

CHFP025

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COMPANIES FORM No. 155(6)a

Declaration in relation to assistance for the acquisition of shares

155(6)a

Pursuant to section 155(6) of the Companies Act 1985

**Please complete
legibly, preferably
in black type, or
bold block lettering**

**To the Registrar of Companies
(Address overleaf - Note 5)**

For official use

Company number

02307708

Note
Please read the notes
on page 3 before
completing this form

Name of company

* Furniture Village Limited ("Company")

* insert full name
of company

~~X~~We 0 Please see Annexure 1

Ø insert name(s) and address(es) of all the directors

† delete as appropriate

~~One or more~~ [all the directors] † of the above company do solemnly and sincerely declare that

The business of the company is

§ delete whichever
is inappropriate

[illegible]

~~XXXXXXXXXXXXXXXXXXXXX~~ §

(c) something other than the above §

The company is proposing to give financial assistance in connection with the acquisition of shares in the

~~XXXXXXXXXX~~ [company's holding company Furniture Village Group Limited (company number 04317407)]

("Target") Limited) †

The assistance is for the purpose of [that acquisition] XX

XXXXXXXXXXXXXXXXXXXXX +

The number and class of the shares acquired or to be acquired is Please see Annexure 2

DLA Piper UK LLP
101 Barbirolli Square
Manchester
M2 3DL

For official Use
General Section

FRIDAY



ACIJZPN1

A32

18/05/2007

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COMPANIES HOUSE

The assistance is to be given to (note 2) Furniture Village Holdings Limited (company number 06230216)
whose registered office is at 258 Bath Road, Slough, Berkshire SL1 4DX ("**Purchaser**")

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Please complete
legibly, preferably
in black type, or
bold block
lettering

The assistance will take the form of

Please see Annexure 3

The person who ~~will acquire~~ [will acquire] † the shares is
the Purchaser

† delete as
appropriate

The principal terms on which the assistance will be given are

Please see Annexure 4

The amount of cash to be transferred to the person assisted is £ Please see Annexure 5

The value of any asset to be transferred to the person assisted is £ nil

The date on which the assistance is to be given is within eight weeks of the date hereof

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Please complete
legibly, preferably
in black type, or
bold block lettering

* delete either (a) or
(b) as appropriate

~~X~~We have formed the opinion, as regards the company's initial situation immediately following the date on which the assistance is proposed to be given, that there will be no ground on which it could then be found to be unable to pay its debts (note 3)

(a) ~~X~~We have formed the opinion that the company will be able to pay its debts as they fall due during the year immediately following that date]* (note 3)

(b) ~~XXXXXX We have formed the opinion that the company will be able to pay its debts as they fall due during the year immediately following that date]* (note 3)~~

And ~~X~~we make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1835

Declared at DLA PIPER
3 NOBLE STREET, LONDON

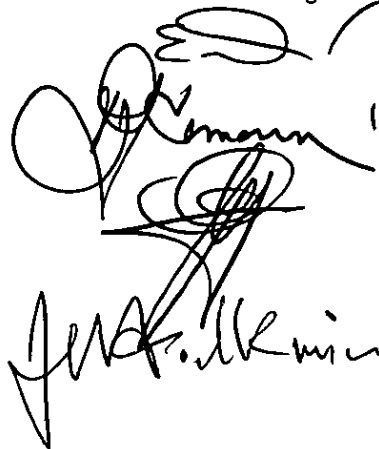
Declarants to sign below

Day Month Year
on

1	5	0	5	2	0	0	7
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before me J. Jhe

A Commissioner for Oaths or Notary Public or Justice of the Peace or a Solicitor having the powers conferred on a Commissioner for Oaths



NOTES

- 1 For the meaning of "a person incurring a liability" and "reducing or discharging a liability" see section 152(3) of the Companies Act 1985
- 2 Insert full name(s) and address(es) of the person(s) to whom assistance is to be given, if a recipient is a company the registered office address should be shown
- 3 Contingent and prospective liabilities of the company are to be taken into account - see section 156(3) of the Companies Act 1985
- 4 The auditors report required by section 156(4) of the Companies Act 1985 must be annexed to this form
- 5 The address for companies registered in England and Wales or Wales is -

The Registrar of Companies
Companies House
Crown Way
Cardiff
CF14 3UZ

or, for companies registered in Scotland -

The Registrar of Companies
37 Castle Terrace
Edinburgh
EH1 2EB

Company number: 02307708

FURNITURE VILLAGE LIMITED
ANNEXURES TO FORM 155(6)a
ANNEXURE 1

Name: Edward Duggan
Address: 58 Athenaeum Road
Whetstone
London N20 9AH

Name: Peter Harrison
Address: Redgate High Road
Chipstead
Coulsdon
Surrey CR5 3QQ

Name: James Hodgkinson
Address: 29B Western Avenue
Branksome Park
Poole
Dorset BH13 7AN

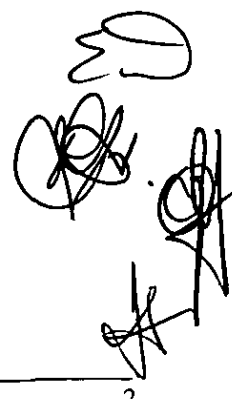
Name: Eamon Wynne
Address: 5 Sovereign Park
Westwood Road
Tilehurst
Reading
Berkshire RG31 5PD

Company number: 02307708

FURNITURE VILLAGE LIMITED
ANNEXURES TO FORM 155(6)a
ANNEXURE 2

All capitalised items in this Annexure 2 shall have the meanings given to them in Annexure 6

The number and class of the shares to be acquired is 4,766,359 ordinary shares of £0.5 each in the capital of the Target

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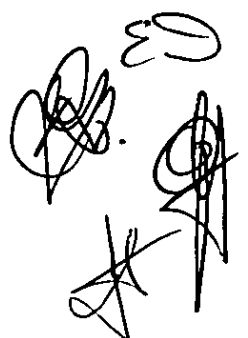
FURNITURE VILLAGE LIMITED
ANNEXURES TO FORM 155(6)a
ANNEXURE 3

All capitalised items in this Annexure 3 shall have the meanings given to them in Annexure 6

Form of assistance

The assistance will take the form of the execution by the Company of the following documentation (as the same may be amended, varied, supplemented or substituted from time to time) and the Company complying with and fulfilling its obligations thereunder

- 1 the Working Capital Facility Letter,
- 2 the Intercreditor Deed,
- 3 the Corporate Guarantee,
- 4 the Subsidiary Debenture, and
- 5 the Intra-Group Loan Agreement



FURNITURE VILLAGE LIMITED
ANNEXURES TO FORM 155(6)a
ANNEXURE 4

All capitalised items in this Annexure 4 shall have the meanings given to them in Annexure 6

Terms on which assistance given

The principal terms on which the assistance is given are as follows

1 The Working Capital Facility Letter

Pursuant to the terms of the Working Capital Facility Letter, BoS shall provide, inter alia, working capital facilities to, inter alia, the Purchaser, the Target and the Company

2. The Intercreditor Deed

Pursuant to the terms of the Intercreditor Deed, there are regulated certain rights and obligations of the Group in respect of payments due to creditors

3. The Corporate Guarantee

Pursuant to the terms of the Corporate Guarantee, the Company, inter alia

- 3 1 guarantees to discharge on demand all of the liabilities of each Group Company, and any other company which executes an accession agreement to the Corporate Guarantee from time to time, to BoS (such liabilities more fully described as the Secured Liabilities as such term is defined in the Corporate Guarantee) (which shall be recoverable from the Company as principal debtor),
- 3 2 agrees that any time or amount claimed by BoS to be included in such obligations which is not recoverable from each Group Company shall be recoverable from the Company as principal debtor,
- 3 3 agrees that (in addition to any lien or rights to which BoS may be entitled by law) BoS may in certain circumstances set off the whole or any part of the Company's liabilities under the Corporate Guarantee against any money or credit balance on any account of the Company (whether or not that deposit or balance is due to the Company), and
- 3 4 agrees that, despite any term to the contrary in relation to any deposit or credit balance on any account of the Company with BoS, that deposit or balance may, in certain circumstances, be applied by BoS to a separate suspense account and BoS may apply all money so held in settlement of the Secured Liabilities (as defined in the Corporate Guarantee) which could be used to discharge liabilities incurred by the Purchaser for the purpose of the Acquisition

4. The Debenture

Pursuant to the terms of the Debenture, the Company

- 4 1 covenants with BoS as primary obligor and not merely as surety to pay or discharge all or any monies and liabilities which shall from time to time be due, owing or incurred to BoS by the Company, and
- 4.2 creates in favour of BoS fixed and floating charges and/or assigns to BoS all its assets and undertaking both present and future by way of security for all the Company's liabilities to BoS (more fully described as the Secured Liabilities as such term is defined in the Debenture)

which could be used to discharge liabilities incurred by the Purchaser for the purpose of the Acquisition

5. The Intra-Group Loan Agreement

Pursuant to the terms of the Intra-Group Loan Agreement, the Company could be required to provide funds to enable, inter alia, the Purchaser to meet its obligations under or in connection with the BoS Documents and the Instrument and for any purpose in connection with the Acquisition, and the Purchaser agrees to use reasonable endeavours to meet any shortfall in the working capital requirements of the Company

In entering into the various documents referred to above the Company is entering into obligations and assuming liabilities and giving security in connection with the acquisition of shares in the Company and may in the future be called upon pursuant to any of the documents referred to in this declaration to discharge obligations and/or liabilities arising in connection with the Acquisition

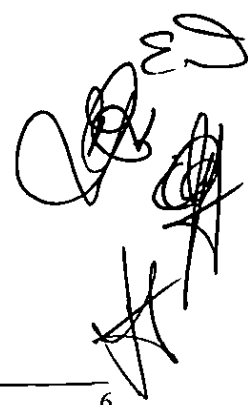
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Company number: 02307708

FURNITURE VILLAGE LIMITED
ANNEXURES TO FORM 155(6)a
ANNEXURE 5

All capitalised items in this Annexure 5 shall have the meanings given to them in Annexure 6

The amount of cash to be transferred to the person assisted is amounts due under the Intra-Group Loan Agreement up to a maximum amount of £40,000,000

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FURNITURE VILLAGE LIMITED
ANNEXURES TO FORM 155(6)a
ANNEXURE 6

In this Form 155(6)a, and all its annexures, the following terms shall have the following meanings

"Acquisition" means the acquisition of the whole of the issued share capital of the Target by the Purchaser pursuant to the terms and conditions of the Acquisition Agreement,

"Acquisition Agreement" means the acquisition agreement to be entered into between, inter alia, (1) the Vendors (as listed in schedule 1 thereto) and (2) the Purchaser under which the Purchaser has agreed to purchase the entire issued share capital of the Target,

"BoS" means The Governor and Company of the Bank of Scotland,

"BoS Documents" means the Corporate Guarantee, the Subsidiary Debenture, the Working Capital Facility Letter, the Intercreditor Deed and the Facilities Letter,

"Company" has the meaning ascribed thereto on page 1 of this Form 155(6)a,

"Corporate Guarantee" means the unlimited corporate cross guarantee to be executed by the Company, the Target and the Purchaser in favour of BoS,

"Facilities Letter" means the facilities letter to be made between BoS(1) and the Purchaser (2) in respect of term loan facilities of £14,497,501 and £10,000,000,

"Group" means at any time the Purchaser and its Subsidiaries, including, without limitation, the Company and **"Group Company"** means any of them,

"Instrument" means the loan note deed to be entered into by the Purchaser constituting the issue of £1,250,000 unsecured loan notes to certain of the Vendors (as defined in the Acquisition Agreement),

"Intercreditor Deed" means the intercreditor deed to be made between, made between, BoS (1) the Purchaser (2) the Target and the Company (3) and the Subordinated Creditors(as each such term is defined therein) (4),

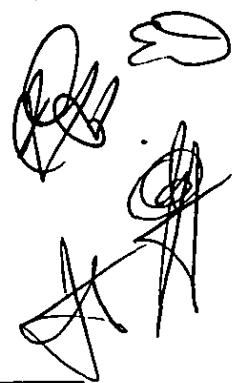
"Intra-Group Loan Agreement" means the intra-group loan agreement to be entered into between, inter alia, the Purchaser (1), the Target (2) and certain other Group Companies including the Company (3),

"Purchaser" has the meaning ascribed thereto on page 2 of this Form 155(6)a,

"Subsidiary Debenture" means the debenture to be executed by the Company in favour of BoS,

"Target" has the meaning ascribed thereto on page 1 of this form 155(6)a, and

"Working Capital Facility Letter" means the working capital facility letter to be made between, inter alios, the Purchaser (1), the Target (2), the Company and BoS (3)



**REPORT OF THE INDEPENDENT AUDITOR TO THE DIRECTORS OF
FURNITURE VILLAGE LIMITED PURSUANT TO SECTION 156(4) OF THE
COMPANIES ACT 1985**

We have reported on the attached statutory declaration of the directors of Furniture Village Limited ("the Company") dated 15 May 2007, pursuant to the Companies Act 1985, in connection with the proposed financial assistance to be given by the Company for the purchase of all of the ordinary shares in Furniture Village Group Limited

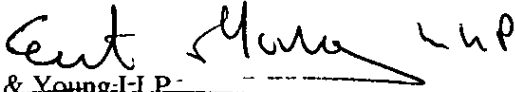
This report is made solely to the directors in accordance with Section 156(4) of the Companies Act 1985. Our work has been undertaken so that we might state to the directors those matters we are required to state to them in an auditors' report under section 156(4) and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the directors, for our audit work, for this report, or for the opinions we have formed.

Basis of opinion

We have enquired into the state of the Company's affairs in order to review the bases for the statutory declaration.

Opinion

We are not aware of anything to indicate that the opinion expressed by the directors in their declaration as to any of the matters mentioned in section 156(2) of the Companies Act 1985 is unreasonable in all the circumstances.


Ernst & Young-LLP

Registered Auditor

Southampton

Date

15/5/07