

# Furniture Village Limited

## Annual Report and Financial Statements

For the 52 weeks ended 2 July 2023



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## Officers and professional advisors

### Directors

P J Harrison	(Executive Chairman)
C E Shields	(Resigned 31 August 2022)
C G Harrison	
E G Wynne	
M Broughton	
N J Hipkiss	(Appointed 4 July 2022)
D S Ayers	(Appointed 27 January 2023)
C J Cooper	(Appointed 27 January 2023)

### Non-executive Directors

J C Hodgkinson	(Resigned 23 January 2023)
S McPartland MP	(Resigned 8 July 2022 and re-appointed 22 November 2022)
J E Vinson	(Resigned 30 November 2022)
M Cowan	(Appointed 27 January 2023)

### Secretary

E G Wynne

### 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 52 weeks ended 2 July 2023.

The Furniture Village 'Group' consists of Furniture Village Limited, the trading company, owned 100% by Furniture Village Group Limited, which in turn is owned 100% by the ultimate parent company Furniture Village Holdings Limited. As such, the Strategic Report below contains extracts from the consolidated accounts of the group due to its direct relevance to Furniture Village Limited.

### Principal activity

The principal activity of the Company is the sale of quality furniture, positioned at the mid to upper end of the UK volume furniture retail market.

### Prior year change in accounting reference date

On 9 March 2021, the Board decided to extend the Group accounting reference date, 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 has now removed this volatility and has contributed to improved operational effectiveness, also allowing for better comparability of results between trading periods.

This report covers the 52 week period from 4 July 2022 to 2 July 2023. The previous report therefore covered the 66 week period from 29 March 2021 to 3 July 2022.

### Share Buy-back

It has long been an ambition for the business to be a 'family partnership', one that is a limited liability company, owned by the founding family and a business that provides the opportunity for all who work in it 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. The shareholders of the ultimate parent company Furniture Village Holdings Limited, at the date of this report are the Directors P J Harrison and C G Harrison, family member K A Stevens, and our Employment Benefit Trust.

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

### Review of the business

Whilst we are a product led and marketing driven business, our people and our customers remain at the heart of everything we do. Our culture is firmly rooted in our core 'family values', carefully positioned alongside an ambition to continue building a successful, growing business, one in which everyone has a desire to do well and can share in the rewards of their efforts.

The ongoing investment in our people, our stores, our digital capability and importantly our product offer, even throughout the recent Covid disrupted years, has certainly produced a stronger, more agile, and more united business. External trading conditions will vary from time to time through economic cycles, but we always have and continue to take the view that there will always be a market and that we are well placed to take advantage of all trading opportunities, whatever external conditions exist.

## Strategic Report (continued)

### **Financial Key Performance Indicators (KPI's):**

	<b>Reported 52 Weeks 2023</b>	<b>Reported 66 weeks 2022</b>	<b>Reported Total Change</b>
Revenue or Deliveries (net of Vat)	£358.8m	£474.9m	-£116.1m
Gross Profit %	46.0%	43.9%	2.1 points
EBITDA*	£15.8m	£23.7m	-£7.9m
Profit after taxation	£5.8m	£10.0m	-£4.2m
Cash Balance	£35.2m	£48.6m	-£13.4m

\*Earnings Before Interest, Tax, Depreciation and Amortisation

It is worth noting that the previous period compared to in this report reflects a post Covid period during which we, like many others in the home furnishing sector, experienced extraordinary pent-up demand. In addition, as referred to above, the accounting reference date was changed in 2022, resulting in a 66-week reporting period. Caution should therefore be taken when making direct comparisons between the two periods contained in this report.

Furthermore, as was widely anticipated and has been consistently reported on, the year to 2 July 2023 saw a return to reduced levels of consumer demand, more in line with pre-pandemic times. At the same time, the macro-economic effects of the ongoing conflict in Ukraine, global inflationary pressures, and the move towards higher interest rates, all placed pressure on the disposable incomes of UK consumers, creating uncertainty for retailers, customers and suppliers alike.

During the year ended 2 July 2023, order intake therefore naturally dropped against the exceptional 66-week period last year. However, very pleasingly we saw double digit growth on a like for like basis in order intake compared to pre-pandemic 2019 levels. Given the market headwinds, we are very pleased with that performance, undoubtedly reflecting the continued strength of appeal of our offer and real growth in our share of the available market.

The world-wide supply chain disruption experienced in the previous year, mainly related to Covid, improved during the current year and for us it returned to pre-pandemic levels of reliability and speed, for which we thank our suppliers, logistics providers and our own fulfilment teams who have made great strides in improving operational efficiencies. The shortened lead times boosted delivered sales in the year as the additional order book carried over from 2022, unwound. With lower additional shipping container costs, together with a concerted and coordinated focus across all parts of the business, we were very pleased that we not only managed to restore margins to pre-pandemic levels but improve upon them.

Continued good cost control and a concerted effort to improve efficiencies and eliminate waste, meant that we generated a very healthy EBITDA of £15.8 million.

This would not have been possible without the individual and collective contributions of our approximately 1,200 employees across the group. They have responded with skill, energy, enthusiasm, belief and dedication to the business and our customers. We thank them for their efforts and for their contribution to our unique, inclusive and positive culture which continues to help us find ways to not just survive but thrive in all circumstances.

We constantly strive to provide the very best levels of service to our customers and believe that it is possible to make respectable profits and still reward our people well, an essential ingredient to giving great service. We often characterise our business simply as one in which 'we employ nice people, to sell nice things, to nice people – and we try to do it well'.

## Strategic Report (continued)

As a result of the share buy-back reported on earlier, we were able to implement another long-held business imperative, being the introduction of a Profit-Sharing Scheme. Under this scheme, any Operating profit above an agreed target generated during a financial year will be available to be shared between all employees with more than one year's service. This is not a guaranteed payout and is in addition to all existing bonus and commission arrangements. It will be assessed annually and will depend entirely upon the performance and priorities of the business in any given financial year under the principle that we have to 'make it to share it'.

Having generated a very healthy Operating Profit before Family Partnership payment of just over £9 million, it is therefore with immense pride that, we were able to make a healthy payout of some £1.27 million to approximately a thousand of our loyal, dedicated and hard-working people under this profit share scheme.

The business model remains highly cash generative, and the strong cash inflow from continuing operating activities produced a healthy closing cash position of £35.2 million, which is after having funded the share buy-back during the year from internally generated funds.

Our trading strategy is firmly built upon the synergistic relationship between our physical stores and our digital, online presence. The majority of our customers still prefer the in-store experience of being able to 'touch and feel' their furniture ahead of purchasing and this remains by far the greatest route to market for us. At the same time, we are firmly committed to providing customers with a genuine multi-channel experience, enabling them to choose their preferred method of interaction and mode of purchase.

We therefore continue to invest in our digital platform whilst at the same time seeking out strategically located new sites. We consequently expanded our physical store portfolio during the year ended 2 July 2023 by opening a new Colchester store in December 2022. The portfolio at 2 July 2023 was therefore 55 stores (June 2022: 54 stores), extending physical accessibility across most of England.

### Outlook

Whilst inflation has reduced over the past few months, a fragile economic backdrop continues as interest rates remain high and pressures persist on the disposable incomes of most consumers. The more testing trading environment experienced last year has therefore continued, and in line with many retail sectors, particularly big-ticket, we too have experienced a slowing in footfall into stores and traffic online. Despite this, we have continued to trade strongly with improved conversion rates helping to mitigate the reduced customer flow. Our order intake over the first 34 weeks has shown a like for like 3% increase against the 2022/23 year and is substantially up against the equivalent (pre-Covid) 2019 period.

Whilst we will always adopt a cautious and considered approach, at the same time we remain an ambitious business and so set our stall out to take additional market share to compensate for that more challenging environment. We are confident, but not arrogant, in the appeal of our offer and more importantly in the capacity and appetite of our people to continue to respond with skill, enthusiasm, determination and the resoluteness required to meet a more cautious market.

Our people remain our greatest asset and are key to our success and so, in addition to the Family Partnership Profit Share scheme, we continue to invest in our people and ensure that they remain amongst the best rewarded in the industry. Following on from our being awarded the prestigious Family Business of the Year Award in 2022, in recognition of our genuine family culture and innovative approach to business, in this current year we were very proud to receive 'World Class' accreditation from Best Companies and were ranked in the Top 5 large businesses to work for in the UK.

## Strategic Report (continued)

Our assessment is that trading conditions will remain fragile for the year ahead and that demand will therefore be 'flat' year on year, with the higher cost of living continuing to place pressure on the disposable incomes of our customers. Despite a solid trading performance so far in the 2023/24 financial year, we remain mindful of the risk that the volatile political and economic backdrop may have on already fragile consumer confidence levels.

The Group Senior Leadership Team remains focused on controlling those things which remain within our control whilst remaining alert and agile to deal with the unexpected. Over the last 34 years, we have faced many different trading conditions and always 'found a way' to perform and succeed. Notwithstanding the ongoing market headwinds faced by the Group, the Board believes that we are well positioned to successfully navigate the challenges ahead, convert opportunities to grow market share and emerge stronger than ever.

### 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 both the digital platform and stores, seeking to be truly multi-channel and remain 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 is that Covid-19 now represents a very low risk to the business.

#### 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 using forward purchases as appropriate.

## Strategic Report (continued)

### **Cyber Crime and General Data Protection Regulation (GDPR) risk**

During the prior 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 and fulfilment 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 can 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 52 weeks ended 2 July 2023. 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.

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.



## Strategic Report (continued)

### 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

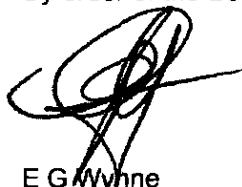
In November 2022 an amicable financial arrangement was reached with the Business Growth Fund ('BGF') and other shareholders of Furniture Village Holdings Limited the ultimate holding company, which enabled the business to buy-back their shareholdings and they ceased to be shareholders in the business. The only shareholders of the ultimate holding company Furniture Village Holdings Limited, at the date of this report are the Directors P J Harrison and C G Harrison, family member K A Stevens, and our Employment Benefit Trust.

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 28 MARCH 2024

## Directors' Report

The directors present their report and financial statements for the 52 weeks ended 2 July 2023.

The Company 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 profit for the year, after taxation, amounted to £6,523k (66 weeks ended 3 July 2022: £11,102k). The net assets of the Company were £27,259k (66 weeks ended 3 July 2022: £35,287k).

The directors recommend the payment of an intercompany dividend of £15,000k to Furniture Village Group Ltd (66 weeks ended 3 July 2022 £1,250k). The company also paid an intercompany non-equity preference share dividend of £222k to Furniture Village Group Ltd (66 weeks ended 3 July 2022 £222k).

### 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 £10,310k (2022: £20,516k) and cash at year end was £35,168k (2022: £48,559k) 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. 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 29 June 2025, 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.

## Directors' Report (continued)

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. In addition, a Family Partnership Profit Share Scheme was implemented during the period ended 2 July 2023 in terms of which profits exceeding an annually agreed level are shared amongst all eligible employees.

### 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 4 July 2022 to 2 July 2023, reporting all material GHG emissions using "Tonnes of CO<sub>2</sub> equivalent" (tCO<sub>2</sub>e) as the unit of measurement and reporting energy use in kWh.

	2022-23	2021-22
<b>Energy consumption used to calculate emissions:</b>	<b>24,819,234 kWh</b>	<b>24,819,234 kWh</b>
Emissions from combustion of gas (Scope 1)	169 tCO <sub>2</sub> e	245 tCO <sub>2</sub> e
Emissions from combustion of fuel for transport purposes (Scope 1)	1,891 tCO <sub>2</sub> e	2,704 tCO <sub>2</sub> e
Emissions from business travel in rental cars or employee-owned vehicles where Company is responsible for purchasing the fuel (Scope 3)	48 tCO <sub>2</sub> e	33 tCO <sub>2</sub> e
Emissions from purchased electricity (Scope 2, location-based)	2,355 tCO <sub>2</sub> e	2,336 tCO <sub>2</sub> e
<b>Total gross CO<sub>2</sub>e based on above</b>	<b>4,461 tCO<sub>2</sub>e</b>	<b>5,318 tCO<sub>2</sub>e</b>
<b>Intensity ratio: tCO<sub>2</sub>e g per £100,000 revenue</b>	<b>12.44</b>	<b>13.05</b>

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

#### Energy Efficiency Action Taken

With regard to the property portfolio, the Business continually monitors consumption on a monthly basis and keeps abreast of market developments for any potential additional efficiency opportunities. We undertook a review of the efficacy of the showroom product lighting, as a result of which we were able to reduce numbers by c.10% across the estate with a resultant reduction in electricity consumption. Moreover, we identified a new LED ambient light fitting and undertook an upgrade of all fluorescent lighting in our Ruislip store, following the success of which we have carried out a similar upgrade in four additional stores. Since 2015 all new stores have been entirely illuminated by LED lighting and we are working towards extending the upgrade across all remaining stores acquired prior to this date.

## Directors' Report (continued)

The Business previously took the decision to move its company car fleet upon renewal to electric vehicles and all fleet cars are now electric. This has resulted in a significant contribution to the reduction in emissions during the year.

The commercial transport fleet has slowly been replaced during the year, with more replacements due in Q1 2024, which is driving better fuel efficiencies across the fleet. Routing and postcode changes are also scrutinised as is driver behaviour. The new vehicles are fitted with telematics to monitor driving styles, thus providing the ability to analyse data going forward to further reduce our carbon footprint. Various platforms of EV vehicles have been trialled in 2022/23 and we are now closer to getting a number of vans into strategic sites for further testing. We continue to investigate other fuel types, including hydrogen, for a potential long-term solution, including in relation to the final mile goal.

### 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  
N J Hipkiss  
D S Ayers  
C J Cooper

### 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  
M Cowan

### 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 relocated the store in Friern Barnet to a more appropriately located site in Staples Corner.

By order of the Board



E. J. Wynne

Director

Date

28 MARCH 2024

## Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

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

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

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

# Income Statement

for the 52 weeks ended 2 July 2023

	Note	52 weeks ended 2 July 2023 £000	66 weeks ended 3 July 2022 £000
<b>Revenue</b>	2	<b>358,781</b>	474,914
Cost of sales		(193,771)	(266,339)
<b>Gross profit</b>		<b>165,010</b>	208,575
Distribution costs		(93,838)	(124,126)
Administrative expenses		(63,995)	(69,143)
Other operating income	3	1,203	1,745
<b>Operating profit before cost of new/re-launched stores</b>		<b>8,380</b>	17,051
New and re-launched stores		(232)	(472)
<b>Operating profit</b>		<b>8,148</b>	16,579
Loss on disposal of intangible and tangible fixed assets	4	(16)	(1,589)
<b>Profit before interest and tax</b>	5	<b>8,132</b>	14,990
Interest receivable and similar income	9	391	74
Interest payable and similar charges	10	(249)	(272)
<b>Profit on ordinary activities before taxation</b>		<b>8,274</b>	14,792
Tax charge	11	(1,751)	(3,690)
<b>Profit for the financial period</b>		<b>6,523</b>	11,102

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

## Statement of comprehensive income

for the 52 weeks ended 2 July 2023

		<b>52 weeks ended 2 July 2023 £000</b>	<b>66 weeks ended 3 July 2022 £000</b>
	<i>Note</i>		
<b>Profit for the financial period</b>		<b>6,523</b>	11,102
<b>Other comprehensive income</b>			
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods</i>			
Net loss on cash flow hedges		<b>(102)</b>	–
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods</i>			
Revaluation of the website	13	<b>241</b>	–
Revaluation of leasehold property	14	<b>494</b>	3,202
Movement on deferred tax arising on the revaluation reserve	11	<b>(184)</b>	(279)
<b>Total comprehensive income</b>		<b>6,972</b>	14,025



## Statement of change in equity

for the 52 weeks ended 2 July 2023

	<i>Note</i>	<i>Share capital £000</i>	<i>Share premium £000</i>	<i>Revaluation reserve £000</i>	<i>Cash flow hedge reserves £000</i>	<i>Profit and loss reserve £000</i>	<i>Total share- holders' funds £000</i>
At 28 March 2021		650	274	6,042	–	15,546	22,512
Profit for the financial period		–	–	–	–	11,102	11,102
Other comprehensive income		–	–	2,923	–	–	2,923
Total comprehensive income		–	–	2,923	–	11,102	14,025
Ordinary dividends paid to parent undertaking	12	–	–	–	–	(1,250)	(1,250)
At 3 July 2022		650	274	8,965	–	25,398	35,287
Profit for the financial period		–	–	–	–	6,523	6,523
Other comprehensive income		–	–	551	(102)	–	449
Total comprehensive income		–	–	551	(102)	6,523	6,972
Transfer from revaluation reserve to profit and loss reserve		–	–	(2,643)	–	2,643	–
Ordinary dividends paid to parent undertaking	12	–	–	–	–	(15,000)	(15,000)
<b>At 2 July 2023</b>		<b>650</b>	<b>274</b>	<b>6,873</b>	<b>(102)</b>	<b>19,564</b>	<b>27,259</b>

# Statement of Financial Position

at 2 July 2023

	Note	2 July 2023 £000	3 July 2022 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	13	1,975	1,557
Tangible assets	14	34,337	35,736
<b>Total non-current assets</b>		<b>36,312</b>	<b>37,293</b>
<b>Current assets</b>			
Stock	15	19,706	18,708
Debtors	16	80,375	64,932
Cash	22(b)	35,159	48,549
<b>Total current assets</b>		<b>135,240</b>	<b>132,189</b>
<b>Total assets</b>		<b>171,552</b>	<b>169,482</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Preference shares	17	(3,150)	(3,150)
Provision for liabilities	18	(5,453)	(4,875)
<b>Total non-current liabilities</b>		<b>(8,603)</b>	<b>(8,025)</b>
<b>Creditors: amounts falling due within one period</b>	19	<b>(135,690)</b>	<b>(126,170)</b>
<b>Total liabilities</b>		<b>(144,293)</b>	<b>(134,195)</b>
<b>Net assets</b>		<b>27,259</b>	<b>35,287</b>
<b>Capital and reserves</b>			
Called up share capital	20	650	650
Share premium account		274	274
Profit and loss reserve		19,564	25,398
Asset revaluation reserve		6,873	8,965
Other reserves	21	(102)	–
<b>Total equity</b>		<b>27,259</b>	<b>35,287</b>

For the 52 weeks ending 2 July 2023 the Company was entitled to exemption from audit under s479A of the Companies Act 2006 relating to subsidiary companies.

Directors responsibilities:

- the members have not required the Company to obtain an audit of its account for the period in question in accordance with s476;
- the director's acknowledge their responsibilities for complying with the requirements of the Act in respect to accounting records and the preparation of the accounts.

The financial statements on pages 13 to 35 were authorised for issue by the Board of directors on 28 March 2024 and were signed on its behalf by:

E G Wynne  
Director

C J Cooper  
Director

## Statement of cash flows

for the 52 weeks ended 2 July 2023

	Note	52 weeks ended 2 July 2023 £000	66 weeks ended 3 July 2022 £000
<b>Net cash inflow from operating activities</b>	22(a)	<b>7,481</b>	<b>21,222</b>
<b>Investing activities</b>			
Interest received		391	74
Payments to acquire tangible fixed assets		(4,868)	(7,650)
Payments to acquire intangible fixed assets		(1,145)	(1,242)
Proceeds of disposal of tangible fixed assets		–	41
<b>Net cash outflow from investing activities</b>		<b>(5,622)</b>	<b>(8,777)</b>
<b>Financing activities</b>			
Intercompany preference dividend paid to parent company		(222)	(222)
Other interest paid		(27)	(50)
Equity dividend paid to parent company	12	(15,000)	(1,250)
<b>Net cash outflow from financing activities</b>		<b>(15,249)</b>	<b>(1,522)</b>
<b>Change in cash resulting from cash flows</b>	22(b)	<b>(13,390)</b>	<b>10,923</b>
Cash at beginning of financial period	22(b)	48,549	37,625
<b>Cash at end of financial period</b>	22(b)	<b>35,159</b>	<b>48,549</b>

# Notes to the financial statements

for the 52 weeks ended 2 July 2023

## 1. Accounting policies

### ***Statement of compliance***

Furniture Village Limited is a limited liability company incorporated in the United Kingdom. The registered office is 258 Bath Road, Slough, Berkshire, SL1 4DX. The 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 52 weeks ended 2 July 2023.

### ***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) has had 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.

#### ***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 rounded to the nearest £'000.

## Notes to the financial statements (continued)

for the 52 weeks ended 2 July 2023

### 1. Accounting policies (continued)

#### ***Basis of preparation (continued)***

For the prior period the Company and the Group changed the Accounting Reference Date for the period to 3 July 2022. Amounts reported in the financial statements cover the 52 weeks ended 2 July 2023 are not entirely comparable to the prior year results which cover the 66 week period ended 3 July 2022. 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.

In accordance with s479A of the Companies Act 2006 the Company has claimed exemption from the audit relating to subsidiary companies in respect of the current financial year.

#### ***Going Concern***

The Group had net assets of £10,310k (2022: £20,516k) and cash at year end was £35,168k (2022: £48,559k) 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. 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 29 June 2025, 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.

#### ***Intangible fixed assets***

Intangible assets including website costs 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.

## Notes to the financial statements (continued)

for the 52 weeks ended 2 July 2023

### 1. Accounting policies (continued)

#### ***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. Such cost includes costs directly attributable to making the asset capable of operating as intended. The expected useful life is stipulated 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.

#### ***Revenue recognition***

Revenue is recognised to the extent that the company obtains 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.

#### ***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.

#### ***Cash***

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

## Notes to the financial statements (continued)

for the 52 weeks ended 2 July 2023

### 1. Accounting policies (continued)

#### ***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.

#### ***Provisions for liabilities***

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

The effect of the time value of money is not material and therefore the provisions are not discounted.

#### ***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 substantially 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.

#### ***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.

#### ***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.

## Notes to the financial statements (continued)

for the 52 weeks ended 2 July 2023

### 1. Accounting policies (continued)

#### *Hedge accounting*

The company uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. For those derivatives designated as hedges and for which hedge accounting is desired, the hedging relationship is formally designated and documented at its inception. This documentation identifies the risk management objective and strategy for undertaking the hedge, the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how effectiveness will be measured throughout its duration. Such hedges are expected at inception to be highly effective in offsetting changes in cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the reporting period for which they were designated.

For the purpose of hedge accounting, hedges are classified as:

- a) Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- b) Cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction; or
- c) Hedges of a net investment in a foreign operation.

A hedge of the foreign currency risk of a firm commitment is accounted for as a cash flow hedge. Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken to the income statement.

#### *Cash flow hedges*

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly as other comprehensive income, while the ineffective portion is recognised in the income statement. Amounts taken to other comprehensive income are transferred to the income statement when the hedged transaction affects the income statement. If a forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in other comprehensive income remain in other comprehensive income until the forecast transaction occurs and are transferred to the income statement. If the related transaction is not expected to occur, the amount is taken to the income statement. The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in forecasted transactions and firm commitments.

#### *Pension costs*

The Company 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.



## **Notes to the financial statements (continued)**

**for the 52 weeks ended 2 July 2023**

### **1. Accounting policies (continued)**

#### ***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 company 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. A corresponding liability is recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments in the Statement of Financial Position. Lease payments are apportioned between the reduction of the lease liability and finance charges in the Income Statement so as to achieve a constant rate of interest on the remaining balance of the liability.

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

#### ***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 costs, 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.

#### ***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:

- a) 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
- b) 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.

## Notes to the financial statements (continued)

for the 52 weeks ended 2 July 2023

### 1. Accounting policies (continued)

#### *Classification of shares as debt or equity (continued)*

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.

### 2. Revenue

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

### 3. Other operating income

	<b>52 weeks ended 2 July 2023 £000</b>	<b>66 weeks ended 3 July 2022 £000</b>
Concession income	1,203	1,515
Government grants	—	230
	<b>1,203</b>	<b>1,745</b>

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

	<b>52 weeks ended 2 July 2023 £000</b>	<b>66 weeks ended 3 July 2022 £000</b>
Loss on disposal of tangible and intangible assets	<b>(16)</b>	<b>(1,589)</b>

## Notes to the financial statements (continued)

for the 52 weeks ended 2 July 2023

### 5. Profit before interest and tax

This is stated after charging:

	<b>52 weeks ended 2 July 2023 £000</b>	<b>66 weeks ended 3 July 2022 £000</b>
Auditors' and associates' remuneration	200	176
Depreciation of owned assets	6,745	6,929
Amortisation of intangible assets	968	943
Operating lease rentals – Property	23,638	30,193
Operating lease rentals – Other	2,044	2,263

### 6. Auditor's remuneration

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

	<b>52 weeks ended 2 July 2023 £000</b>	<b>66 weeks ended 3 July 2022 £000</b>
<i>Audit services</i>		
Audit of the financial statements	147	146
<i>Non-audit services</i>		
Taxation compliance services	53	30
Total audit and associates' remuneration	200	176

### 7. Directors' remuneration

	<b>52 weeks ended 2 July 2023 £000</b>	<b>66 weeks ended 3 July 2022 £000</b>
Aggregate remuneration in respect of qualifying services	2,395	1,972
Company contributions paid to money purchase pension schemes	54	58
Number of directors in respect of qualifying services	11	8
Members of money purchase pension scheme	9	5

Members of money purchase pension scheme The amounts in respect of the highest paid director were aggregate remuneration of £569k (66 weeks ended 3 July 2022 – £587k) and Company contributions paid to pension schemes of £nil (66 weeks ended 3 July 2022 – £5k). Directors' remuneration includes bonuses relating to the period in which they accrue, although these may be paid after the period end.

## Notes to the financial statements (continued)

for the 52 weeks ended 2 July 2023

### 8. Staff costs

	<b>52 weeks ended 2 July 2023 £000</b>	<b>66 weeks ended 3 July 2022 £000</b>
Wages and salaries	51,998	61,246
Social security costs	5,893	6,827
Pension costs	1,949	2,313
	<b>59,840</b>	<b>70,386</b>

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

	<b>52 weeks ended 2 July 2023 £000</b>	<b>66 weeks ended 3 July 2022 £000</b>
Office and management	148	145
Retailing and distribution	1,059	1,098
	<b>1,207</b>	<b>1,243</b>

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.

There have been no benefits received by the Group from the Government Job Retention Scheme for the current period as per Note 3 (66 weeks ended 3 July 2022 - £22k of £230k).

### 9. Interest receivable and similar income

	<b>52 weeks ended 2 July 2023 £000</b>	<b>66 weeks ended 3 July 2022 £000</b>
Bank Interest	391	74

## Notes to the financial statements (continued)

for the 52 weeks ended 2 July 2023

### 10. Interest payable and similar charges

	52 weeks ended 2 July 2023 £000	66 weeks ended 3 July 2022 £000
Dividends payable on non-equity preference shares to parent company	222	222
Other interest	27	50
	<b>249</b>	<b>272</b>

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

### 11. Tax

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

The tax is made up as follows:

	52 weeks ended 2 July 2023 £000	66 weeks ended 3 July 2022 £000
<i>Current tax:</i>		
UK corporation tax	2,996	2,835
Adjustment in respect of previous periods	(370)	(67)
<b>Total current tax</b>	<b>2,626</b>	<b>2,768</b>
<i>Deferred tax:</i>		
Origination and reversal of timing differences		
Current period	(977)	434
Prior period	316	3
Change of tax rates	(214)	485
<b>Total deferred tax (note 18)</b>	<b>(875)</b>	<b>922</b>
<b>Total tax per income statement</b>	<b>1,751</b>	<b>3,690</b>
<i>Other comprehensive income items</i>		
Deferred tax current year charge	184	279
	<b>184</b>	<b>279</b>

## Notes to the financial statements (continued)

for the 52 weeks ended 2 July 2023

### 11. Tax

(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:

	<b>52 weeks ended 2 July 2023 £000</b>	<b>66 weeks ended 3 July 2022 £000</b>
Profit for the period	<b>8,274</b>	14,792
Tax on profit at standard UK tax rate of 20.50% (66 weeks ended 3 July 2022 – 19%)	<b>1,696</b>	2,810
<b>Effects of:</b>		
Expenses not deductible	<b>620</b>	695
Non-taxable income	<b>(42)</b>	(224)
Group relief/other reliefs	<b>(1)</b>	(11)
Heldover gains	<b>(253)</b>	–
Adjustment from previous periods	<b>(54)</b>	(65)
Tax rate changes	<b>(215)</b>	485
<b>Tax charge for the period</b>	<b>1,751</b>	3,690

(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.

### 12. Ordinary dividends on equity shares to parent company

	<b>52 weeks ended 2 July 2023 £000</b>	<b>66 weeks ended 3 July 2022 £000</b>
Dividends payable on ordinary shares to parent company	<b>15,000</b>	1,250

In the period £15,000k of equity dividends are payable to Furniture Village Group Limited for the ordinary shares (66 weeks ended 3 July 2022 – £1,250k). Ordinary dividends are paid solely for the funding of the parent company, Furniture Village Group Limited, which holds 100% of the ordinary share capital of Furniture Village Limited.

## Notes to the financial statements (continued)

for the 52 weeks ended 2 July 2023

### 13. Intangible fixed assets

	Software £000	Website £000	Total £000
Cost:			
At 3 July 2022	1,921	3,019	4,940
Additions	726	419	1,145
Disposals	(27)	–	(27)
Revaluation	–	241	241
<b>At 2 July 2023</b>	<b>2,620</b>	<b>3,679</b>	<b>6,299</b>
Amortisation:			
At 3 July 2022	1,149	2,234	3,383
Provided during the period	304	664	968
Disposals	(27)	–	(27)
<b>At 2 July 2023</b>	<b>1,426</b>	<b>2,898</b>	<b>4,324</b>
<b>Carrying amount at 2 July 2023</b>	<b>1,194</b>	<b>781</b>	<b>1,975</b>
Carrying amount at 3 July 2022	772	785	1,557

The carrying amount of the Company's software at 2 July 2023 includes £nil (3 July 2022 – £nil) in respect of assets held under finance leases and hire purchase contracts.

### 14. Tangible fixed assets

	Leasehold Property £000	Fixtures and fittings £000	Equipment £000	Total £000
Cost or valuation:				
At 3 July 2022	69,603	6,715	4,905	81,223
Additions	3,757	135	976	4,868
Disposals	(40)	(28)	(757)	(825)
Property revaluation	494	–	–	494
<b>At 2 July 2023</b>	<b>73,814</b>	<b>6,822</b>	<b>5,124</b>	<b>85,760</b>
Depreciation:				
At 3 July 2022	38,664	3,673	3,150	45,487
Provided during the period	5,629	530	586	6,745
Disposals	(35)	(17)	(757)	(809)
<b>At 2 July 2023</b>	<b>44,258</b>	<b>4,186</b>	<b>2,979</b>	<b>51,423</b>
<b>Carrying amount at 2 July 2023</b>	<b>29,556</b>	<b>2,636</b>	<b>2,145</b>	<b>34,337</b>
Carrying amount at 3 July 2022	30,939	3,042	1,755	35,736

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 52 weeks ended 2 July 2023

### 15. Stocks

	2 July 2023 £000	3 July 2022 £000
Finished goods for resale	19,706	18,708

Finished goods for resale recognised as an expense in cost of sales for the period were £167,549k (66 weeks ended 3 July 2022 - £235,488k). The stock provision charge included in cost of sales for the 52 weeks ended 2 July 2023 was £542k (66 weeks ended 3 July 2022 - £666k).

### 16. Debtors

	2 July 2023 £000	3 July 2022 £000
Trade debtors	4,710	7,094
Other debtors	777	850
Prepayments	14,186	14,699
Owed by ultimate parent co. - Furniture Village Holdings Ltd	60,702	42,289
	80,375	64,932

All the trade debtors' amounts are due to be settled within 12 months. The trade debtors' provision related to bad debts, included in administrative expenses for the 52 weeks ended 2 July 2023 was £38k (66 weeks ended 3 July 2022 - £25k).

### 17. Preference shares

	2 July 2023 £000	3 July 2022 £000
<i>Allotted, called up and fully paid</i>		
Cumulative preference shares of £1 (on which a total dividend of £96,000 is payable)		
– Number of shares – 1,400,000 (2020 – 1,400,000)	1,400	1,400
7.2% Cumulative redeemable preference shares of £1 each		
– Number of shares – 1,750,000 (2020 – 1,750,000)	1,750	1,750
	3,150	3,150

The cumulative redeemable preference shares were due to be redeemed by 31 December 2003. However, the parent company has exercised the right to roll this redemption date forward and has not specified a future redemption date. Dividends on preference shares are payable quarterly in arrears to the parent company. Furniture Village Group Limited has the right to redeem these preference shares and they are redeemable at par. Furniture Village Group Limited has stated it will not redeem these preference shares within the next period.



## Notes to the financial statements (continued)

for the 52 weeks ended 2 July 2023

### 18. Provisions for liabilities

	<i>Provision for dilapidations</i> £000	<i>Deferred tax</i> £000	<i>Total</i> £000
At 3 July 2022	2,317	2,558	4,875
Increased provision during the current period	1,269	–	1,269
Deferred tax adjustment in respect of prior years	–	316	316
Deferred tax charged to the income statement	–	(1,191)	(1,191)
Deferred tax charged in other comprehensive income	–	184	184
<b>At 2 July 2023</b>	<b>3,586</b>	<b>1,867</b>	<b>5,453</b>

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.

The deferred tax consists of:

	<i>2 July 2023</i> £000	<i>3 July 2022</i> £000
<i>Deferred tax liability</i>		
Fixed asset timing differences	1,959	2,029
Short term timing differences	(92)	(54)
Non-trading timing differences	–	583
<b>Total deferred tax liability</b>	<b>1,867</b>	<b>2,558</b>
<i>Deferred tax assets</i>		
Recognition after 12 months	(92)	(54)
<b>Total deferred tax asset</b>	<b>(92)</b>	<b>(54)</b>
<i>Deferred tax liabilities</i>		
Payable within 12 months	1,097	581
Payable after 12 months	862	2,031
<b>Total deferred tax liability</b>	<b>1,959</b>	<b>2,612</b>

## Notes to the financial statements (continued)

for the 52 weeks ended 2 July 2023

### 19. Creditors: amounts falling due within one period

	2 July 2023 £000	3 July 2022 £000
Deposits on goods not yet delivered	21,189	29,015
Trade creditors	47,958	49,320
Corporation tax	2,136	1,149
Other taxes and social security costs	6,641	6,212
Other creditors and accruals	22,834	20,764
Owed to parent co. - Furniture Village Group Limited	34,932	19,710
	<b>135,690</b>	<b>126,170</b>

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

### 20. Issued equity share capital

	No.	3 July 2022 £000	No.	3 July 2022 £000
<b>Allotted, called up and fully paid</b>				
'A' ordinary shares of £1 each	150,000	150	150,000	150
'B' ordinary shares of £1 each	500,340	500	500,340	500
		<b>650</b>		<b>650</b>

All of the ordinary shares rank pari passu. The share premium reserve records the amount above the nominal value received for shares sold, less transactions costs.

### 21. Other reserves

	2 July 2023 £000	3 July 2022 £000
Fair value hedging instrument net of recycled gain/(losses)	(102)	—
	<b>(102)</b>	<b>—</b>

The hedge reserve recognises the deferred gain/loss of the fair value forward contracts until the hedged item impacts profit and loss.

## Notes to the financial statements (continued)

for the 52 weeks ended 2 July 2023

### 22. Notes to the statement of cash flows

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

	<b>52 weeks ended 2 July 2023 £000</b>	<b>66 weeks ended 3 July 2022 £000</b>
Operating profit	<b>8,148</b>	16,579
Depreciation	<b>6,745</b>	6,929
Amortisation	<b>968</b>	943
Increase in stocks	<b>(998)</b>	(2,057)
Decrease/(increase) in non-intercompany debtors	<b>2,970</b>	(9,721)
(Decrease)/increase in non-intercompany debtors	<b>(5,420)</b>	16,653
Increase in intercompany debtors	<b>(18,413)</b>	(6,708)
Increase in intercompany creditors	<b>15,222</b>	1,472
Change in fair value hedged item	<b>(102)</b>	–
Corporation tax paid	<b>(1,639)</b>	(2,868)
<b>Net cash inflow from operating activities</b>	<b>7,481</b>	21,222

(b) Analysis of cash

	<b>3 July 2022 £000</b>	<b>Cash flow £000</b>	<b>2 July 2023 £000</b>
Cash	48,549	(13,390)	<b>35,159</b>

(c) Restricted cash

The cash and cash equivalent balance disclosed above and in the statement of cash flows includes £10,000k (66 weeks ended 3 July 2022 £17,500k) held by Cardnet Merchant Services Limited as security against customer payments received by the Company ahead of the fulfilment of customer orders.

### 23. Capital commitments

There is no future committed capital expenditure not otherwise included in these financial statements (3 July 2022 – £nil).

### 24. Pension arrangements

The Company operates a defined contribution pension scheme for eligible employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. Accrued contributions as at 2 July 2023 amounted to £nil (3 July 2022 – £nil).

## Notes to the financial statements (continued)

for the 52 weeks ended 2 July 2023

### 25. Operating leases

#### *Operating lease commitments:*

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

	<b>Land and buildings</b>	<b>Land and buildings</b>	<b>Other</b>	<b>Other</b>
	<b>2 July</b>	<b>3 July</b>	<b>2 July</b>	<b>3 July</b>
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Operating leases which expire:				
Within one period	<b>23,933</b>	23,126	<b>1,901</b>	1,301
In two to five periods	<b>81,463</b>	84,447	<b>3,557</b>	2,778
In over five periods	<b>50,791</b>	61,839	–	119
	<b>156,187</b>	169,412	<b>5,458</b>	4,198

#### *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:

	<b>Other Operating Income</b>	<b>Other Operating Income</b>
	<b>2 July</b>	<b>3 July</b>
	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Operating leases which expire:		
Within one period	<b>305</b>	622
In two to five periods	–	134
	<b>305</b>	756

### 26. Financial instruments

	<b>2 July</b>	<b>3 July</b>
	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<i>Financial liabilities at fair value (hedge accounting)</i>		
Forward foreign currency contracts	<b>165</b>	–

The company uses hedge accounting to reduce exposure to foreign exchange rates. Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through other comprehensive income for the effective portion. The fair value of the forward currency contracts is calculated by reference to current forward exchange contracts with similar maturity profiles. The fair value is recycled through profit and loss as the hedged item impacts profit and loss. The fair value of forward contracts included with in profit and loss for the 52 weeks ended 2 July 2023 - £64k (66 weeks ended 3 July 2022 - £0k).

## **Notes to the financial statements (continued)**

**for the 52 weeks ended 2 July 2023**

### **27. Related party transactions**

#### ***Key management personnel***

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Company 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 has taken advantage of the exemption allowed under FRS 102 'Related Party Disclosures', from disclosing transactions with related parties that are part of the Furniture Village Holdings Limited Group, as the company is a 100% subsidiary of a group whose financial statements are publicly available.

### **28. Ultimate parent undertaking and controlling party**

The company's immediate parent undertaking is Furniture Village Group Limited, registered in England and Wales.

In the directors' opinion, the company's ultimate parent undertaking and controlling party is Furniture Village Holdings Limited, registered in England and Wales. Group financial statements are prepared by Furniture Village Holdings Limited and are available from the registered office at 258 Bath Road, Slough, SL1 4DX.

### **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 Staples Corner Retail Park, London. The existing Friern Barnet store has been relocated to this site.