewares products, its ready availability and its obvious value for money has found favour in both our long established stores and those opened during the year. Whilst we have seen the success come through our original stores, indeed most of our growth in the previous three years was derived from these stores, the immediate success of our new stores has been very gratifying and gives us considerable confidence to expand the chain progressively into our existing footprint in the South of England. There have been a range of openings, including Southampton (being the largest at 7,000 selling square feet) in a prominent city centre location, to smaller openings in less prominent positions such as Windsor. They have all been successful in meeting their financial criteria and in most cases are well in advance of them.

Operating profit before pre-opening costs rose to £3.4 million after payment to the executive team of bonuses recognising their outstanding performance, a 25% increase on the good result for the previous year. After paying pre-opening costs, operating profit at £2.855 million was £250,000 better than the prior year. This is also the first year that we have felt comfortable in paying a dividend to our shareholders since earnings generated from trading are now at a level where this has been possible without prejudicing the funds available for capital expenditure or creating undue strain on our cash resources. The payment of dividends for this year should not be taken as a precedent for future payments. Following the success of the Company's store opening programme, it is the Board's intention to continue it in a prudent manner in the coming year; this will depend more on the availability of sites, where we have clear and strict selection criteria, than it will on our ability to finance them.

At the Extraordinary General Meeting on 26 March 2003, the shareholders assented to the granting of a further 500,000 share options principally to extend the facility to a further 112 of the Company's employees. We have now completed the programme which we undertook over two years ago to enfranchise the management of the business progressively into its equity. The collegiate spirit and service ethic of Robert Dyas amongst all its employees marks it out from its competitors and leads to the laudable and encouraging results of the Company. As Chairman, I can only look forward with confidence in the growth of the Company where such dedication from its employees is evident and the quality of its offer so appreciated by its customers. My thanks on behalf of the Board and shareholders are made to those who have worked so hard and effectively during the year.

Roger Pedder  
Chairman



24 June 2003

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## ROBERT DYAS HOLDINGS LIMITED

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### CHIEF EXECUTIVE'S STATEMENT FOR THE 52 WEEKS ENDED 29 MARCH 2003

#### Introduction

A further record breaking year, which has seen average store turnover exceed £1m and employees exceed 1,000 for the first time in our history. A fourth year in a row of double digit like-for-like sales growth for Robert Dyas has been the main contributor to the 25% increase in operating profits to £3.4 million prior to charging pre-opening costs, another record.

Our vision of becoming "The Home and Garden Convenience shop on the High Street" moved a further step closer with the opening of 8 new stores (including 2 relocations). Total sales out of these new stores exceeded expectation to a similar extent as our existing stores, an excellent achievement in our first year of significant expansion.

In addition to our financial success we have made further enhancement to our infrastructure and organisation.

#### Infrastructure

New stores were opened in Dorchester (1 May 2002), Southampton (7 September 2002), Windsor (9 November 2002), Basingstoke (7 December 2002), Hastings (14 December 2002), St. Albans (18 January 2003), Moorgate (17 February 2003) and Canary Wharf (28 February 2003). These varied in retail selling space from 1,200 square feet, to 7,000 square feet. However, all have reflected the developments made not only to our product proposition but also in layout and fixturing, signage clarity, flooring and higher lighting levels. This evolutionary approach has captured new customers without alienating the existing customer base. We have also taken this successful approach into our major refit of our branch in Putney.

Our information technology systems have been upgraded with a new and more powerful computer with higher memory capacity and enhanced store point of sale software development. In addition we have introduced scanning technology for data storage and retrieval, to reduce the need for document retention.

Investment in the distribution centre and its systems, storage capacity and cages has enabled an increased delivery frequency to our stores, more picking faces for everyday lines and more products going to our stores through this centre than direct. This has protected both availability and back-of-store efficiency as we have continued to manage high levels of sales growth through existing stores and at the same time absorb our new stores.

#### Organisation

I am really pleased with the impact our organisational change a year ago has made to our performance and enthusiasm. Everyone in Robert Dyas can quite correctly feel proud of what they have achieved in our overall success. Beneath this, however, we are now seeing the development of our key people and our capabilities in advance of the challenges, hopefully ensuring we maintain a strong executional delivery of our plans.

Our formula of prudent control of our cost base, tight control of our cash and strong and fair incentives for over-achievement, is a key element in our success. It is, therefore, particularly pleasing that shareholders voted overwhelmingly to extend our option holder base from 15 people to 127. All managers in our company, whether in the stores or head office now have the opportunity of owning part of the company they work for and this will be increasingly important as our success grows.

#### Outlook

We again look forward with confidence to the year ahead, even though the economic backdrop is deteriorating. Our customers are not immune from the negative consequences of tax increases, house price falls and a less secure world, however our business formula is extremely resilient and our expansion possibilities significant. Maintaining our unique service, competitive value and real enthusiasm will be challenged but I am confident our team will again rise to this and deliver further record performance.



Brent Wilkinson  
Chief Executive

24 June 2003

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## **ROBERT DYAS HOLDINGS LIMITED**

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### **FINANCE DIRECTOR'S REPORT** **FOR THE 52 WEEKS ENDED 29 MARCH 2003**

#### **Introduction**

Robert Dyas Holdings Limited was incorporated on 27 July 2000 and acquired Robert Dyas Limited on 23 January 2001. The trade was transferred from Robert Dyas Limited to Robert Dyas Holdings Limited with effect from 31 March 2001.

#### **Review of Results**

The results for the year fully justified the optimistic outlook at the time of reporting on the interim statement. The outcome for the year was ahead of our best expectations although there were numerous adverse external influences. During the first half year these included the Jubilee Celebrations and daytime television coverage of World Cup soccer. In the all important Christmas trading season we needed to draw on our own strengths and our success was in spite of the impact of gloomy economic trends which did reduce consumer confidence. Despite this unwelcome drag on sales its impact was mitigated by our attention to providing products that met customer needs as well as fulfilling the requirement for practical gifts. The media coverage on the build up and coverage of the war in Iraq was not been a positive influence on sales. The introduction of new products, reviews of the merchandise ranges supported by promotion and advertising campaigns strongly supported by suppliers, with improved distribution to the stores have all benefited sales.

The underlying operating profit from retail activities before pre-opening costs was £3,403,000, which was an improvement on last year of £686,000.

The profit on ordinary activities before taxation, after charging pre-opening costs of £548,000 (2002: £109,000), was £3,311,000 (2002: £3,011,000).

The tax charge, of £1,043,000, is an effective tax rate of 31.5% after making a full provision for deferred taxation in accordance with FRS 19.

The Earnings per Share after charging pre-opening costs for the period ended 29 March 2003 were 17.9 pence and excluding pre-opening costs 22.3 pence, an increase of 15% compared with last year.

An interim dividend of 5 pence per share from the profits for the year was paid on 25 February 2003 and a second interim dividend of 5 pence per share was paid on 7 April 2003. The combined cost of these two interim dividends was £1,265,000.

#### **Store Development**

During the year 8 new stores were opened. We have been very encouraged by the support of customers in these new locations.

The process of determining new store locations is underpinned by the application of financial criteria ensuring that the income and cost structure of each new store supports a profit contribution and fulfils the pay-back performance criteria.

#### **Disposals**

In line with the intention of closing loss-making stores where there seems little prospect of generating a profit contribution, the store at Crown Passage, London SW1 closed in May 2002. Underperforming small stores in Southampton and Moorgate were closed and replaced by larger and better situated stores.

#### **Balance Sheet & Cash Flow**

Shareholders' funds increased by £1,003,000 to £10,738,000. Net assets per Ordinary Share increased to 85 pence based on issued share capital.

Cash flow from operations was strong, generating £4,728,000. Payments to acquire tangible fixed assets, mainly store fixtures, fittings and equipment and enhancement of management information systems were £2,857,000.

The increase in cash holdings during the year was £1,304,000.

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**ROBERT DYAS HOLDINGS LIMITED**

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**FINANCE DIRECTOR'S REPORT**  
**FOR THE 52 WEEKS ENDED 29 MARCH 2003 - continued****Treasury Policy**

The treasury activities operate within clearly defined guidelines and limits in accordance with treasury policies that are reviewed and agreed by the Board. Reports on activities are made to the Board on a regular basis. A number of finance methodologies are used to maximise returns on extra resources, whilst minimising risk and to ensure that the Group has adequate liquid resources to meet seasonal business needs. These comprise cash and money market deposits, loan note and bank overdrafts and interest rate agreements. The Group adopts a conservative approach in all treasury matters and no speculative positions are taken on financial instruments. Due regard is given to trends in interest rates. During the year a new one year £2 million facility was negotiated with The Royal Bank of Scotland.

**Financial Resources and Outlook**

The strong balance sheet and positive cash flow from operations are key elements to support future growth and in the development of the business.



Malcolm Smart  
Finance Director

24 June 2003

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**ROBERT DYAS HOLDINGS LIMITED**

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**REPORT OF THE DIRECTORS**  
**FOR THE 52 WEEKS ENDED 29 MARCH 2003**

The Directors submit their report for the 52 weeks ended 29 March 2003.

**1. REVIEW OF ACTIVITIES AND FUTURE TRADING**

The principal activity of the Company is the retailing of functional home and garden products to meet the local requirements of customers at 72 stores located in the South of England, of which 30 are within the M25 motorway in either good high street locations or modern shopping centres. A list of the current stores is set out on page 30. The Company has continued trading from its website which now carries an expanded range of mainly branded products.

A detailed business review including the operational and financial performance during the year and likely future developments are referred to in the statements on pages 2 to 5 of this Annual Report.

**2. DIRECTORS**

The Directors who served during the year were as follows:

L P Crookshank	
J D Leake	
M J Maskey	
R A Pedder	(Chairman)
S A Rand	(Sales and Marketing)
M Smart	(Finance)
B F Wilkinson	(Chief Executive)

In accordance with the Articles of Association of the Company, at the forthcoming Annual General Meeting Mr J D Leake and Mr M J Maskey, who retire by rotation, will offer themselves for re-election.

**3. DIRECTORS' SHARES AND INTERESTS**

The Directors who held office at the end of the financial year had the following interests in the share capital of the Company:

Ordinary shares of 5 pence each:

	<u>29 March 2003</u>			<u>30 March 2002</u>		
	Beneficial issued	Non beneficial issued*	Under option	Beneficial issued	Non beneficial issued*	Under option
L P Crookshank	25,000	-	-	25,000	-	-
J D Leake	10,000	-	-	10,000	-	-
M J Maskey	10,000	1,143,562	-	10,000	127,175	-
R A Pedder	764,441	-	166,000	764,441	-	126,000
S A Rand	689,893	-	180,881	689,893	-	180,881
M Smart	689,893	-	180,881	689,893	-	180,881
B F Wilkinson	1,302,362	-	379,912	1,302,362	-	379,912

\*These represent shares held in a trustee capacity.



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## ROBERT DYAS HOLDINGS LIMITED

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### REPORT OF THE DIRECTORS

#### FOR THE 52 WEEKS ENDED 29 MARCH 2003 – Continued

Mr R A Pedder held 18,322 and Mr M Smart held 18,000 Guaranteed Secured Loan Notes 2008 respectively in the Company as at the financial year-end. These holdings were the same as at 30 March 2002. On 1 April 2003, Mr Pedder and Mr Smart redeemed their respective holdings of Guaranteed Secured Loan Notes 2008.

#### **4. DIRECTORS' SHARE OPTIONS**

The Executive Directors and the Non-Executive Chairman were granted on 24 April 2001 the following options over the Ordinary 5 pence shares of the Company at 70 pence per share under the unapproved Executive Share Option Scheme:

Mr R A Pedder	126,000
Mr S A Rand	38,024
Mr M Smart	38,024
Mr B F Wilkinson	237,055

Mr Pedder was granted an option for an additional 40,000 Ordinary 5 pence shares of the Company at 165p per share following approval at the Extraordinary General Meeting of the Company held on 26 March 2003. The options granted under the unapproved Executive Share Option Scheme are exercisable for a period of up to 10 years from the date of grant and to date no options have been exercised.

In addition, options have been granted to the Executive Directors under the Enterprise Management Incentives Scheme and details are set out in 5 below.

#### **5. ENTERPRISE MANAGEMENT INCENTIVES SCHEME**

On 15 January 2001, the Company adopted the Enterprise Management Incentives Scheme under which the Executive Directors, together with 12 senior executives, were granted share options at a price of 70 pence per Ordinary 5 pence share. The following numbers of options were granted to the Executive Directors:

Mr S A Rand	142,857
Mr M Smart	142,857
Mr B F Wilkinson	142,857

To date, none of the options, which may be exercised for a period of 10 years from the date of grant, have been exercised although an option for 30,000 Ordinary 5 pence shares granted to a senior executive has lapsed following his resignation from the Company.

At the Extraordinary General Meeting held on 26 March 2003, the existing rules of the Enterprise Management Incentives Scheme were replaced with new rules and on 6 May 2003, a total of 217,000 share options were granted at a price of 165p per Ordinary 5 pence share, which may be exercised for a period of 10 years from the date of grant, to 123 senior and middle management employees at head office and in the stores.

#### **6. THE APPOINTMENTS AND REMUNERATION COMMITTEE AND THE AUDIT COMMITTEE**

The Appointments and Remuneration Committee is composed of all the Non-Executive Directors and is chaired by Mr M J Maskey. The Committee makes recommendations to the Board regarding Executive Directors' remuneration packages including bonuses, share options and other incentive schemes. In addition, this Committee considers appointments in respect of both Executive and Non-Executive Directors.

## ROBERT DYAS HOLDINGS LIMITED

### REPORT OF THE DIRECTORS

#### FOR THE 52 WEEKS ENDED 29 MARCH 2003 - Continued

- Executive Directors' Remuneration**

The objective of the Company's remuneration policy is to provide a level of remuneration, which will attract, retain and motivate Executive Directors and senior management of high quality. In addition to the basic salary, performance bonuses are payable based upon improvement in the financial results of the Company or, where appropriate, to recognise outstanding personal performance. Share options and longer-term incentives are also used as part of the Company's remuneration policy. The amounts involved and the frequency of issue are reviewed from time to time.

- Directors' Service Contracts**

#### **Executive Directors**

For each Executive Director, their contract may be terminated by the Company giving the Director not less than 12 months' notice and the Director giving the Company not less than three months' notice.

The Company makes pension contributions of up to 20% of basic salary to the Executive Directors. These contributions are paid into their respective private pension plan arrangements.

#### **Non-Executive Directors**

The remuneration of the Non-Executive Directors is set by the Board and consists of fees for their services in connection with Board and Committee meetings. With the exception of Mrs L P Crookshank, who represents the Dyas family interests and is entitled to serve for a term of up to two years, the other Non-Executive Directors have service agreements which may be terminated by either party giving 12 months' written notice in respect of Mr R A Pedder and by either party giving three months' written notice in respect of Mr J D Leake and Mr M J Maskey.

Mr R A Pedder has been granted options under the unapproved Executive Share Option Scheme. The Non-Executive Directors are not eligible for pension scheme membership and do not participate in any of the Company's bonus or share option or other incentive schemes.

- Analysis of the Directors' remuneration**

	Basic Salary/ Fees	Bonuses	Benefits in Kind	Total Remuneration		Pension Contributions	
	2003 £'000	2003 £'000	2003 £'000	2003 £'000	2002 £'000	2003 £'000	2002 £'000
<b>Executive</b>							
B F Wilkinson	170	475	33	678	283	29	24
S A Rand	128	379	21	528	207	19	18
M Smart	142	426	47	615	255	21	20
<b>Non-executive</b>							
R A Pedder	48	13	2	63	42	-	-
L P Crookshank	7	-	-	7	4	-	-
P S Johnson	-	-	-	-	2	-	-
J D Leake	21	-	-	21	17	-	-
M J Maskey	16	-	-	16	13	-	-
<b>Totals</b>	<b>532</b>	<b>1,293</b>	<b>103</b>	<b>1,928</b>	<b>823</b>	<b>69</b>	<b>62</b>

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**ROBERT DYAS HOLDINGS LIMITED**

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**REPORT OF THE DIRECTORS**  
**FOR THE 52 WEEKS ENDED 29 MARCH 2003 - Continued**

- **Audit Committee**

The Audit Committee consists of all the Non-Executive Directors and is chaired by Mr J D Leake. The Committee meets at least twice a year to review the Company's financial statements, financial reporting, accounting policies and internal control. The Company's external auditors attend each meeting, together with the Executive Directors whenever they are invited by the Committee.

- **Supply of information**

The members of the Audit Committee and the Appointments and Remuneration Committee are supplied with information on a regular basis to enable them to research matters prior to Board Meetings.

**7. DIRECTORS' RESPONSIBILITIES**

Company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and of the profit and loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

- **Corporate governance**

Although the Combined Code was prepared principally in relation to companies whose shares are dealt on the London Stock Exchange, the Company is committed to the principles of corporate governance contained in the Combined Code and intends to comply with it having due regard to the Company's circumstances.

The requirements of the Combined Code have been met with regard to service contracts with the exception of one Non-Executive Director who represents the Dyas family interests and is entitled to serve for a term of two years. In all other respects the Company has complied with the Combined Code. Further explanations of how the principles have been applied are set out below and, in connection with the directors' remuneration, in paragraph 6 above. The Company, due to its private status, has not nominated a Senior Independent Director or defined its remuneration policy in the Report of Directors as required if it were a listed company.

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**ROBERT DYAS HOLDINGS LIMITED**

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**REPORT OF THE DIRECTORS**  
**FOR THE 52 WEEKS ENDED 29 MARCH 2003 - Continued**

- **Internal control**

The Board of Directors has overall responsibility for the Company's system of internal control and risk management and reviewing its effectiveness. The responsibility for the implementation of the system is the responsibility of the Executive Directors. In devising internal controls, the Board has regard to the nature and extent of the risk, the likelihood of it crystallising and the cost of controls. A system of internal controls is designed to manage but not eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement, fraud or loss. The key procedures that the Board has established to provide effective internal controls are as follows:

**Risk management**

The Company's management has clear responsibility for identifying risks to the business and establishing procedures to mitigate and monitor such risks.

**Financial reporting**

A detailed formal budgeting process culminates in an annual Company budget, which is approved by the Board. Results are reported monthly against this budget and revised forecasts for the year are prepared at least quarterly.

**Capital expenditure**

The Company has clearly defined guidelines for capital expenditure. These include annual budgets, detailed appraisal and review procedures, defined levels of authority and due diligence requirements where businesses are being acquired. Post appraisals are performed for major investments.

- **Internal controls assurance**

The Board has established a control framework and assessed the key strategic, operational and financial risks facing the Company. This risk assessment is monitored by the Finance Director and reported to the Audit Committee. The Board reviews the effectiveness of the Company's internal financial control system.

The Audit Committee, on behalf of the Board, reviews the effectiveness of the system of internal control from information provided by management and the Company's external auditors. The review includes an assessment of the key risks affecting the Company in delivering its long-term strategies and performance of the internal audit function, which is responsible for the supervising of store and warehouse stock takes and fraud investigations.

The Audit Committee reviews the scope and effectiveness of the external audit. The independence and objectivity of the external auditors is also considered regularly, with particular regard to the level of any non-audit fees.

- **Going concern**

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing these financial statements.

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**ROBERT DYAS HOLDINGS LIMITED**

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**REPORT OF THE DIRECTORS**  
**FOR THE 52 WEEKS ENDED 29 MARCH 2003 - Continued****8. GROUP PROFIT AND LOSS ACCOUNT**

Retained profits for the year were:

	<u>2003</u>	<u>2002</u>
	<u>£'000</u>	<u>£'000</u>
Profit after taxation	2,268	2,338
Dividends	(1,265)	-
Balance brought forward	<u>3,308</u>	<u>970</u>
Balance carried forward	<u>4,311</u>	<u>3,308</u>

**9. DIVIDENDS**

The Directors authorised the payment of two interim dividends of 5 pence each on the Ordinary shares of the Company, the first was paid on 25 February 2003 to shareholders who were registered on 18 February 2003 and the second was paid on 7 April 2003 to shareholders who were registered on 2 April 2003.

**10. EMPLOYEES**

The Company maintains close consultation with its employees regarding matters likely to affect their interests and is committed to providing them with relevant information and involving them in the performance and development of the Company wherever possible.

The Company is an equal opportunities employer.

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

**11. CREDITOR PAYMENT POLICY**

For all trade creditors it is the Company policy to:

- Agree the terms of payment at the start of business with that supplier.
- Ensure that suppliers are aware of the terms of payment.
- Pay in accordance with its contractual and other legal obligations.

**12. CHARITABLE AND POLITICAL DONATIONS**

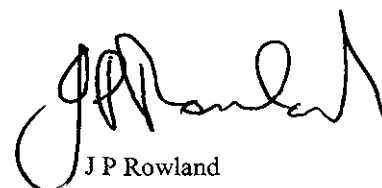
During the year the Company made charitable donations of £560 (2002: £270). No political donations were made during the year (2002: £nil).

**13. AUDITORS**

Blueprint Audit Limited have expressed their willingness to continue in office and a resolution to re-appoint them and authorise the Directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting.

Cleeve Court  
Cleeve Road  
Leatherhead  
Surrey  
KT22 7SD

By order of the Board



J P Rowland

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**ROBERT DYAS HOLDINGS LIMITED**

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24 June 2003

Company Secretary

**INDEPENDENT AUDITORS' REPORT**  
**TO THE MEMBERS OF ROBERT DYAS HOLDINGS LIMITED**

We have audited the financial statements on pages 13 to 29, which have been prepared under the historical cost convention and accounting policies set out on pages 17 and 18.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective Responsibilities of the Directors and Auditors**

As described in the Directors' Report, the Directors are responsible for the preparation of the financial statements.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all of the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Company is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises the Chairman's, Chief Executive's and Finance Director's Statements, and the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

**Basis of Opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 29 March 2003 and of the profit of the Group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*Blueprint Audit Limited*

BLUEPRINT AUDIT LIMITED  
Registered Auditor  
Chartered Accountants

66 Chiltern Street  
London  
W1U 4JT

24 June 2003

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**ROBERT DYAS HOLDINGS LIMITED**

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**GROUP PROFIT AND LOSS ACCOUNT**

	Notes	<u>52 Weeks ended</u> <u>29 March 2003</u>		<u>52 Weeks ended</u> <u>30 March 2002</u>	
		£'000	£'000	£'000	£'000
<b>TURNOVER</b>	2		72,982		61,961
Cost of sales			(40,040)		(33,959)
<b>GROSS PROFIT</b>			32,942		28,002
Selling and distribution expenses		(22,211)		(19,372)	
Administrative expenses		(7,876)		(6,022)	
			(30,087)		(25,394)
<b>OPERATING PROFIT</b>			2,855		2,608
<i>Analysed as:</i>					
Operating Profit before pre-opening costs			3,403		2,717
Pre-opening costs	1.5,4		(548)		(109)
Operating Profit			2,855		2,608
Profit on disposal of fixed assets			-		20
Interest receivable and similar income	4	511		462	
Interest payable and similar charges	6	(55)		(79)	
			456		383
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			3,311		3,011
Taxation	7		(1,043)		(673)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>			2,268		2,338
Dividends	9		(1,265)		-
<b>RETAINED PROFIT</b>	20		1,003		2,338
<b>EARNINGS PER SHARE</b>	10				
Basic Earnings per share			17.9p		18.5p
Adjusted for pre-opening costs			4.4p		0.9p
Adjusted basic earnings per share			22.3p		19.4p
Diluted Earnings per share			17.3p		18.5p
Adjusted for pre-opening costs			4.2p		0.9p
Adjusted diluted earnings per share			21.5p		19.4p

**Total Recognised Gains and Losses**

The Group has no recognised gains or losses other than the profit for the period.

**Notes**

The notes on pages 17 to 29 form part of these financial statements.

**ROBERT DYAS HOLDINGS LIMITED**

**GROUP BALANCE SHEET**

		<u>29 March 2003</u>		<u>30 March 2002</u>	
	Notes	£'000	£'000	£'000	£'000
<b><u>FIXED ASSETS</u></b>					
Tangible assets	11		7,360		6,160
Intangible assets	12		(174)		(262)
			7,186		5,898
<b><u>CURRENT ASSETS</u></b>					
Stocks	14	9,017		7,233	
Debtors	15	3,137		2,832	
Cash at bank and in hand		7,243		5,939	
		19,397		16,004	
<b><u>CREDITORS:</u></b> amounts falling due within one year	16	(15,525)		(11,881)	
<b><u>NET CURRENT ASSETS</u></b>			3,872		4,123
<b><u>TOTAL ASSETS LESS CURRENT LIABILITIES</u></b>			11,058		10,021
<b><u>CREDITORS:</u></b> amounts falling due after more than one year					
Loan Notes	17	1,968		2,576	
Bank Deposits		(1,968)	-	(2,576)	-
<b><u>PROVISION FOR LIABILITIES &amp; CHARGES</u></b>					
Deferred Taxation	18		(320)		(286)
			10,738		9,735
<b><u>CAPITAL &amp; RESERVES</u></b>					
Called up share capital	19		633		633
Share premium	20		5,794		5,794
Profit and loss account	20		4,311		3,308
<b><u>EQUITY SHAREHOLDERS' FUNDS</u></b>					
	21		10,738		9,735

The financial statements were approved by the Board on 24 June 2003 and signed on its behalf by:

R A PEDDER

*R A Pedder*

M SMART

*MS*

DIRECTORS

The notes on pages 17 to 29 form part of these financial statements.



**ROBERT DYAS HOLDINGS LIMITED**

**COMPANY BALANCE SHEET**

		<u>29 March 2003</u>		<u>30 March 2002</u>	
	Notes	£'000	£'000	£'000	£'000
<b><u>FIXED ASSETS</u></b>					
Tangible assets	11		7,360		6,160
Investments	13		<u>8,181</u>		<u>8,181</u>
			15,541		14,341
<b><u>CURRENT ASSETS</u></b>					
Stocks	14	9,017		7,233	
Debtors	15	3,137		2,832	
Cash at bank and in hand		<u>7,243</u>		<u>5,939</u>	
		19,397		16,004	
<b><u>CREDITORS:</u></b> amounts falling due within one year	16	<u>(25,247)</u>		<u>(21,603)</u>	
<b><u>NET CURRENT LIABILITIES</u></b>			<u>(5,850)</u>		<u>(5,599)</u>
<b><u>TOTAL ASSETS LESS CURRENT LIABILITIES</u></b>			9,691		8,742
<b><u>CREDITORS:</u></b> amounts falling due after more than one year					
Loan Notes	17	1,968		2,576	
Bank Deposits		<u>(1,968)</u>	-	<u>(2,576)</u>	-
<b><u>PROVISION FOR LIABILITIES &amp; CHARGES</u></b>					
Deferred Taxation	18		<u>(320)</u>		<u>(286)</u>
			<u>9,371</u>		<u>8,456</u>
<b><u>CAPITAL &amp; RESERVES</u></b>					
Called up share capital	19		633		633
Share premium	20		5,794		5,794
Profit and loss account	20		<u>2,944</u>		<u>2,029</u>
<b><u>EQUITY SHAREHOLDERS' FUNDS</u></b>					
	21		<u>9,371</u>		<u>8,456</u>

The financial statements were approved by the Board on 24 June 2003 and signed on its behalf by:

R A PEDDER

*R A Pedder*

*[Signature]*

DIRECTORS

M SMART

The notes on pages 17 to 29 form part of these financial statements.

**ROBERT DYAS HOLDINGS LIMITED**

**GROUP CASH FLOW STATEMENT**  
**FOR THE 52 WEEKS ENDED 29 MARCH 2003**

		<u>52 weeks ended</u> <u>29 March 2003</u>		<u>52 weeks ended</u> <u>30 March 2002</u>	
	Notes	£'000	£'000	£'000	£'000
<b><u>NET CASH FLOW FROM OPERATING ACTIVITIES</u></b>	24		4,728		5,111
<b><u>RETURNS ON INVESTMENTS &amp; SERVICING OF FINANCE</u></b>					
Other income	4	151		160	
Interest receivable	4	272		215	
Interest payable	6	(55)		(79)	
Net cash inflow from returns on investments & servicing of finance			368		296
<b><u>TAXATION</u></b>					
UK corporation tax paid		(302)		(10)	
Net cash outflow from taxation			(302)		(10)
<b><u>INVESTING ACTIVITIES</u></b>					
Receipt on disposal of tangible fixed assets		-		20	
Payments to acquire tangible fixed assets	11	(2,857)		(1,542)	
Net cash outflow from investing activities			(2,857)		(1,522)
<b><u>EQUITY DIVIDENDS PAID</u></b>					
First interim dividend paid	9		(633)		-
Net cash inflow before financing			1,304		3,875
<b><u>FINANCING</u></b>					
Issue of ordinary share capital		-		14	
Expenses of share issue		-		(84)	
Net cash outflow from financing			-		(70)
<b><u>INCREASE IN CASH IN THE PERIOD</u></b>	25		1,304		3,805

The notes on pages 17 to 29 form part of these financial statements.

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**ROBERT DYAS HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE 52 WEEKS ENDED 29 MARCH 2003****1. ACCOUNTING POLICIES****1.1. Accounting Convention**

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards. The accounting policies have been consistently applied.

**1.2. Turnover and Cost of Sales Comparatives**

Discounts and markdowns have previously been accounted for in Cost of Sales. The Directors have decided to amend this presentation by deducting discounts and markdowns from Turnover, and the figures for the 52 weeks ended 29 March 2003 are presented on this revised basis. Accordingly, the comparative figures for Turnover and Cost of Sales for the 52 weeks ended 29 March 2003 and the 52 weeks ended 30 March 2002 have been amended by £1,757,000 and £1,584,000 respectively.

**1.3. Basis of Consolidation**

The Group financial statements consolidate those of the subsidiary company, Robert Dyas Limited, made up to 29 March 2003 (30 March 2002).

**1.4. Depreciation and Impairment Review**

Freehold and long leasehold properties are depreciated over 50 years.

Provisions for impairment are made in accordance with Financial Reporting Standard 11.

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

Other fixed assets are depreciated over their estimated useful lives on the following bases:-

Motor vehicles	30%	Reducing Balance
Fixtures, fittings and equipment	7.5% - 33.33%	Straight Line

Assets in the course of construction are not depreciated until they have become operational.

**1.5. Pre-opening Costs**

Revenue costs, normally consisting of merchandising staff salaries, occupancy costs and related costs prior to the commencement of trade, at new stores and refurbishments are expensed in the year in which they are incurred.

**1.6. Negative Goodwill**

Negative goodwill arose on the acquisition of Robert Dyas Limited. It represented the excess of fair value of the net assets acquired over their cost. In accordance with Financial Reporting Standard 10, such goodwill is capitalised as an intangible asset and amortised on a straight line basis over the useful lives of the net assets to which the negative goodwill relates.

**1.7. Stocks**

Stocks comprise goods for resale and are valued at the lower of purchase cost and estimated selling price.

**1.8. Deferred Taxation**

Provision for deferred taxation on the excess of the book values of assets and liabilities over their corresponding values for taxation purposes is made in full in accordance with Financial Reporting Standard 19.

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**ROBERT DYAS HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE 52 WEEKS TO 29 MARCH 2003 - Continued****ACCOUNTING POLICIES - Continued****1.9. Operating Leases**

Rentals paid are charged to the profit and loss account on an accruals basis.

The benefits of any rent free periods are expensed over the initial lease period.

**1.10. Hire Purchase and Finance Lease Contracts**

Assets obtained under hire purchase and finance lease contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital element of the contract payment is included under creditors. The interest element of the contract obligations is charged to the profit and loss account over the period of the contract.

**1.11. Pension Scheme**

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

**2. TURNOVER**

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

Discounts and markdowns that have previously been accounted for in Cost of Sales, are now accounted for in Turnover. Comparatives have been restated accordingly.

**3. EMPLOYEE INFORMATION**

	<u>2003</u>	<u>2002</u>
The average number of persons employed by the Group, including Directors, during the period was as follows:		
Selling and distribution	868	754
Administration	<u>81</u>	<u>71</u>
	<u>949</u>	<u>825</u>

	<u>2003</u>	<u>2002</u>
	<u>£'000</u>	<u>£'000</u>
The aggregate payroll costs of these persons were as follows:		
Wages and salaries	11,228	9,156
Social security costs	940	723
Other pension costs	<u>188</u>	<u>175</u>
	<u>12,356</u>	<u>10,054</u>

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**ROBERT DYAS HOLDINGS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE 52 WEEKS TO 29 MARCH 2003 - Continued**
**4. PROFIT ON ORDINARY ACTIVITIES**

All profit is attributable to the Group's retail business in the United Kingdom.

	<u>2003</u> £'000	<u>2002</u> £'000
Profit is stated after charging:		
Directors' remuneration (note 5)	1,997	885
Auditors' remuneration		
- audit fee	34	34
- other fees	5	-
Pre-opening costs	548	109
Depreciation excluding impairment	1,657	1,430
Operating leases - land and buildings	5,880	5,256
- motor vehicles/equipment	<u>247</u>	<u>240</u>
Interest receivable and similar income:		
Negative goodwill	(88)	(87)
Rent receivable	(139)	(140)
Interest receivable	(272)	(215)
Sundry income	<u>(12)</u>	<u>(20)</u>
	<u>(511)</u>	<u>(462)</u>

The audit fee disclosed covers both the parent Company and the Group.

Pre-opening costs incurred for the 8 new stores and 1 refurbishment opened during the year amounted to £548,000 (2002: £109,000) and have been charged in arriving at operating profit. Due to the scale, scope and pace of this programme, the operating profit before and after charging pre-opening costs has been shown on the face of the Profit and Loss Account on page 13.

**5. DIRECTORS' REMUNERATION**

	<u>2003</u> £'000	<u>2002</u> £'000
Remuneration paid by the Group	1,928	823
Pension contributions	<u>69</u>	<u>62</u>
	<u>1,997</u>	<u>885</u>
<b>Highest paid Director</b>		
Remuneration	<u>£678,010</u>	<u>£283,086</u>
Contributions to defined contribution scheme	<u>£29,160</u>	<u>£23,775</u>
<b>Pensions Accruing:</b>	Number	Number
Defined contributions schemes	3	3

**6. INTEREST PAYABLE ON GUARANTEED LOAN NOTES 2008**

	<u>2003</u> £'000	<u>2002</u> £'000
Loan Note interest	<u>55</u>	<u>79</u>

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**ROBERT DYAS HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE 52 WEEKS ENDING 29 MARCH 2003 – Continued**

**7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

Analysis of charge in period:

	<u>2003</u> £'000	<u>2002</u> £'000
UK corporation tax at 30% (2002: 30%)	1,080	404
Adjustments in respect of prior periods	(71)	(17)
Deferred Taxation (note 18)	<u>34</u>	<u>286</u>
	<u>1,043</u>	<u>673</u>

The tax assessed for the period is higher than the standard rate of corporation tax (30%). The differences are shown below:

	<u>2003</u> £'000	<u>2002</u> £'000
Profit on ordinary activities before tax	<u>3,311</u>	<u>3,011</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002: 30%)	993	904
Effects of:		
Goodwill amortisation	(26)	26
Depreciation on non-qualifying assets, for which no tax relief available	110	88
Other permanent disallowables	<u>37</u>	<u>16</u>
Permanent differences	121	130
Utilisation of losses	-	(620)
Adjustment in deferred tax provision in respect of prior period	-	276
Adjustment for the prior period over provision for corporation tax	<u>(71)</u>	<u>(17)</u>
Tax charge per accounts	<u>1,043</u>	<u>673</u>

**8. COMPANY PROFIT AND LOSS ACCOUNT**

The Company has not presented its profit and loss account as permitted by section 230 of the Companies Act 1985. The Company's retained profit for the year was £915,000 (2002: £2,251,000).

**9. DIVIDENDS**

	<u>2003</u> £'000	<u>2002</u> £'000
Equity dividends on Ordinary shares:		
Interim dividend paid of 5p per share (2002: nil)	633	-
Second interim dividend payable 7 April 2003 of 5p per share (2002: nil)	<u>632</u>	<u>-</u>
Total dividends on Ordinary shares	<u>1,265</u>	<u>-</u>

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**ROBERT DYAS HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE 52 WEEKS ENDED 29 MARCH 2003 – Continued**

10. **EARNINGS PER SHARE**

Earnings per share is calculated on the profit on ordinary activities after taxation of £2,268,000 (2002: £2,338,000), divided by the weighted average number of Ordinary shares in issue during the year of 12,654,986 (2002: 12,647,074). Diluted earnings per share is calculated on the profit on ordinary activities after taxation divided by the aggregate of the weighted average number of Ordinary shares in issue and 469,717 (2002: nil) being the number of Ordinary shares which are the subject of share options, in total 13,124,703 (2002: 12,647,074).

11. **TANGIBLE FIXED ASSETS - GROUP & COMPANY**

	<b><u>Leasehold Land and Buildings</u></b>	<b><u>Motor Vehicles</u></b>	<b><u>Fixtures, Fittings &amp; Equipment</u></b>	<b><u>Total</u></b>
	<b><u>£'000</u></b>	<b><u>£'000</u></b>	<b><u>£'000</u></b>	<b><u>£'000</u></b>
<b><u>Cost</u></b>				
At 30 March 2002	2,026	24	12,469	14,519
Additions	368	-	2,489	2,857
Disposals	<u>(8)</u>	<u>(24)</u>	<u>(135)</u>	<u>(167)</u>
At 29 March 2003	<u>2,386</u>	<u>-</u>	<u>14,823</u>	<u>17,209</u>
<b><u>Depreciation</u></b>				
At 30 March 2002	1,152	24	7,183	8,359
Charged in period	172	-	1,485	1,657
Disposals	<u>(8)</u>	<u>(24)</u>	<u>(135)</u>	<u>(167)</u>
At 29 March 2003	<u>1,316</u>	<u>-</u>	<u>8,533</u>	<u>9,849</u>
<b><u>Net Book Value</u></b>				
At 29 March 2003	<u>1,070</u>	<u>-</u>	<u>6,290</u>	<u>7,360</u>
At 30 March 2002	<u>874</u>	<u>-</u>	<u>5,286</u>	<u>6,160</u>

**Leasehold Land and Buildings Comprise:**

	<b><u>2003</u></b>	<b><u>2002</u></b>
	<b><u>£'000</u></b>	<b><u>£'000</u></b>
Long leases	212	212
Short leases	<u>2,174</u>	<u>1,814</u>
	<u>2,386</u>	<u>2,026</u>

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**ROBERT DYAS HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE 52 WEEKS ENDED 29 MARCH 2003 – Continued**

**12. INTANGIBLE FIXED ASSETS – GROUP**

	<b><u>Negative Goodwill</u></b>
	<b><u>£'000</u></b>
<b><u>Cost</u></b>	
At 30 March 2002	(708)
Additions	-
At 29 March 2003	<u>(708)</u>
<b><u>Amortisation</u></b>	
At 30 March 2002	446
Credited to the Profit and Loss Account for the period	<u>88</u>
At 29 March 2003	<u>534</u>
<b><u>Net Book Value</u></b>	
At 30 March 2002	<u>(262)</u>
At 29 March 2003	<u>(174)</u>

Negative Goodwill arising on the acquisition on 23 January 2001 of Robert Dyas Limited has been capitalised. This is being credited to the profit and loss account over the useful lives of the fixed assets and working capital to which the negative goodwill relates.

**13. INVESTMENTS – COMPANY**

Shares in Subsidiary undertakings	<b><u>2003</u></b>	<b><u>2002</u></b>
	<b><u>£'000</u></b>	<b><u>£'000</u></b>
<b><u>Cost and Net Book Value:</u></b>		
At beginning of period	8,181	8,181
Additions	-	-
At end of period	<u>8,181</u>	<u>8,181</u>

On 23 January 2001 Robert Dyas Holdings Limited purchased 100% of the ordinary share capital in Robert Dyas Limited, incorporated in Great Britain. The company is now dormant.

**14. STOCKS**

	<b><u>GROUP &amp; COMPANY</u></b>	
	<b><u>2003</u></b>	<b><u>2002</u></b>
	<b><u>£'000</u></b>	<b><u>£'000</u></b>
Goods for resale	<u>9,017</u>	<u>7,233</u>

**15. DEBTORS**

	<b><u>GROUP &amp; COMPANY</u></b>	
	<b><u>2003</u></b>	<b><u>2002</u></b>
	<b><u>£'000</u></b>	<b><u>£'000</u></b>
Trade debtors	110	168
Other debtors	933	905
Prepayments and accrued income	<u>2,094</u>	<u>1,759</u>
	<u>3,137</u>	<u>2,832</u>



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## ROBERT DYAS HOLDINGS LIMITED

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### **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE 52 WEEKS ENDED 29 MARCH 2003 – Continued**

#### 16. **CREDITORS**

Amounts falling due within one year:

	<b>GROUP</b>		<b>COMPANY</b>	
	<b><u>2003</u></b>	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2002</u></b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Third Party Creditors				
Trade creditors	10,524	7,348	10,524	7,348
Corporation Tax	1,111	404	1,111	404
Other taxation and social security	1,549	2,075	1,549	2,075
Second interim dividend	632	-	632	-
Accruals and other creditors	<u>1,709</u>	<u>2,054</u>	<u>1,709</u>	<u>2,054</u>
	15,525	11,881	15,525	11,881
Amounts owed to subsidiary undertakings	-	-	<u>9,722</u>	<u>9,722</u>
	<u>15,525</u>	<u>11,881</u>	<u>25,247</u>	<u>21,603</u>

#### 17. **CREDITORS**

Amounts falling due after more than one year:

##### **Guaranteed Loan Notes 2008**

The Loan Notes at 70p nominal value are guaranteed by Singer & Friedlander Limited (Singer) both for the principal payable and interest thereon. Interest is payable on the Loan Notes at 1.5% below the base rate of Singer.

Movement in the year:	<b>Number of Loan Notes</b>	<b>£</b>
Balance at 30 March 2002	3,679,602	2,575,721
Redeemed	<u>868,681</u>	<u>608,077</u>
Balance at 29 March 2003	<u>2,810,921</u>	<u>1,967,644</u>

The amount deposited with Singer by the Company at 29 March 2003 amounted to £1,967,644. This is held in a separate account to enable the repayment of the Loan Notes and interest arising to be made. Interest is receivable at base rate on the cash deposit at the bank.

The matching of the Loan Notes against the bank deposit as a linked presentation has been made in compliance with Financial Reporting Standard 5 - Substance of Transactions.

The Loan Notes are redeemable by the Company on 2 February 2008 or earlier, by request in accordance with their terms. On 1 April 2002, 237,000 Loan Notes totalling £165,900 were redeemed and on 1 October 2002 a further 631,681 Loan Notes totalling £442,177 were redeemed. On 1 April 2003, 151,931 Loan Notes totalling £106,352 were redeemed.

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**ROBERT DYAS HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE 52 WEEKS ENDED 29 MARCH 2003 – Continued****18. PROVISION FOR LIABILITIES AND CHARGES – GROUP****Deferred Tax**

The Company has provided fully for deferred taxation in accordance with Financial Reporting Standard 19, in the current year at 30%. The provision comprises only accelerated capital allowances.

	<u>2003</u>	<u>2002</u>
	<u>£'000</u>	<u>£'000</u>
<b>Movement in the year:</b>		
At beginning of period	286	-
Transfer to profit and loss account (note 7)	<u>34</u>	<u>286</u>
	<u>320</u>	<u>286</u>

**19. CALLED UP SHARE CAPITAL**

	<u>2003</u>	<u>2002</u>
	<u>£'000</u>	<u>£'000</u>
Authorised:		
Equity interests 20,000,000 Ordinary shares of 5p each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid:		
Equity interests 12,654,986 Ordinary shares of 5p each	<u>633</u>	<u>633</u>

**Share Options**

As at the end of the financial period, the following options are outstanding in relation to the unapproved Executive Share Option Scheme in respect of 479,103 Ordinary shares of 5p each.

	Exercise Price	Date of Grant	No. of Options Granted	Latest Date Exercisable
R A Pedder	70p	24 April 2001	126,000	24 April 2011
	165p	26 March 2003	40,000	26 March 2013
S A Rand	70p	24 April 2001	38,024	24 April 2011
M Smart	70p	24 April 2001	38,024	24 April 2011
B F Wilkinson	70p	24 April 2001	237,055	24 April 2011

No Options were exercised or lapsed during the year.

## ROBERT DYAS HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 29 MARCH 2003 – Continued

#### 19. CALLED UP SHARE CAPITAL - Continued

##### **Enterprise Management Incentives Scheme (EMI)**

As at the end of the financial period, options issued in accordance with the rules of the EMI Scheme on 15 January 2001 at 70p per Ordinary 5p share and representing 778,571 Ordinary shares were all outstanding.

EMI options were granted to directors as follows:

		Latest Date Exercisable
S A Rand	142,857	15 January 2011
M Smart	142,857	15 January 2011
B F Wilkinson	142,857	15 January 2011
EMI options granted to other employees	350,000	15 January 2011
Total	<u>778,571</u>	

During the year an option for 30,000 Ordinary 5p shares granted to a senior executive lapsed following his resignation from the Company.

On 6 May 2003 a second tranche of share options was issued to a total of 123 senior and middle management employees at head office and in the stores at a price of 165p per Ordinary 5p share

217,000 6 May 2013

#### 20. RESERVES

	<u>GROUP &amp; COMPANY</u> <u>Share Premium</u> £'000	<u>GROUP</u> <u>Profit &amp; Loss Account</u> £'000	<u>COMPANY</u> <u>£'000</u>
Balance at 30 March 2002	5,794	3,308	2,029
Retained profit for the year	-	1,003	915
Balance at 29 March 2003	<u>5,794</u>	<u>4,311</u>	<u>2,944</u>

#### 21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>GROUP</u> £'000	<u>COMPANY</u> £'000
Balance at 30 March 2002	9,735	8,456
Profit for the period	1,003	915
Balance at 29 March 2003	<u>10,738</u>	<u>9,371</u>

#### 22. OPERATING LEASES - GROUP AND COMPANY

Commitments to pay rents during the next year under operating leases on land, buildings and equipment are as follows:

	<u>2003</u> £'000	<u>2003</u> £'000	<u>2002</u> £'000	<u>2002</u> £'000
	Land & Buildings	Equipment	Land & Buildings	Equipment
On leases expiring within:				
one year	520	43	504	47
two to five years	1,296	165	719	145
over five years	<u>4,989</u>	-	<u>4,224</u>	-
	<u>6,805</u>	<u>208</u>	<u>5,447</u>	<u>192</u>

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**ROBERT DYAS HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE 52 WEEKS ENDED 29 MARCH 2003 – Continued****23. PENSIONS**

The Company has continued to account for pensions in accordance with SSAP 24 and the disclosures given in (a) are those required by that standard. FRS 17 “Retirement Benefits” was issued in November 2000 but will not be mandatory for the Company until the year ending 31 March 2006. Prior to this, phased transitional disclosures are required. These disclosures, to the extent not given in (a), are set out in (b).

**(a) Pension scheme**

The Company operates one main pension scheme for its employees, the Robert Dyas Limited Pension and Life Assurance Scheme (‘the Pension Scheme’). The Pension 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 defined benefit section is closed to new members.

The Pension Scheme’s assets are held separately from the assets of the Company and are administered by trustees and managed professionally.

The latest valuation of the Pension Scheme was made at 1 April 2002 by Mr N P Hacking, Fellow of the Institute of Actuaries. The valuation results disclose a past service surplus of £115,000 on the on-going basis, representing a funding level of 102%. The main actuarial assumptions used for the valuation were that future investment returns would average 8% per annum up to retirement age and 5% per annum thereafter. The market value of the Pension Scheme’s assets was £5,869,000 as at 1 April 2002.

The total pension cost for the Company for the 52 weeks to 29 March 2003 was £119,544 (2002: £112,281). This all relates to the defined contribution scheme.

**(b) FRS 17 Retirement Benefits**

The valuation used for FRS 17 disclosures has been based on an actuarial review of the Pension Scheme as at 31 March 2003 carried out by Mr N P Hacking, Fellow of the Institute of Actuaries. This actuarial review takes account of the requirements of FRS 17 in order to assess the liabilities of the Pension Scheme at 31 March 2003. Pension Scheme assets are stated at their market value as at that date. The next formal actuarial valuation of the Scheme should be made as at a date no later than 1 April 2005.

The financial assumptions used to calculate Pension Scheme liabilities under FRS 17 are:

	<b>At 29 March 2003</b>	<b>At 30 March 2002</b>
Rate of increase on salaries	n/a	n/a
Rate of increase in pensions in payment	3.00%	3.00%
Rate of revaluation of pensions in deferment	2.25%	2.50%
Discount rate	5.75%	6.25%

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**ROBERT DYAS HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE 52 WEEKS ENDED 29 MARCH 2003 – Continued**

23. **PENSIONS – Continued**

(b) **FRS 17 Retirement Benefits - Continued**

The assets in the Pension Scheme and the expected rate of return were:

	29 March 2003 Expected Long Term Return %	Value £'000	30 March 2002 Expected Long Term Return %	Value £'000
Equities	8.50	3,885	8.00	5,149
Bonds	5.50	416	6.00	468
Other	5.50	<u>7</u>	6.00	<u>4</u>
Total market value		4,308		5,621
Present value of Pension Scheme liabilities		<u>(6,701)</u>		<u>(5,679)</u>
Deficit in the Pension Scheme		(2,393)		(58)
Related deferred tax asset		<u>718</u>		<u>17</u>
Net Pension Scheme liability on FRS 17 basis		<u>(1,675)</u>		<u>(41)</u>

Had FRS 17 been adopted in full the following amounts would have been included in the financial statements.

	29 March 2003 £'000	30 March 2002 £'000
Net Assets		
Net assets excluding pension liability	10,738	9,735
Pension liability	<u>(1,675)</u>	<u>(41)</u>
Net Assets including pension liability	<u>9,063</u>	<u>9,694</u>
Reserves		
Profit & Loss excluding pension liability	4,311	3,308
Pension Liability	<u>(1,675)</u>	<u>(41)</u>
Profit & Loss reserve including pension liability	<u>2,636</u>	<u>3,267</u>

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**ROBERT DYAS HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE 52 WEEKS ENDED 29 MARCH 2003 – Continued**

23. **PENSIONS – Continued**

(b) **FRS 17 Retirement Benefits - continued**

	52 weeks ended 29 March 2003 £'000
<b>Amount charged to Operating Profit</b>	
Current Service Cost (excl employee contributions)	120
Past Service Cost	-
Settlements & Curtailments	-
<b>Total Operating Charge</b>	<b><u>120</u></b>
<b>Amount charged to Other Finance Income</b>	
Expected return on assets	439
Interest on scheme liabilities	<u>363</u>
<b>Net return</b>	<b><u>76</u></b>
<b>Amount recognised in STRGL</b>	
Actual less expected return on assets	(1,739)
Experience gains/(losses) on liabilities	(96)
Effect of change in assumptions on liabilities	<u>(576)</u>
<b>Total Gain/(Loss) recognised in STRGL</b>	<b><u>(2,411)</u></b>
<b>Movement during the year</b>	
Deficit in scheme at 30 March 2002	(58)
Current service cost (excl employee contributions)	(120)
Cash contribution (excl employee contributions)	120
Past service costs	-
Other finance income	76
Actuarial loss	<u>(2,411)</u>
<b>Deficit in Scheme at 29 March 2003</b>	<b><u>(2,393)</u></b>
<b>History of experience gains &amp; losses</b>	
Difference between expected and actual returns on Scheme assets:	
Amount	(1,739)
% of assets at 29 March 2003	(40.37%)
Experience gains/(losses) on Scheme liabilities:	
Amount	(96)
% of liabilities at 29 March 2003	(1.43%)
Total actuarial gain/(loss):	
Amount	(2,411)
% of liabilities at 29 March 2003	(35.98%)

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**ROBERT DYAS HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE 52 WEEKS ENDED 29 MARCH 2003 – Continued****24. NET CASH FLOW FROM OPERATING ACTIVITIES**

	<u>2003</u>	<u>2002</u>
	<u>£'000</u>	<u>£'000</u>
Operating profit	2,855	2,608
Depreciation on fixed assets	1,657	1,430
Increase in stock	(1,784)	(826)
Increase in debtors	(305)	(437)
Increase in creditors	<u>2,305</u>	<u>2,336</u>
Net cash inflow from operating activities	<u>4,728</u>	<u>5,111</u>

**25. ANALYSIS OF NET CASH**

	<u>At 30</u>	<u>Cash</u>	<u>At 29</u>
	<u>March</u>	<u>Flow</u>	<u>March</u>
	<u>2002</u>	<u>2003</u>	<u>2003</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Cash in hand at bank	5,939	1,304	7,243
Loan Notes	(2,576)	608	(1,968)
Bank Deposits	<u>2,576</u>	<u>(608)</u>	<u>1,968</u>
	<u>5,939</u>	<u>1,304</u>	<u>7,243</u>
Analysed as:			
Money market deposits	5,400	1,400	6,800
Cash	<u>539</u>	<u>(96)</u>	<u>443</u>
	<u>5,939</u>	<u>1,304</u>	<u>7,243</u>

The money market deposits of £6.8 million (2002: £5.4 million) comprise short-term overnight cash deposits £1.3 million, 2-day cash deposits £2 million both with the Royal Bank of Scotland and weekly cash deposits of £3.5 million with the Anglo Irish Bank.

**26. GUARANTEES AND CONTINGENT LIABILITIES**

At 29 March 2003, the Group had a contingent liability in respect of guarantees issued to H M Customs and Excise in connection with Value Added Tax amounting to £100,000, and had entered into a contract for letters of credit with outstanding amounts of £415,000. There is a cross-guarantee between Robert Dyas Holdings Limited and Robert Dyas Limited in respect of bank facilities.

**27. CAPITAL AND FINANCIAL COMMITMENTS - GROUP AND COMPANY**

At 29 March 2003, the Group's capital and financial commitments other than those disclosed in Note 22 Operating Leases and Note 17 Loan Notes were as follows:

£'000

Authorised by the Board and contracted for  
but not provided for in the financial statements 186

**28. RELATED PARTY DISCLOSURES**

Advantage has been taken of the exemption from disclosing transactions with the subsidiary company, as these are included in the group accounts.

**29. CONTROLLING PARTY**

The Company is controlled by its Shareholders. No Shareholder has a controlling interest.

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**ROBERT DYAS HOLDINGS LIMITED**

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**LIST OF STORES****CITY OF LONDON**

6 Byward Street, London EC3  
16-19, 1 Canada Square E14  
167 Fleet Street, London EC4  
82 Gracechurch Street, EC3  
4 High Holborn, WC1  
18-20 Moorfields, EC2Y  
6 Queen Street, EC4

**CENTRAL LONDON**

15-17 Artillery Row, SW1  
188 Earls Court Road, SW5  
201 Kensington High Street, W8  
97 St. Martin's Lane, WC2  
123 Tottenham Court Road, W1

**OTHER STORES**

Banstead 42 High Street  
Barnet 106 High Street  
Basingstoke 2 Old Basing Mall  
Bexleyheath 116 Broadway  
Bognor Regis 21 London Road  
Boscombe 10/11 Sovereign Centre  
Brentwood 96-97 High Street  
Brighton 74 Western Road  
Bristol Units 18/19 Galleries Centre  
Cheltenham 206 High Street  
Chichester 80 North Street  
Chippenhams 30 Borough Parade Shopping Centre  
Chiswick 326 Chiswick High Road  
Christchurch 22 Saxon Square  
Cobham 12 High Street  
Colchester 45-47 High Street  
Crawley 92/93 County Mall  
Dorchester 53 South Street  
Dorking 20-28 High Street  
Ealing 113-115 Pitshanger Lane  
Eastbourne 18 The Arndale Centre  
East Grinstead 61-63 London Road  
Eastleigh 4/5 The Swan Centre  
Epsom 9 High Street  
Farnham 42 Downing Street  
Finchley Road 183 Finchley Road  
Godalming 21-23 High Street  
Guildford 25-27 White Lion Walk  
Harrow 318 Station Road  
Hastings Unit 5, Priory Meadow Shopping Centre

**OTHER STORES continued**

Havant 10/11 The Meridian Shopping Centre  
Haywards Heath 81-83 South Road  
Henley-on-Thames 26-28 Bell Street  
Horsham 21-21A West Street  
Lakeside 201 Thurrock Lakeside Shopping Centre  
Maidstone 28-32 Gabriels Hill  
North Finchley 730-732 High Road  
Orpington 174-176 High Street  
Oxford St. Michael's Hall, Shoe Lane  
Petersfield 10-11 Rams Walk  
Poole 124/126 High Street  
Putney 45 Putney High Street  
Richmond 1-3 Lower George Street  
Salisbury 30 The Maltings  
Slough 78-79 Queensmere Centre  
Southampton 54 Above Bar Street  
Southsea 25-27 Palmerston Road  
Staines 4 Friends Walk  
St Albans 45-47 St Peters Street  
Sutton St. Nicholas Centre, St Nicholas Way  
Tonbridge 26-28 High Street  
Waterlooville Units 10 & 11, Dukes Walk  
Walton-on-Thames 40 High Street  
Wimbledon 61 The Broadway  
Winchester 3 Upper Brook Street  
Windsor 35-36 Peascod Street  
Woking 34 Wolsley Walk  
Wokingham 19/21 Market Place  
Woodley 57-59 Crockhamwell Road  
Worthing 28-30 South Street

**NEW STORE**

Newbury 83/84 Northbrook Street