

Furniture Village Holdings Limited

Report and Financial Statements

For the 66 weeks ended 3 July 2022

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Officers and professional advisors

Directors

P J Harrison	(Executive Chairman)
C E Shiels	(Resigned 31 August 2022)
C G Harrison	
E G Wynne	
M Broughton	(Appointed 1 April 2021)
N J Hipkiss	(Appointed 4 July 2022)
D S Ayers	(Appointed 26 January 2023)
C J Cooper	(Appointed 26 January 2023)

Non-executive Directors

J C Hodgkinson	(Resigned 26 January 2023)
S McPartland MP	(Resigned 8 July 2022 and re-appointed 22 November 2022)
J E Vinson	(Resigned 30 November)
M Cowan	(Appointed 26 January 2023)

Secretary

E G Wynne

Independent Auditors

Ernst & Young LLP
R+ Building
2 Blagrove St,
Reading
Berkshire RG1 1AZ

Bankers

Bank of Scotland
33 Old Broad Street
London EC2N 1HW

Registered Office

258 Bath Road
Slough
Berkshire SL1 4DX

Strategic Report

The Directors present their Strategic Report for the 66 weeks ended 3 July 2022.

Principal activity

These financial statements consolidate the financial statements of Furniture Village Holdings Limited and all its subsidiary undertakings, referred to throughout these financial statements as "the Group/Group".

The principal activity of the Group is the sale of quality furniture in the retail market, with Furniture Village positioned at the mid to upper end of the UK volume furniture retail market.

Change in Accounting reference date

On 9 March 2021, the Board decided to extend the Group accounting reference date. This report therefore covers the 66-week period from 29 March 2021 to 3 July 2022. The previous report covered the 52 weeks to 28 March 2021.

The decision to extend the accounting reference date was driven primarily by operational effectiveness considerations. The previous accounting reference date fell at the end of March (the end of the first calendar quarter), which meant the business was subject to the volatile influences of both Chinese New Year and Easter on supply chains.

Changing the accounting reference date to the end of the second calendar quarter now removes this volatility and should therefore contribute to improved operational effectiveness and allow for better comparability of results between trading periods.

Review of the business

Our people and our customers remain at the heart of everything we do, with our culture being firmly rooted in our core 'family values', carefully positioned alongside an ambition to continue building a successful, growing business, one in which everyone is able to share in the rewards of their efforts.

Throughout the Covid-19 pandemic, our focus was to protect both the lives and livelihoods of our people and our customers. We are especially proud of the steps we took and the diligence, courage, commitment and flexibility our people showed in creating Covid-Safe working environments across all sites.

That allowed us to trade successfully when permitted to do so and to re-open fully when restrictions were finally lifted in April 2021. This report therefore reflects a very strong set of results for the 66 weeks ended 3 July 2022, delivering record revenues, significant profit growth and healthy cash flows.

Financial Key Performance

Indicators (KPI's):

	Reported 66 Weeks 2022	Reported 52 weeks 2021	Reported Total Change
Revenue or Deliveries (net of Vat)	£474.9m	£255.1m	£219.8m
Gross Profit %	43.9%	45.8%	-1.9 points
EBITDA*	£23.7m	£13.1m	£10.6m
Profit/(loss) after taxation	£10.0m	£3.2m	£6.8m
Cash Balance	£48.6m	£37.6m	£11.0m

*Earnings Before Interest, Tax, Depreciation and Amortisation

Strategic Report (continued)

There is no doubt that we benefitted from the pent-up demand for homewares when our stores re-opened post lockdown. There is also no question that the ongoing investment in our people, our stores, our digital capability and importantly our product offer during these disrupted past two years played their part to the full. This allowed us to emerge an even stronger, more agile business, more united and better positioned to take advantage of the increased customer flow.

Our strategy is firmly built upon the synergistic relationship between our physical stores and our digital, online presence. Whilst we experienced substantial growth in participation of online orders during the pandemic, the majority of our customers still prefer to 'touch and feel' their furniture ahead of purchasing and this remains by far the greatest route to market for us.

We consequently expanded our physical store portfolio during the 66-week period covered by this report, with Crawley having opened in April 2021 and Sheffield having opened in October 2021. The portfolio at 3 July 2022 was therefore 54 stores (April 2021: 52 stores), extending physical accessibility across much of the United Kingdom.

We are therefore very pleased to have produced another period of profitable market share growth, with order intake increasing significantly. In our view, that clearly demonstrates the appeal of our offer and our capacity to both attract and convert customers through our physical and digital channels.

Although the translation of order intake into delivered sales (revenue) was impacted by the world-wide supply chain disruption, the growth in total delivered volumes was nevertheless substantial. In keeping with many others, margins were dented by additional shipping container costs, and we also increased our internal warehouse and distribution capacity to meet the additional customer demand and delivery expectations.

However, good cost control and economies of scale meant the additional volumes contributed to a record-breaking EBITDA of £23.7 million and a strong Profit after tax of £10.0million.

The business model remains highly cash generative, and the strong cash inflow from continuing operating activities produced a healthy closing cash position of £48.6million.

During the year, the Investment Loan owed to the Business Growth Fund was also settled in full.

Outlook

Following an extraordinary period in which demand for products for the home was incredibly strong, it's of little surprise that current high inflation and the rising cost of living are having a dampening effect upon consumer confidence.

Despite this, we have continued to trade strongly during this new financial year, as improved conversion of store visitors to customers, along with increased order values per customer, has mitigated the reduced customer numbers. Although understandably lower than last year, our order intake over the first 26 weeks has shown a like for like 11% increase against the equivalent (pre-Covid) 2019 period.

Given the anticipated 'normalisation' of demand following this extraordinary trading year, the level of demand in the current year has even exceeded our own expectations and consequently the levels of profitability and cash generation have remained not only positive, but ahead of our projections..

We continue to invest in our network of physical showrooms and are delighted to have further expanded the store estate with a new store in Colchester, opened in December 2022. We therefore now have 55 well-invested showrooms (2022: 54), staffed by our highly motivated and well-trained sales teams. We also continue to invest in our website to ensure we keep inspiring our customers, making it easy for them to browse and buy online.

The importance of the 'final mile' is key to our customer experience and so we have also invested in our customer fulfilment teams and have seen significant improvements in the operational capability, service levels and efficiencies as a result.

Strategic Report (continued)

These are uncertain times, with the rising UK cost of living continuing to place pressures on our customers and colleagues. Despite a solid first half to the 2022/23 financial year, we remain mindful of the risk that the volatile political and economic backdrop may have on already dented consumer confidence levels.

The Group Senior Leadership Team is focused on controlling the things which can be controlled whilst remaining alert and agile to deal with the unexpected. Notwithstanding the market-wide challenges faced by the Group, the Board is confident that our people, products and platforms are well positioned to successfully navigate the challenges ahead, convert opportunities to grow market share and emerge stronger than ever.

Share Buy-back

It has long been an ambition for the business to be a 'family partnership', one that is a limited liability company solely owned by the founding family and a business that provides the opportunity for all to truly share in the rewards of their efforts. This ambition has been a patient priority of the founders and executives of our company for some considerable time and we are pleased to confirm that a successful share buy-back arrangement was concluded on 30 November 2022, with the only remaining shareholders being the directors P J Harrison and C G Harrison as well as our Employment Benefit Trust. The consideration to execute the share buy-back is materially consistent with the provisions recognised in these financial statements including the Business Growth Fund option, disclosed in Note 17.

We are further pleased to confirm that all funds associated with this buyout are covered from within the company's existing capital reserves, which more than adequately support the share purchases.

Principal Risks and Uncertainties

The business has assessed the impact of Brexit and has determined that there has been no significant impact on the business.

The principal risks are segmented and managed accordingly:

Strategic risk

The trading strategy is regularly revisited and reviewed to ensure its appropriateness to today's trading environment and customer trends. As such, we remain convinced that the broad strategic direction which has served us so well over many years remains the relevant one for the market in which we operate, as consumers place increasingly more emphasis on trust, service, quality, choice and value, playing strongly to our existing core strengths.

We continue to invest in the internet site and multi-channel, though we are steadfast in the need for both stores and online, particularly at the mid to upper end of the furniture market where customers still want to 'touch and feel' the furniture.

Covid19 risk

Covid19 was initially identified as a supply chain risk, before increasing to a business resilience risk as cases escalated and lockdown measures were deployed in the UK, albeit this was mitigated by initiatives to drive customers online and to utilise other technological mediums such as video calls, to bring the store to the customer.

Since the re-opening of our stores in April 2021, the success of the national vaccination programme and the adherence to our internal safety measures has meant no further disruption to the business from an order intake perspective. The only element of risk currently relates to the ongoing supply chain disruption and increased container costs, both of which have now returned to pre-Covid levels post year-end.

Our assessment therefore is that Covid-19 now represents a very low risk to the business.

Strategic Report (continued)

Financial risk

The Group aims to maintain good working relationships with all financial counterparties and engages proactively to ensure they understand the Group financial performance. We regularly review financial forecasts and wide-ranging sensitivities to ensure robust levels of cash headroom.

New investment opportunities are subject to detailed and rigorous financial appraisal and foreign exchange risks are managed through the use of forward purchases as appropriate.

Cyber Crime and General Data Protection Regulation (GDPR) risk

During the reporting period (May 2021), the group was subject to a sophisticated Cyber Incident, the impact which was significantly mitigated due to the existing security in place. All relevant authorities were informed of the incident, necessary reactive steps taken to mitigate any loss and additional measures have been taken to prevent a re-occurrence. Thankfully, no customer data was lost and no further reporting nor actions beyond those already in place were required to be taken.

Since the introduction of GDPR we have robust policies in place to ensure we comply with the regulations and although an independent review of our systems confirmed that there was no breach of our customer database, these have been further reviewed in light of the Cyber Incident.

Operational risk

Store managers, supported by regional management, ensure operational standards are maintained and our focus on quality stores, systems and infrastructure seek to ensure consistency of performance, bolstered further by the deployment of 'Best Practice' throughout the Group.

Our supplier base is managed in an open, honest and constructive manner, with quality of service being of huge importance to us and regular dialogue continues to ensure adherence to our exacting product standards and lead-time requirements. Furthermore, we seek to ensure that key suppliers are able to adapt to unforeseen circumstances and/or fluctuations in demand to minimise any supply chain risk.

Health & Safety and other Regulatory Compliance risk

The business takes its compliance responsibilities very seriously and seeks to adhere to all relevant legislation. We also engage with external parties, including having a Primary Authority relationship with Slough Borough Council, to ensure that current practices, procedures and training methods are effective and robust and in doing so that we protect all stakeholders.

We have a strong compliance team, seeking assured advice on numerous aspects of Health and Safety, ensuring that appropriate standards, controls and records are maintained.

Statement by the Directors in performance of their statutory duties in accordance with Section 172 of the Companies Act 2006

The Directors of Furniture Village Holdings Limited are bound by their duties under the Companies Act 2006, including their duty to promote the success of the Company for the benefit of its members as a whole.

The detail below sets out how the Directors have, in performing their duties, had regard to the matters set out in section 172(1)(a)-(f) of the Companies Act 2006, for the 66 weeks ended 3 July 2022. The information provided below is for the Furniture Village Group of companies. The Directors consider the following to be the Company's key stakeholders:

- **Our Customers**

Providing both our existing and future customers with outstanding quality, choice and value, is at the heart of what we do. We strive to provide exceptional service at every point in the customer journey and actively seek and monitor customer feedback and reviews in order to evaluate and improve the customer experience.

Strategic Report (continued)

We regularly review our product offering to ensure it is aligned with changing customer aspirations and are constantly utilising technology to ensure customers are able to view and order product through the medium of their choice, including offering appointments in-store and via video calls.

• Our People

Our people are what make our business successful and nurturing a motivated, passionate and skilled team is pivotal to our continued evolution and relevance in today's ever-changing world. We engage with all our workforce regularly, including a company-wide weekly newsletter, frequent update meetings and more recently participation in the 'Best Companies' programme. At the same time the Board also regularly visits both stores, fulfilment centres and support hubs to further engage and gain 'first-hand' insight.

The health, safety and well-being of our people is of the utmost importance and we ensure we have appropriate policies and procedures in place to safeguard them. We are furthermore constantly reviewing our pay and benefits to ensure our people are appropriately rewarded, with our practice of 'Perform, Achieve, Reward' remaining a key ingredient of our ethos.

• Our Suppliers

Our Suppliers are vital to our mission to deliver quality, choice and value to our customers, whether providing furniture, premises or any other goods or services required to operate our business.

We have long-standing relationships with most of our suppliers, many of whom are well established brands themselves, and we work in collaboration to ensure our products evolve, with frequent new product launches.

We also carry out regular reviews to ensure exacting standards of product quality and adherence to both committed lead-times and Modern Slavery Regulations alongside commercial reviews to ensure value for money and service standards.

• Our Shareholders


The relationship with our external investor, The Business Growth Fund ('BGF'), which was in place during the period covered by this report, has been very supportive and we have always sought to protect their investment and generate long term value. In November 2022 an amicable financial arrangement was reached with the BGF and other shareholders which enabled the business to buy-back their shareholding and they ceased to be shareholders in the business.

We engage with our shareholders through regular meetings and various other communications and updates to ensure they are fully informed on the strategic plan. We are committed to delivering on the financial results that are part of our strategic plan.

• Our Communities

Furniture Village operates out of multiple locations and our communities expect us to act responsibly and positively influence the local communities in which we operate. We currently have over a thousand employees, with our continued expansion creating further job opportunities. We have continued to support both local and national charities during the year, as well as those that support the furniture and wider retail sector.

By order of the Board



E G Wynne

Director

Date 30 MARCH 2023

Directors' Report

The directors present their report and financial statements for the 66 weeks ended 3 July 2022.

The Group has chosen in accordance with Section 414 (c) of the Companies Act 2006 to set out in the Strategic Report the following, which the Directors believe to be of strategic importance:

- Review of the Business
- Principal Risks and Uncertainties

Results and Dividends

The Group profit for the year, after taxation, amounted to £10,012k (52 weeks ended 28 March 2021: £3,177k). The net assets of the Group were £20,516k (52 weeks ended 28 March 2021: £7,581k).

The Company profit for the year, after taxation, amounted to £597k (52 weeks ended 28 March 2021: £232k loss). The net assets of the Company were £3,139k (52 weeks ended 28 March 2021: £2,542k).

The directors do not recommend the payment of a dividend in the current period or prior period.

Future Developments

The directors aim to maintain the current management policies and strategy, as outlined further in the Strategic Report, and consider that this will generate an uplift going forward in both EBITDA and cash.

Going concern

The Group had net assets of £20,516k (2021: £7,581k) and cash at year end was £48,559k (2021: £37,636k) and the Group has continued to generate positive EBITDA and cash since that time. As noted elsewhere in this report, a successful buy-back of shares was concluded with certain shareholders, including the Business Growth Fund, after the balance sheet date. This transaction was funded completely out of internally generated funds. Available cash remains in excess of £30m at the date of signing these financial statements.

In assessing whether the going concern basis is appropriate, the Directors take into account all available information about the future up to and including 30 June 2024, which is more than 12 months from the date of the approval of these financial statements. The Directors have performed this review at a Group and Company level, including considering a reasonable worst-case scenario.

The Directors have considered the cash flow forecasts and profitability of the Group and Company and have applied a combination of sensitivities to model potential scenarios to reflect differing market conditions and challenges. Taking these forecasts into account, the Directors believe that the Group and Company has adequate resources and facilities to continue trading effectively for the foreseeable future. On this basis, the Directors continue to adopt the going concern basis of accounting in preparing this Report and Financial Statements.

Supplier Involvement

We value the relationships with all of our suppliers, both products and services and conduct these important relationships in a spirit of openness, transparency, fairness and trust.

Employee Involvement

Furniture Village is a 'people business' and the culture of development, training, recognition and reward are of the utmost importance to Management. Significant investment in training continued across the business, ensuring that product knowledge is developed and enhanced, along with skills for all customer service, distribution and administrative functions.

Lines of communication, facilitated by a relatively flat structure, are open and honest and are endorsed by excellent retention rates and long service to the business. All employees participate directly in the success of the business through the Group's bonus and other incentive schemes.

Directors' Report (continued)

Disabled employees

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person.

Should existing employees become disabled, it is the Group's policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

UK Streamlined Energy and Carbon Reporting ("SECR")

Furniture Village Holdings Limited complies with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 and our approach to reporting is based on the Greenhouse Gas "GHG" Protocol Corporate Accounting and Reporting Standard in line with the guidance on SECR.

GHG Emissions and Energy Use Data

Our reporting period is for the financial year 29 March 2021 to 3 July 2022, reporting all material GHG emissions using "Tonnes of CO₂ equivalent" (tCO₂e) as the unit of measurement and reporting energy use in kWh.

With the change to our Accounting Reference Date the consumption data for 2021-22 relates to the 12 month period of July 2021 – June 2022. There have been no key operational changes within the portfolio and the change in the reported data period is believed to have no material impact on the CO₂ figures.

2020-21 figures were significantly impacted by Covid-19, hence the increase in consumption kWh Year on Year. Gross tCO₂e is not showing as great an increase due to the reductions in the Greenhouse Gas conversion factors.

	2021-22	2020-21
Energy consumption used to calculate emissions:	24,819,234 kWh	20,035,577 kWh
Emissions from combustion of gas (Scope 1)	245 tCO ₂ e	168 tCO ₂ e
Emissions from combustion of fuel for transport purposes (Scope 1)	2,704 tCO ₂ e	2,251 tCO ₂ e
Emissions from business travel in rental cars or employee-owned vehicles where Company is responsible for purchasing the fuel (Scope 3)	33 tCO ₂ e	34 tCO ₂ e
Emissions from purchased electricity (Scope 2, location-based)	2,336 tCO ₂ e	2,435 tCO ₂ e
Total gross CO₂e based on above	5,318 tCO₂e	4,888 tCO₂e
Intensity ratio: tCO₂e g per £100,000 revenue	13.05	19.16

Methodology: CRC/ESOS reporting principles applied to footprint calculation.

Energy Efficiency Action Taken

With regard to the property portfolio, further to the energy efficiency actions previously undertaken, the Business monitors consumption on a monthly basis and keeps abreast of market developments for any potential additional efficiency opportunities. All new store and customer fulfilment premises continue to benefit from entirely LED lighting installations and any other plant and equipment that has been and is to be installed generally is of modern, efficient standards.

The Business has taken the decision to move its company car fleet upon renewal to electric vehicles and EV chargers have been installed at all sites across the estate.

Directors' Report (continued)

In relation to the Business' commercial transport fleet, we have continued with the move to smaller, more economical vans with the replacement this year of 15 7.5 tonne HGV vehicles with 3.5 tonne vans and are trialling a fully electric large platform 3.5 tonne vehicle at two customer fulfilment centres with this trial due for completion in early 2023. In addition, 23 7.5 tonne vehicles have been replaced with new 7.5 tonne vehicles that have been modified to provide a lower unladen weight to help with fuel saving. Our current routing system is under review to ensure we can achieve enhanced delivery performance.

Directors

The directors who served during the year and up to the date of signing these financials were as follows:

P J Harrison (Executive Chairman)
C G Harrison
E G Wynne
M Broughton

Post year end and prior to signing of these accounts, C E Shiels resigned as director. N J Hipkiss, D S Ayers and C J Cooper have been appointed as directors post year end.

Non-executive Directors

The non-executive directors who served during the year and up to the date of signing these financials were as follows:

Rt Hon S McPartland MP

Post year end and prior to signing of these accounts, J E Vinson and J C Hodgkinson resigned as non-executive directors. Rt Hon S McPartland MP resigned temporarily as non-executive director post year end whilst temporarily serving as Security Minister and was re-appointed in November 2022 once that role ceased. M Cowan was appointed a non-executive director post year end.

Directors' qualifying third party indemnity provisions

The Company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought about by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third-party indemnity provision was in force throughout the year and remains in force as at the date of approving the Directors' report.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware.

Having made enquiries of fellow directors and the Company's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Elective resolution and auditors

The Company has passed Elective Resolutions to dispense with the laying of the financial statements before the Company in General Meeting, the appointment of auditors annually and the holding of the Annual General Meetings, pursuant to section 485 of the Companies Act 2006.

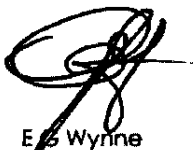
Directors' Report (continued)

Events occurring after the Statement of Financial Position date

Since the Statement of Financial Position date, the Group has opened a new store in Colchester.

It has long been an ambition for the business to be a 'family partnership', one that is a limited liability company solely owned by the founding family and a business that provides the opportunity for all to truly share in the rewards of their efforts. This ambition has been a patient priority of the founders and executives of our company for some considerable time and we are pleased to confirm that a successful share buy-back arrangement was concluded on 30 November 2022, with the only remaining shareholders being the directors P J Harrison and C G Harrison as well as our Employment Benefit Trust. The consideration to execute the share buy-back is materially consistent with the provisions recognised in these financial statements including the Business Growth Fund option, disclosed in Note 17.

By order of the Board



E. S. Wynne
Director

Date 30 MARCH 2023

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (FRS 102)). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report

To the members of Furniture Village Holdings Limited

Opinion

We have audited the financial statements of Furniture Village Holdings Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 3 July 2022 which comprise of the Group and Company Income Statement, the Group and Company Statement of Comprehensive Income, the Group and Company Statement of Changes in Equity, the Group and Company Statement of Financial Position, the Group and Company Statement of Cash Flows and the related notes 1 to 31, 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the group's and of the parent company's affairs as at 3 July 2022 and of the group's 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.

Basis for opinion

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

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

Conclusions relating to going concern

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 group and parent company's ability to continue as a going concern for a period to June 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Independent auditor's report

To the members of Furniture Village Holdings Limited (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and 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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 12, 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.

Independent auditor's report

To the members of Furniture Village Holdings Limited (continued)

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent 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.

Explanation as to what extent the audit was considered 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 irregularities, including fraud. 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 or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102, the Companies Act 2006 and Corporation Tax Act 2010) and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including General Data Protection Regulation (GDPR).
- We understood how the company is complying with those frameworks by making enquiries of management and those responsible for tax, legal and compliance procedures to understand how the Company maintains and communicates its policies and procedures in these areas. We corroborated our enquiries through our review of Board minutes, as well as consideration of the results of our other audit procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur through internal team discussions and enquiry of management and those charged with governance. Through these procedures, we identified there to be a risk of fraudulent financial reporting in respect of improper revenue recognition.
- To address the fraud risk of the improper recognition of revenue, we performed analytical procedures including sales trend analysis, we investigated unusual transactions and tested specific transactions back to source documentation, ensuring revenues are recorded in the correct period per the terms of the agreement and accounting policy.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved review of board minutes, testing of manual journals identified by specific criteria and enquiry with management and those charged with governance. We also read the financial statement disclosures, corroborating to supporting documentation to assess compliance with applicable laws and regulations and evaluated the business rationale of significant transactions outside the normal course of business.

Independent auditor's report

To the members of Furniture Village Holdings Limited (continued)

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

Ernst & Young LLP

Carl Stone (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Reading

31 March 2023

Group Income Statement

for the 66 weeks ended 3 July 2022

		66 weeks ended 3 July 2022 £000	52 weeks ended 28 March 2021 £000
	Notes		
Revenue	2	474,914	255,079
Cost of sales		(266,339)	(138,242)
Gross Profit		208,575	116,837
Distribution costs		(124,126)	(73,244)
Administrative expenses		(70,467)	(43,962)
Other operating income	3	1,745	7,830
Operating profit before cost of new/re-launched stores		15,727	7,461
New and re-launched stores		(472)	(279)
Operating profit		15,255	7,182
Loss on disposal of intangible and tangible fixed assets	4	(1,589)	(1,749)
Profit before interest and tax	5	13,666	5,433
Interest receivable and similar income	9	74	44
Interest payable and similar charges	10	(112)	(688)
Profit on ordinary activities before taxation		13,628	4,789
Tax charge	11	(3,616)	(1,612)
Profit for the financial period		10,012	3,177

All the activity of the Group has been generated through continuing operations in the current and preceding periods.

Company Income statement

for the 66 weeks ended 3 July 2022

		66 weeks ended 3 July 2022 £000	52 weeks ended 28 March 2021 £000
	Notes		
Administrative expenses		(665)	(595)
Operating loss before interest and tax	5	(665)	(595)
Equity dividends received from Furniture Village Group Limited		1,250	1,000
Interest payable and similar charges	10	(62)	(637)
Profit/(Loss) on ordinary activities before taxation		523	(232)
Tax credit	11	74	-
Profit/(Loss) for the financial period		597	(232)

All the activity of the Company has been generated through continuing operations in the current and preceding periods.

Group statement of comprehensive income**for the 66 weeks ended 3 July 2022**

		66 weeks ended 3 July 2022 £000	52 weeks ended 28 March 2021 £000
	Notes		
Profit for the financial period		10,012	3,177
Other Comprehensive Income			
Fair Value Revaluation		3,202	2,705
Movement on deferred tax arising on the revaluation reserve	11	(279)	(142)
Total comprehensive income		12,935	5,740

Company statement of comprehensive income

for the 66 weeks ended 3 July 2022

	66 weeks ended 3 July 2022 £000	52 weeks ended 28 March 2021 £000
Profit/(Loss) for the financial period	597	(232)
Total comprehensive profit/(loss)	597	(232)

Group statement of change in equity**for the 66 weeks ended 3 July 2022**

	Share Capital	Share Premium	Reserve for own shares	Revalua- tion Reserves	Other Reserves	Profit and Loss Reserve	Total Share- holders' Funds
	£000	£000	£000	£000	£000	£000	£000
At 29 March 2020	1,773	1,871	(1,091)	3,479	(257)	(3,934)	1,841
Loss for the financial period	-	-	-	-	-	3,177	3,177
Other comprehensive income	-	-	-	2,563	-	-	2,563
Total comprehensive income for the period	-	-	-	2,563	-	3,177	5,740
At 28 March 2021	1,773	1,871	(1,091)	6,042	(257)	(757)	7,581
Profit for the financial period	-	-	-	-	-	10,012	10,012
Other Comprehensive Income	-	-	-	2,923	-	-	2,923
Total Comprehensive income for the period	-	-	-	2,923	-	10,012	12,935
At 3 July 2022	1,773	1,871	(1,091)	8,965	(257)	9,255	20,516

Company statement of change in equity

for the 66 weeks ended 3 July 2022

	Share Capital £000	Share Premium £000	Reserve for own shares £000	Other Reserves £000	Profit and Loss Reserve £000	Total Share- holders' Funds £000
At 29 March 2020	1,773	1,871	(1,091)	(257)	478	2,774
Total comprehensive loss for the financial period	–	–	–	–	(232)	(232)
At 28 March 2021	1,773	1,871	(1,091)	(257)	246	2,542
Total comprehensive profit for the financial period	–	–	–	–	597	597
At 3 July 2022	1,773	1,871	(1,091)	(257)	843	3,139

Group statement of financial position

at 3 July 2022

		3 July 2022 £000	28 March 2021 £000
	Notes		
Fixed assets			
Intangible assets	12	7,746	9,640
Tangible fixed assets	13	35,736	31,909
		<u>43,482</u>	<u>41,549</u>
Current assets			
Stocks	15	18,708	16,651
Debtors	16	22,643	12,922
Cash at bank and in hand	25(b)	48,559	37,636
		<u>89,910</u>	<u>67,209</u>
Creditors: amounts falling due within one year	17	(108,310)	(96,968)
Net current liabilities		<u>(18,400)</u>	<u>(29,759)</u>
Total assets less current liabilities		<u>25,082</u>	<u>11,790</u>
Creditors: amounts falling due after more than one year	18	–	(1,484)
Provisions for liabilities	20	(4,566)	(2,725)
Net assets		<u>20,516</u>	<u>7,581</u>
Capital and reserves			
Called up share capital	21	1,773	1,773
Share premium account		1,871	1,871
Profit and loss reserve		9,255	(757)
Reserve for own shares	22	(1,091)	(1,091)
Other reserves	23	8,708	5,785
Shareholders' funds		<u>20,516</u>	<u>7,581</u>

C G Harrison
DirectorE G Wynne
Director

Date: 30 March 2023

Company statement of financial position

at 3 July 2022

	Notes	3 July 2022 £000	28 March 2021 £000
Non-current assets			
Investments	14	11,964	11,964
Deferred tax assets	20	308	234
		<u>12,272</u>	<u>12,198</u>
Current assets			
Debtors	16	35,000	33,750
Cash at bank and in hand	25(b)	5	5
		<u>35,005</u>	<u>33,755</u>
Creditors: amounts falling due within one year	17	<u>(44,138)</u>	<u>(41,927)</u>
Net current liabilities		<u>(9,133)</u>	<u>(8,172)</u>
Total assets less current liabilities		<u>3,139</u>	<u>4,026</u>
Creditors: amounts falling due after more than one year	18	-	(1,484)
Net assets		<u>3,139</u>	<u>2,542</u>
Capital and reserves			
Called up share capital	21	1,773	1,773
Share premium account		1,871	1,871
Profit and loss reserve		843	246
Reserve for own shares	22	(1,091)	(1,091)
Other reserves	23	(257)	(257)
Shareholders' funds		<u>3,139</u>	<u>2,542</u>

C G Harrison
DirectorE G Wynne
Director

Date:

30 March 2023

Group statement of cash flows

for the 66 weeks ended 3 July 2022

		66 weeks ended 3 July 2022 £000	52 weeks ended 28 March 2021 £000
	Notes		
Net cash inflow from continuing operating activities	25(a)	28,755	18,518
Corporation Tax Paid		(2,868)	(507)
Net cash inflow from continuing activities		25,887	18,011
Investing activities			
Interest received		74	44
Payments to acquire tangible fixed assets		(7,650)	(3,259)
Payments to acquire intangible fixed assets		(1,242)	(357)
Proceeds of disposal of tangible fixed assets		41	-
Net cash outflow from investing activities		(8,777)	(3,572)
Financing activities			
Other interest paid		(50)	(51)
Interest paid		(52)	(602)
Movement in Business Growth Fund option/dividend valuation		(84)	(5)
Loan Notes		(6,001)	-
Net cash outflow from financing activities		(6,187)	(658)
Change in cash resulting from cash flows	25(b)	10,923	13,781
Cash at the beginning of financial period	25(b)	37,636	23,855
Cash at the end of financial period	25(b)	48,559	37,636

Company statement of cash flows

for the 66 weeks ended 3 July 2022

	66 weeks ended 3 July 2022	52 weeks ended 28 March 2021
Notes	£000	£000
Net cash inflow/(outflow) from continuing operating activities 25(a)	4,887	(393)
Investing activities		
Equity dividends received from Furniture Village Group Limited	1,250	1,000
Net cash flow from investing activities	1,250	1,000
Net cash flow used in financing activities		
Interest paid	(52)	(602)
Loan Notes	(6,001)	-
Movement in Business growth fund option/dividend valuation	(84)	(5)
Net cash outflow from financing activities	(6,137)	(607)
Change in cash resulting from cash flows	25(b) -	-
Cash at the beginning of financial period	25(b) 5	5
Cash at the end of financial period	25(b) 5	5

Notes to the financial statements

for the 66 weeks ended 3 July 2022

1. Accounting policies

Statement of compliance

Furniture Village Holdings Limited is a limited liability company incorporated in the United Kingdom. The registered office is 258 Bath Road, Slough, Berkshire, SL1 4DX. The Group and Company's financial statements have been prepared in compliance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (FRS 102) and in accordance with the requirements of the Companies Act 2006 for the 15 months ended 3 July 2022.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements can require management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for income and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgement (apart from those involving estimates) have the most significant effect on amounts recognised in the financial statements:

Operating lease commitments

The Company has entered into commercial property leases as a lessor on retail and warehouse units. The classification of such leases as operating or finance leases is required by the Company. Based on an evaluation of the terms and conditions of the leases, whether it retains or acquires the significant risk and rewards of ownership and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position, it has been established that these leases meet the classification of operating leases.

Tangible and Intangible Assets

Estimations on the useful economic life of assets are based on the expected time benefits are generated in the business, or in the case of leasehold assets, the time to the next rent review. On completion of contracts to extend store leases, leasehold property assets are revalued to reflect the fair value based on a replacement cost approach. Depreciation is provided on these assets at the revalued amount, less estimated residual value, of each asset evenly over its expected useful life.

The following are key sources of estimation uncertainty:

Goodwill

Positive goodwill arising on a business combination is capitalised, classified as an asset on the statement of financial position and amortised on a straight-line basis over its useful life. Management have determined the remaining useful life to be twelve years.

Business Growth Fund dividend

Where the actual future dividend payments to Business Growth Fund is agreed, that amount is used. Where amounts are undeterminable, potential future dividend payments to Business Growth Fund have been recorded at fair value based on the probability of dividend payments becoming due in the future. The long-term dividend is only payable in relation to the year ended March 2021 onwards, in the event that no exit event has occurred. The fair value is based on the probability of an exit event occurring at various future dates and a weighted average dividend payment thereafter calculated, discounted to present value using a cost of capital of 12%. The probability attached to the timing of an exit event and the ensuing change to the fair value of the dividend payments will be reassessed each year, with an ensuing adjustment to the fair value.

Notes to the financial statements (continued)

for the 66 weeks ended 3 July 2022

1. Accounting policies (continued)

Business Growth Fund option

Where the value of the Business Growth Fund option is agreed, that amount is used. Where amounts are undeterminable, the option has been revalued during the financial period, at fair value based on a subjective estimate of the share price given that shares are not listed on a stock exchange.

Taxation

The Company separately discloses the line items that are included in the amounts expected to be recovered or settled within 12 months and more than 12 months after the reporting date. The regulations require an entity to separately disclose the line items that are included in the amounts expected to be recovered or settled within 12 months and more than 12 months after the reporting date. The Company establishes provisions based on reasonable estimates. The amount of such provisions is based on differing interpretations of tax regulations by the taxable entity.

Basis of preparation

The financial statements are prepared in accordance with applicable accounting standards, predominantly using historical cost accounting principles, though leasehold assets are revalued in the event of an extension to a property lease (see below).

The financial statements are prepared in sterling which is the functional currency of the Company and Group and rounded to the nearest £'000.

The Company and the Group have changed Accounting Reference Date for the period to 3 July 2022. Amounts reported in the financial statements cover the 66 weeks ended 3 July 2022 and are not entirely comparable to the prior year results which cover the 52 week period ended 28 March 2021. The decision to change the Accounting Reference Date was taken to minimise the impact of Chinese New Year and Easter, which are both in close proximity to the prior Accounting Reference Date, on operations and profitability of the business going forward.

The Company has taken advantage of the exemption in FRS 102 which allows certain companies to not disclose key personnel remuneration.

Going Concern

The Group had net assets of £20,516k (2021: £7,581k) and cash at year end was £48,559k (2021: £37,636k) and the Group has continued to generate positive EBITDA and cash since that time. As noted elsewhere in this report, a successful buy-back of shares was concluded with certain shareholders, including the Business Growth Fund, after the balance sheet date. This transaction was funded completely out of internally generated funds. Available cash remains in excess of £30m at the date of signing these financial statements.

In assessing whether the going concern basis is appropriate, the Directors take into account all available information about the future up to and including 30 June 2024, which is more than 12 months from the date of the approval of these financial statements. The Directors have performed this review at a Group and Company level, including considering a reasonable worst-case scenario.

The Directors have considered the cash flow forecasts and profitability of the Group and Company and have applied a combination of sensitivities to model potential scenarios to reflect differing market conditions and challenges. Taking these forecasts into account, the Directors believe that the Group and Company has adequate resources and facilities to continue trading effectively for the foreseeable future. On this basis, the Directors continue to adopt the going concern basis of accounting in preparing this Report and Financial Statements.

Basis of consolidation

The Group financial statements consolidate the financial statements of Furniture Village Holdings Limited and all its subsidiary undertakings drawn up to 66 weeks ended 3 July 2022.

Furniture Village Limited and Furniture Village Group Limited have been included in the Group financial statements using the acquisition method of accounting. Accordingly, the Group Income Statement and Statement of Cash Flows include the results and cash flows of Furniture Village Limited and Furniture Village Group Limited for the 66 weeks ended 3 July 2022.

Notes to the financial statements (continued)

for the 66 weeks ended 3 July 2022

1. Accounting policies (continued)

Basis of consolidation (continued)

The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

In the parent company financial statements investments in subsidiaries are accounted for at cost less provision for any impairment, if required. Dormant companies have not been consolidated with the financial statements as they are deemed immaterial in respect of the Groups' financial results.

The following subsidiaries are taking an exemption from the audit of the financial statements, on the basis they are included in this consolidation, as per S479A of the Companies Act; Furniture Village Limited (02307708), Furniture Village Group Limited (04317404).

Goodwill

Positive goodwill arising on acquisitions is capitalised, classified as an asset on the Statement of Financial Position and amortised on a straight-line basis. Management have determined the remaining useful life to be twelve years. The useful economic life was derived based on the longevity of the Company. Goodwill is reviewed for impairment at the end of the first full financial period following the acquisition and in other periods if events or circumstances indicate that the carrying value may not be recoverable.

Intangible fixed assets

Intangible assets are capitalised at cost. Amortisation is provided on all intangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Software	–	over 4 years
Website infrastructure costs	–	over 7 years
Website ongoing development costs	–	over 2 years

Design and content development costs are capitalised within intangible fixed assets in accordance with FRS 102 only to the extent that they lead to the creation of an enduring asset delivering benefits at least as great as the amount capitalised. If there is insufficient evidence on which to base reasonable estimates of the economic benefits that will be generated in the period until the design and content are next updated, the costs of developing the design and content are charged to the Income Statement as incurred.

The carrying values of intangible fixed assets are reviewed for impairment annually if events or changes in circumstances indicate the carrying value may not be recoverable. Changes in the expected useful life or the expected pattern of consumption of benefit shall be accounted for as a change in accounting estimate.

Tangible fixed assets

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Leasehold property	–	over the lease term
Fixtures and fittings	–	over 10 years or over the lease term
Equipment	–	over 4 years

On completion of contracts to extend store leases, leasehold property assets are revalued to reflect the fair value based on a replacement cost approach. Depreciation is provided on these assets at the revalued amount, less estimated residual value, of each asset evenly over its expected useful life.

The carrying values of tangible fixed assets are reviewed for impairment annually if events or changes in circumstances indicate the carrying value may not be recoverable.

Notes to the financial statements (continued)

for the 66 weeks ended 3 July 2022

1. Accounting policies (continued)

Revenue recognition

Revenue is recognised to the extent that the Company and the Group obtain the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised on delivery of the goods to the customer.

Delivery service

Revenue from the delivery service provided to our customers is recognised on completion of the delivery of the goods.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Treasury shares

Treasury shares held by the Employee Benefit Trust are classified in capital and reserves as 'reserves for own shares' and recognised at cost.

Cash

Cash comprises of cash at banks, cash in hand and restricted deposits held with financial institutions.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first in, first out basis and comprises the purchase price of the goods and other directly attributable costs incurred in bringing the product to its present location and condition. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the Income Statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred taxation

Deferred tax is recognised in respect of all timing differences in relation to both taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the Statement of Financial Position date. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes to the financial statements (continued)

for the 66 weeks ended 3 July 2022

1. Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

The gain or loss arising on settlement or translation of monetary items are recognised in Income Statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Group and hire purchase contracts are capitalised in the Statement of Financial Position and are depreciated over the shorter of the lease term and the asset's useful life. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the Statement of Financial Position. The interest elements of the rental obligations are charged in the income statement over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the Income Statement on a straight-line basis over the lease term.

Pension costs

The Group operates a defined contribution pension scheme for eligible employees. Eligibility is defined by length of service. Contributions are charged in the Income Statement as they become payable in accordance with the rules of the scheme.

New and re-launched stores pre-trading costs

The costs associated with the pre-trading period of new and re-launched stores are written off in the period in which they are incurred. This predominately includes pre-launch occupancy related personnel costs, training costs and marketing launch costs.

Rent free periods and reverse premiums

During the course of opening new stores and re-gears of existing leases, operating leases are negotiated which may include rent-free periods and/or reverse premiums. Rent free periods and reverse premiums are amortised from the date of lease commencement on a straight-line basis to the end of the lease term.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in administrative expenses.

Notes to the financial statements (continued)

for the 66 weeks ended 3 July 2022

1. Accounting policies (continued)

Provisions for Liabilities

A provision is recognised when a legal or constructive obligation arises as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Financial liabilities

Financial Liabilities within the scope of FRS 102 are classified as financial liabilities at fair value through profit or loss or loans and borrowings. The Group determines the classification of financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs. Financial liabilities which includes equity options, are subsequently measured at fair value, unless the fair value cannot be determined reliably, in which case they are measured at cost.

Loans

Loans are initially recorded at the proceeds received, net of direct issue costs. Subsequently direct issue costs are stated at amortised cost, using the effective interest rate method. Interest charges arising are accounted for on an accruals basis.

Dividends

Future potential dividend payments to Business Growth Fund have been recorded at fair value based on the probability of dividend payments becoming due in the future. The long-term dividend is only payable in relation to the year ended March 2021 onwards, and in the event that no exit event has occurred. The fair value is based on the probability of an exit event occurring at various future dates and a weighted average dividend payment thereafter calculated, discounted to present value using a cost of capital of 12%. The probability attached to the timing of an exit event and the ensuing change to the fair value of the dividend payments will be reassessed each year, with an ensuing adjustment to the fair value.

Classification of shares as debt or equity

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Accordingly, a financial instrument is treated as equity if:

- (i) there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable; and
- (ii) the instrument is a non-derivative that contains no contractual obligations to deliver a variable number of shares or is a derivative that will be settled only by the Company exchanging a fixed amount of cash or other assets for a fixed number of the Company's own equity instruments.

When shares are issued, any component that creates a financial liability of the Company is presented as a liability in the Statement of Financial Position, measured initially at fair value net of transaction costs and thereafter at amortised cost until extinguished on conversion or redemption. The corresponding dividends relating to the liability component are charged as interest expense in the income statement. The initial fair value of the liability component is determined using a market rate for an equivalent liability without a conversion feature. The remainder of the proceeds on issue is allocated to the equity component and included in shareholders' equity, net of transaction costs. The carrying amount of the equity component is not re-measured in subsequent years. Transaction costs are apportioned between the liability and equity components of the shares based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Holiday accrual

All short-term compensated absences as holiday entitlement earned but not taken at the Statement of Financial Position date will be accrued for.

Notes to the financial statements (continued)

for the 66 weeks ended 3 July 2022

2. Revenue

Revenue, which is stated net of value added tax, represents the value of goods and services delivered and invoiced to customers. Revenue relates to one continuing activity, the retailing of household furniture, within the United Kingdom.

3. Other operating income

Group

	66 weeks ended 3 July 2022 £000	52 weeks ended 28 March 2021 £000
Concessions income	1,515	1,864
Government grants	230	5,966
	<u>1,745</u>	<u>7,830</u>

Concession income is composed primarily of external rental income and is incidental to the group's retail revenue.

Government grants have been received through various government Covid financial support programs such as the Job Retention Scheme and the Retail, Hospitality and Leisure Grant Fund.

4. Loss on disposal of fixed assets

Group

	66 weeks ended 3 July 2022 £000	52 weeks ended 28 March 2021 £000
Loss on disposal of tangible and intangible assets	(1,589)	(1,749)

5. Profit/(loss) before interest and tax

Group

This is stated after charging:

	66 weeks ended 3 July 2022 £000	52 weeks ended 28 March 2021 £000
Auditor's and associates' remuneration	147	153
Depreciation of owned assets	6,929	4,866
Amortisation of intangible assets	943	545
Amortisation of other intangible assets – Goodwill	659	527
BGF Dividend (note 23)	750	600
Operating lease rentals – Property	30,193	21,729
Operating lease rentals – Other	2,263	1,781

Notes to the financial statements (continued)

for the 66 weeks ended 3 July 2022

5. Profit/(loss) before interest and tax (continued)

Company

This is stated after charging:

	66 weeks ended 3 July 2022 £000	52 weeks ended 28 March 2021 £000
BGF Dividend (note 23)	750	600

6. Auditor's remuneration

Group

The remuneration of the auditor's or its associates is analysed as follows:

	66 weeks ended 3 July 2022 £000	52 weeks ended 29 March 2021 £000
Audit of the financial statements	146	126
Total audit services	146	126
Taxation compliance services	30	23
Other assurance services	-	4
Total non-audit services	30	27
Total audit's and associates' remuneration	176	153

Company

Audit fees incurred in relation to Furniture Village Holdings Limited for both financial periods are minimal and therefore borne by Furniture Village Limited.

Notes to the financial statements (continued)

for the 66 weeks ended 3 July 2022

7. Directors' remuneration

Group

	66 weeks ended 3 July 2022 £000	52 weeks ended 28 March 2021 £000
Aggregate Remuneration	1,972	851
Company contributions paid to money purchase pension schemes	58	33
Number of directors in respect of qualifying services	8	6

	66 weeks ended 3 July 2022 No.	52 weeks ended 28 March 2021 No.
Members of money purchase pension scheme	5	5

The amounts in respect of the highest paid director were aggregate remuneration of £587k (52 weeks ended 28 March 2021 – £309k) and Company contributions paid to pension schemes of £5k (52 weeks ended 28 March 2021 – £10k). Directors' remuneration includes bonuses relating to the period in which they accrue, although these may be paid after the period end.

Company

The duties performed for Furniture Village Holdings Limited as a Company by the Directors are minimal and the directors do not consider that they have received any remuneration for any incidental services to the Company. Directors are remunerated for their services through Furniture Village Limited.

8. Staff costs

Group

	66 weeks ended 3 July 2022 £000	52 weeks ended 28 March 2021 £000
Wages and salaries	61,246	40,623
Social security costs	6,827	4,288
Pension costs	2,313	1,732
	70,386	46,643

Notes to the financial statements (continued)

for the 66 weeks ended 3 July 2022

8. Staff costs (continued)

The average monthly number of employees during the period was as follows:

	66 weeks ended 3 July 2022 No.	52 weeks ended 28 March 2021 No.
Office and management	145	128
Retailing and distribution	1,098	991
	<u>1,243</u>	<u>1,119</u>

The above figures include staff costs in full and are not net of furlough receipts, which have been treated as other income. Such employees have also been included in the average monthly number of employees. The schemes were predominantly utilised in April 2020 and May 2020 when both stores and warehouses were shut and we were unable to deliver into customer's homes.

The total benefit received by the Group from the Government Job Retention Scheme was £22k of the £230k grants noted in Note 3 (52 weeks ended 28 March 2021 - £5.3m of £6.0m).

Company

Furniture Village Holdings Limited does not have any employees.

9. Interest receivable and similar income

Group

	66 weeks ended 3 July 2022 £000	52 weeks ended 28 March 2021 £000
Bank interest	<u>74</u>	<u>44</u>

10. Interest payable and similar charges

Group

	66 weeks ended 3 July 2022 £000	52 weeks ended 28 March 2021 £000
Loans and overdrafts	52	599
Amortisation of arrangement fee on loans (note 19)	10	38
Other interest and similar charges	50	51
	<u>112</u>	<u>688</u>

Notes to the financial statements (continued)

for the 66 weeks ended 3 July 2022

10. Interest payable and similar charges (continued)

Company

	66 weeks ended 3 July 2022 £000	52 weeks ended 28 March 2021 £000
Loans and overdrafts	52	599
Amortisation of arrangement fee on loans (note 19)	10	38
	<u>62</u>	<u>637</u>

11. Tax

Group

(a) Tax on profit/(loss) on ordinary activities

The tax is made up as follows:

	66 weeks ended 3 July 2022 £000	52 weeks ended 28 March 2021 £000
Current tax:		
UK corporation tax	2,835	1,825
Adjustment in respect of previous periods	(67)	(46)
Total current tax	<u>2,768</u>	<u>1,779</u>
Deferred tax:		
Origination and reversal of timing differences – current period	434	(202)
– prior period	3	35
– change of tax rates	411	-
Total deferred tax (note 20)	<u>848</u>	<u>(167)</u>
Tax per income statement	<u>3,616</u>	<u>1,612</u>
Other comprehensive income items		
Deferred tax current year charge	279	142
Deferred tax prior year adjustment	-	-
	<u>279</u>	<u>142</u>

Notes to the financial statements (continued)

for the 66 weeks ended 3 July 2022

11. Tax (continued)

Group

(b) Factors affecting the current tax charge for the period

The charge for the period can be reconciled to the profit/(loss) per the Income Statement as follows:

	66 weeks ended 3 July 2022 £000	52 weeks ended 28 March 2021 £000
Profit/(loss) for the period	13,628	4,789
Tax on profit/(loss) at standard rate of 19% (52 weeks ended 28 March 2021 19%)	2,589	910
Effects of:		
Disallowed expenses and non-taxable income	1,112	658
Income not taxable	(431)	(59)
Adjustment from previous periods	(65)	(11)
Tax rate change	411	-
Other	-	114
Tax charge for the period	3,616	1,612

Company

(a) Tax on loss on ordinary activities

The tax charge is made up as follows:

	66 weeks ended 3 July 2022 £000	52 weeks ended 28 March 2021 £000
Current tax:		
UK corporation tax on the loss for the period	-	-
Total current tax	-	-
Deferred tax:		
Origination and reversal of timing differences	-	-
Effect of changes in tax rates	(74)	-
Total deferred tax (note 20)	(74)	-
Total tax result/(credit) per income statement	(74)	-

Notes to the financial statements (continued)

for the 66 weeks ended 3 July 2022

11. Tax (continued)

Company

(b) Factors affecting the tax for the period

The charge for the period can be reconciled to the loss per the Income Statement as follows:

	66 weeks ended 3 July 2022 £000	52 weeks ended 28 March 2021 £000
Profit /(Loss) for the period	523	(232)
Tax on profit /(loss) at standard rate of 19% (52 weeks ended 28 March 2021 – 19%)	99	(44)
Effects of:		
Expenses not deductible	291	-
Income not taxable	(402)	(191)
Effects of Group relief	12	121
Adjustments from previous periods	-	-
Tax rate changes	(74)	-
Movement in deferred tax not provided	-	114
Tax result/(credit) for the period	(74)	-

(c) Changes to UK Corporation Tax

The standard rate of Corporation Tax in the UK is 19% with effect from 1 April 2017. Accordingly, the Company's profits for this accounting period are taxed at an effective rate of 19%.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. Deferred taxes on the balance sheet have been measured at 25% (2021 – 19%) which represents the future corporation tax rate that was enacted at the balance sheet date.

As at the balance sheet date the expected future rate of corporation tax was 25%, and as such deferred tax continues to be recognised at 25% in the attached calculations.

Notes to the financial statements (continued)

for the 66 weeks ended 3 July 2022

12. Intangible assets**Group**

	Goodwill £000	Software £000	Website £000	Total £000
Cost or Revaluation:				
At 28 March 2021	19,496	2,555	2,507	24,558
Additions	–	720	522	1,242
Disposals	–	(1,742)	(10)	(1,752)
At 3 July 2022	19,496	1,533	3,019	24,048
Amortisation:				
At 28 March 2021	12,648	809	1,461	14,918
Charge during the period	659	162	781	1,602
Disposals	–	(210)	(8)	(218)
At 3 July 2022	13,307	761	2,234	16,302
Carrying amount at 3 July 2022	6,189	772	785	7,746
Carrying amount at 28 March 2021	6,848	1,746	1,046	9,640

Goodwill of £19,496k was generated by the acquisition of Furniture Village Group Limited on 16 May 2007, being the excess of consideration over the value of net assets acquired. Management have determined the remaining useful life to be seventeen years as at 2 April 2017. In the current year 15 month period the amortisation charge of £659k remains the same pro rata as that charged in the year to 28 March 2021 £527k. The remaining carrying amount as at 3 July 2022 of £6,189k will be amortised on a straight-line basis over the remaining life of 12 years, being £527k per year.

The carrying amount of the Groups' software at 3 July 2022 includes £nil (28 March 2021 – £nil) in respect of assets held under finance leases and hire purchase contracts.

Notes to the financial statements (continued)

for the 66 weeks ended 3 July 2022

13. Tangible fixed assets

Group

	Leasehold property £000	Fixtures and fittings £000	Equipment £000	Total £000
Cost:				
At 28 March 2021	55,565	5,148	4,031	64,744
Additions	5,226	980	1,444	7,650
Disposals	(1,100)	(66)	(687)	(1,853)
Fair value revaluations	3,202	–	–	3,202
At 3 July 2022	62,893	6,062	4,788	73,743
Depreciation:				
At 28 March 2021	27,358	2,494	2,983	32,835
Charge during the period	5,666	587	676	6,929
Disposals	(1,070)	(61)	(626)	(1,757)
At 3 July 2022	31,954	3,020	3,033	38,007
Carrying amount at 3 July 2022	30,939	3,042	1,755	35,736
Carrying amount at 28 March 2021	28,207	2,654	1,048	31,909

On completion of contracts to extend store leases, leasehold property assets are revalued to reflect the fair value based on replacement cost.

Notes to the financial statements (continued)

for the 66 weeks ended 3 July 2022

14. Investments

Company

	3 July 2022 £000	28 March 2021 £000
Furniture Village Group Limited	11,964	11,964
Total cost and net book value	11,964	11,964

Details of the investments in which the Group and the Company holds 20% or more of the nominal value of any class of share capital are as follows:

Name of company	Holding	Proportion of voting rights and shares held	Nature of business
<i>Held directly:</i>			
Furniture Village Group Limited	Ordinary shares	100%	Holding Company
<i>Held indirectly:</i>			
Furniture Village Limited	"A" Ordinary shares	100%	Furniture retail
	"B" Ordinary shares	100%	
	Preference shares	100%	
	Redeemable preference shares	100%	
London Bed Company Limited	Ordinary shares	100%	Dormant
The London Furniture Company (Chelsea) Limited	Ordinary shares	100%	Dormant

All the companies listed above have the same registered address, 258 Bath Road, Slough, Berkshire, SL1 4DX.

15. Stocks

Group

	3 July 2022 £000	28 March 2021 £000
Finished goods for resale	18,708	16,651

Finished goods for resale recognised as an expense in cost of sales for the period were £235,488k (28 March 2021 - £127,587k). The stock provision charge included in cost of sales for the 66 weeks ended 3 July 2022 was £666k (52 weeks ended 28 March 2021 - £847k).

Notes to the financial statements (continued)

for the 66 weeks ended 3 July 2022

16. Debtors

Group

	3 July 2022 £000	28 March 2021 £000
Trade debtors	7,094	2,580
Other debtors	850	625
Corporation tax	-	-
Prepayments	14,699	9,717
	<u>22,643</u>	<u>12,922</u>

All the trade debtors' amounts are due to be settled within 12 months.

The trade debtors provision relating to bad debts, included in administrative expenses for the 66 weeks ended 3 July 2022 was £25k (52 weeks ended 28 March 2021 – £25k).

Company

	3 July 2022 £000	28 March 2021 £000
Amount owing by subsidiary	35,000	33,750
	<u>35,000</u>	<u>33,750</u>

The intercompany balance owed to Furniture Village Holdings Limited is repayable on demand.

17. Creditors: amounts falling due within one period

Group

	3 July 2022 £000	28 March 2021 £000
Deposits on goods not yet delivered	29,015	19,136
Current instalment due on Business Growth Fund long term loan (note 19)	-	5,991
Business Growth Fund Option	1,350	-
Business Growth Fund Dividend	50	-
Trade creditors	49,320	42,350
Corporation Tax	1,149	1,249
Other taxes and social security costs	6,212	9,001
Other creditors and accruals	21,214	19,241
	<u>108,310</u>	<u>96,968</u>

Notes to the financial statements (continued)

for the 66 weeks ended 3 July 2022

17. Creditors: amounts falling due within one period (continued)

Company

	3 July 2022 £000	28 March 2021 £000
Current instalment due on Business Growth Fund long term loan (note 19)	-	5,991
Business Growth Fund option	1,350	-
Business Growth Fund dividend (note 24)	50	-
Amounts owed to subsidiary	42,288	35,581
Other creditors and accruals	450	355
	<u>44,138</u>	<u>41,927</u>

The Business Growth Fund option represents an 8.941% equity participation in Furniture Village. The carrying amount of the option was initially measured at cost of £123k as a Financial Liability at fair value through the Income Statement. The underlying instrument has been valued during the financial period at a carrying amount of £1,350k (52 weeks ended 28 March 2021 - £566k). The financial instrument has been disposed subsequent to year-end as part of the share buy-back arrangement concluded on 30 November 2022.

18. Creditors: amounts falling due after more than one year

Group

	3 July 2022 £000	28 March 2021 £000
Business Growth Fund option	-	566
Business Growth Fund dividend (note 24)	-	918
	<u>-</u>	<u>1,484</u>

Company

	3 July 2022 £000	28 March 2021 £000
Business Growth Fund option	-	566
Business Growth Fund dividend (note 24)	-	918
	<u>-</u>	<u>1,484</u>

Notes to the financial statements (continued)

for the 66 weeks ended 3 July 2022

19. Maturity of Loans

Group and Company

Loans are repayable as follows:

	3 July 2022 £000	28 March 2021 £000
Within one year	-	6,001
Between 1 and 5 years	-	-
Due after 5 years	-	-
	-	6,001
Issue costs	10	48
Less: issue costs amortised	(10)	(38)
Unamortised issue costs	-	10
Loan amount after deducting unamortised issue costs	-	5,991
Amount falling due within one period included in creditors	-	(5,991)
	-	-

Loans comprise of the Business Growth Fund (related party) long term loan. The investment loan is an unsecured fixed rate loan carrying an annual interest rate of 10%. During the period a loan repayment of £1.5m was made on the 7th April 2021 and a further £4.5m was paid on 8th May 2021 to settle the loan in full.

20. Provisions for liabilities

Group

	Provision for dilapidations £000	Deferred tax £000	Total £000
At 28 March 2021	1,602	1,123	2,725
Increased provision during the current period	714	-	714
Deferred tax adjustment in respect of prior years	-	3	3
Deferred tax charged to the income statement	-	845	845
Deferred tax charged in other comprehensive income	-	279	279
At 3 July 2022	2,316	2,250	4,566

Deferred tax provision is made up of timing differences between fixed assets realised through use.

Dilapidation provision is a provision made under the terms of the lease to restore the premises to the original condition. It was calculated based on expected costs to restore the premises we are leasing to the original condition, on expiry of the lease or should the lease be otherwise terminated by either party. All the lease expiry dates fall between one and seven years. The impact of discounting the dilapidation provision is not material.

Notes to the financial statements (continued)

for the 66 weeks ended 3 July 2022

20. Provisions for liabilities (continued)

Group

The deferred tax consists of:

	3 July 2022 £000	28 March 2021 £000
Deferred tax liability		
Payable within 12 months	581	31
Payable after 12 months	2,031	1,363
Total deferred tax liabilities	2,612	1,394
Deferred tax assets		
Recognition within 12 months	–	–
Recognition after 12 months	(362)	(271)
Total deferred tax asset	(362)	(271)
Net deferred tax liability is represented by:		
Fixed asset timing differences	2,030	951
Short term timing differences	(54)	(37)
Non-trading timing differences	582	443
Losses	(308)	(234)
Net deferred tax liability	2,250	1,123

Company

The deferred tax asset consists of:

	3 July 2022 £000	28 March 2021 £000
At 28 March 2021	(234)	(234)
Adjustment in respect of prior years	–	–
Deferred tax charge to Income Statement for the period	(74)	–
At 3 July 2022	(308)	(234)

Notes to the financial statements (continued)

for the 66 weeks ended 3 July 2022

20. Provisions for liabilities (continued)

Company

	3 July 2022 £000	28 March 2021 £000
The deferred tax asset is represented by:		
Losses	(308)	(234)
Total losses	(308)	(234)
Deferred tax assets		
Recoverable after 12 months	(308)	(234)
Total deferred tax asset	(308)	(234)

21. Issued share capital

		3 July 2022 £000		28 March 2021 £000
<i>Allotted, called up and fully paid</i>	<i>No.</i>		<i>No.</i>	
Ordinary shares of £1 each	1,535,108	1,535	1,535,108	1,535
A Ordinary shares of £1 each	237,752	238	237,752	238
		1,773		1,773

The 'A ordinary shares' attach enhanced voting rights which are triggered in certain events outlined in the articles of association.

All of the 'ordinary shares' rank pari passu except 193,931 shares held in trust by Royal Bank of Canada.

22. Reserve for own shares

Group and Company

Treasury shares held by the Employment Benefit Trust are classified as reserves for own shares, the reserve recognises consideration received for the sale of shares.

		3 July 2022 £000		28 March 2021 £000
Consist of:	<i>No.</i>		<i>No.</i>	
Ordinary shares of £1 each	193,931	194	193,931	194

Notes to the financial statements (continued)

for the 66 weeks ended 3 July 2022

23. Financial instruments – Other reserve

Group

Includes:

Revaluation reserves where leasehold property assets have been revalued to reflect their fair value based on replacement cost when there has been an extension of the store lease; and

Future potential dividend payments to Business Growth Fund have been recorded at fair value. The long-term dividend is payable in relation to the year ended March 2021 onwards, and in the event that no exit event has occurred, for the 66 weeks ended 3 July 2022 was £750k (52 weeks ended 28 March 2021 £600k). The fair value for the period has been recognised based on the final value agreed in terms of the share buy-back arrangement concluded subsequent to year-end. In prior periods the fair value has been based on the probability of an exit event occurring at various future dates and a weighted average dividend payment thereafter calculated, discounted to present value using a cost of capital of 12%.

23. Financial instruments – Other reserve (continued)

Company

Future potential dividend payments to Business Growth Fund have been recorded at fair value. The long-term dividend is payable in relation to the year ended March 2021 onwards, and in the event that no exit event has occurred, for the 66 weeks ended 3 July 2022 was £750k (52 weeks ended 28 March 2021 £600k). The fair value for the period has been recognised based on the final value agreed in terms of the share buy-back arrangement concluded subsequent to year-end. In prior periods the fair value has been based on the probability of an exit event occurring at various future dates and a weighted average dividend payment thereafter calculated, discounted to present value using a cost of capital of 12%.

24. Financial instruments

Group

	3 July 2022	28 March 2021
	£000	£000
<i>Financial liabilities at fair value through profit and loss</i>		
Business growth fund equity option	1,350	566
Business growth fund dividends	50	918
<i>Financial liabilities at fair value at amortised cost</i>		
Business growth fund loans	-	6,001

The Business Growth Fund dividend has been recognised based on final values agreed in terms of the exit event which occurred subsequent to the year-end. In the prior year no exit event had been agreed and the dividend was recognised based on the probability of dividend payments becoming due in the future. The fair value of the dividend being £50k (52 weeks ended 28 March 2021 £918k).

The movement in the fair value of the BGF equity option and dividends of £84k (for the 52 week period ended 28 March 2021 - £5k) is included in administrative expenses in the income statement.

Notes to the financial statements (continued)

for the 66 weeks ended 3 July 2022

24. Financial instruments (continued)

Company

	3 July 2022 £000	28 March 2021 £000
<i>Financial liabilities at fair value through profit and loss</i>		
Business growth fund equity option	1,350	566
Business growth fund dividends	50	918
<i>Financial liabilities at fair value at amortised cost</i>		
Business growth fund loans	-	6,001

The Business Growth Fund dividend has been recognised based on final values agreed in terms of the exit event which occurred subsequent to the year-end. In the prior year no exit event had been agreed and the dividend was recognised based on the probability of dividend payments becoming due in the future. The fair value of the dividend being £50k (52 weeks ended 28 March 2021 £918k).

The movement in the fair value of the BGF equity option and dividends of £84k (for the 52 week period ended 28 March 2021 - £5k) is included in administrative expenses in the income statement.

25. Notes to the statement of cash flows

(a) Reconciliation of operating profit/(loss) to net cash inflow from operating activities.

Group

	66 weeks ended 3 July 2022 £000	52 weeks ended 28 March 2021 £000
Operating profit/(loss)	15,255	7,182
Depreciation	6,929	4,866
Amortisation	1,602	1,072
(Increase) in stocks	(2,057)	(723)
(Increase) in debtors	(9,721)	(719)
Increase in creditors	16,747	6,840
Net cash inflow from continuing operating activities	28,755	18,518

Notes to the financial statements (continued)

for the 66 weeks ended 3 July 2022

25. Notes to the statement of cash flows (continued)

Company

	66 weeks ended 3 July 2022 £000	52 weeks ended 28 March 2021 £000
Operating Loss	(665)	(595)
Increase in non-intercompany creditors	95	210
(Increase) in intercompany debtors	(1,250)	(1,000)
Increase in intercompany creditors	6,707	992
Net cash outflow from operating activities	4,887	(393)

The intercompany dividend payable to Furniture Village Holdings Limited for the ordinary shares was £1,250k (52 weeks ended 28 March 2021 – £1,000k).

Ordinary dividends are paid solely to the parent company, Furniture Village Holdings Limited, which holds 100% of the ordinary share capital of Furniture Village Group Limited, which in turn holds 100% of the ordinary share capital of Furniture Village Limited.

(b) Analysis of cash

Group

	28 March 2021 £000	Cash flow £000	3 July 2022 £000
Cash	37,636	10,923	48,559
	37,636	10,923	48,559

Company

	28 March 2021 £000	Cash flow £000	3 July 2022 £000
Cash	5	–	5
	5	–	5

(c) Restricted cash

Group

The cash and cash equivalent balance disclosed above and in the statement of cash flows includes £17,500k (52 weeks ended 28 March 2021 £19,850k) held by Cardnet Merchant Services Limited as security against customer payments received by the Group ahead of the fulfilment of customer orders.

Notes to the financial statements (continued)

for the 66 weeks ended 3 July 2022

26. Capital commitments

Future committed capital expenditure not otherwise included in these financial statements is as follows:

Group

	3 July 2022 £000	28 March 2021 £000
Authorised by the directors and contracted for	—	—
	—	—
	—	—

27. Pension arrangements

The Group operates a defined contribution pension scheme for eligible employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. Accrued contributions as at 3 July 2022 amounted to £nil (28 March 2021 – £nil).

28. Operating leases

Operating lease commitments:

In respect of leases, the following future minimum rentals payable under non-cancellable operating leases are as follows:

Group

	Land and Buildings 3 July 2022 £000	Land and buildings 28 March 2021 £000	Other 3 July 2022 £000	Other 28 March 2021 £000
Operating leases which expire:				
Within one period	23,126	23,279	1,301	1,374
In two to five periods	84,447	89,081	2,778	2,283
In over five periods	61,839	73,336	119	—
	169,412	185,696	4,198	3,657

Notes to the financial statements (continued)

for the 66 weeks ended 3 July 2022

28. Operating leases

Operating lease income:

The following future minimum rentals receivable under non-cancellable operating leases for retail space sublet to a third-party retailer are as follows:

Group

	Other Operating Income 3 July 2022 £000	Other Operating Income 28 March 2021 £000
Operating leases which expire:		
Within one period	622	1,156
In two to five periods	134	1,265
In over five periods	–	–
	<u>756</u>	<u>2,421</u>

29. Events subsequent to the Statement of Financial Position date

Since the Statement of Financial Position date, the Group has exchanged contracts on a new store in Colchester.

It has long been an ambition for the business to be a 'family partnership', one that is a limited liability company solely owned by the founding family and a business that provides the opportunity for all to truly share in the rewards of their efforts. This ambition has been a patient priority of the founders and executives of our company for some considerable time and we are pleased to confirm that a successful share buy-back arrangement was concluded on 30 November 2022, with the only remaining shareholders being the directors P J Harrison and C G Harrison as well as our Employment Benefit Trust. The consideration to execute the share buy-back is materially consistent with the provisions recognised in these financial statements including the Business Growth Fund option, disclosed in Note 17.

30. Related parties

Key management personnel

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel.

As part of their employment the directors and employees can purchase goods from the Company at a discount. The amount of goods purchased by the directors is not considered to be material either to the Company or to the individuals. The discounts for the directors are on the same terms as those of all other employees.

Loans comprise of the Business Growth Fund (related party) long term loan.

The Company owns 100% of the share capital of Furniture Village Group Limited, which in turn owns 100% of Furniture Village Limited, 100% of the share capital of the London Bed Company Limited (dormant) and 100% of the share capital of The London Furniture Company (Chelsea) Limited (dormant). The Group has taken advantage of the exemptions in FRS 102: Related party disclosures, from disclosing transactions with related parties that are wholly owned within the Furniture Village Group.

All other related parties alongside their associated transactions have been disclosed within the statutory accounts.

Notes to the financial statements (continued)
for the 66 weeks ended 3 July 2022

31. Ultimate controlling party

The Company is under the ultimate control of Mr PJ Harrison by virtue of his majority shareholding.