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23077708

Furniture Village Limited

Report and Financial Statements

For the 52 weeks ended 1 April 2007

Registered No 2307708

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Registered No 2307708

Directors
J C Hodkinson (Chairman)
P J Harrison
D J G Imrie (retired/resigned 15 May 2007)
J M L Clark (retired/resigned 15 May 2007)
E G Wynne
E Duggan

Secretary
A J F Burton

Auditors
Ernst & Young LLP
Apex Plaza
Reading
Berkshire
RG1 1YE

Bankers
Bank of Scotland
Beauclerc House
3 Queens Road
Reading
Berkshire
RG1 4AR

Registered Office
258 Bath Road
Slough
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SL1 4DX

Directors' report

The directors present their report and financial statements for the 52 weeks ended 1 April 2007

Strategy overview

The Furniture Village strategy is to position itself at the upper end of the volume furniture retail market in the UK The significant increase in the concentration of retailers at the 'price-lead' end of the market reinforces this stance and the anticipated changes in demographics in the coming years further support our view that we are well placed for the future

Our mission

To provide our customers with an unrivalled shopping experience An Awesome Experience

Statement of intent

To continue to grow and develop our business and reputation, on the basis of sustainable competitive advantage through the levels of service we offer, the passion and skill of the people who provide it and the range, quality and value of our products

Financial highlights

Turnover for the 52 weeks to 1 April 2007 was £158 2m (52 weeks to 2 April 2006 £138 1m), 14 5% higher than the previous year in total and 13 9% ahead on a like for like basis

Investments in the business in the year that will continue to contribute to the delivery of the strategy include increased training and development, additional marketing and promotions, store infrastructure and quality control

Against this backdrop of strong investment in the business and challenging trading conditions the reported operating profit of £5 9m for the year is 16% ahead of the previous year of £5 1m

Performance management and employee involvement

The business operates an industry-leading suite of reporting tools that provide real time understanding of all aspects of the business This allows formalised weekly performance reporting that can be analysed by store and by product group and this information is shared across the company and with all members

The business makes a concerted effort to share relevant information with all employees and will continue to do so During the year, the policy of providing employees with information about the company has been continued Regular meetings are held between local management and employees to allow a free flow of information and ideas Employees participate directly in the success of the business through the various incentive arrangements, which cover everyone employed within the business

Risk

The size of our business necessitates a lean management structure, which in turn dictates the amount of resource that can be allocated to managing risk as a unique 'subject'

We segment risk and manage it accordingly

- Strategic risk
- Financial risk
- Operational risk
- Health & Safety risk

Strategic risk

The competitive landscape indicates that our strategy to continue to move away from price-focused end of the volume market is the correct one The decisions taken in recent years in terms of service and quality, together with further advances in the coming year will ensure that we maintain our momentum

Directors' report

Risk (continued)

Financial risk

The business has always been focused on effective management of cash The cash generative nature of the operation has enabled us to comfortably meet our financial obligations to landlords, suppliers and other stakeholders, aided by the flexibility we have over capital expenditure commitments

In addition, we have a very effective finance operation that provides budgetary and forecast benchmarks through the year, allowing strong predictive capabilities

One of the key areas of focus for financial risk management includes that of exchange rate movements As an element of our product is sourced in US dollars we attempt to provide a degree of certainty around this area by adopting a hedging strategy which could include forward contracts, options and spot purchases

Derivatives – Fair value

The fair value at 1 April 2007 of derivatives held by the company was as follows

Forward foreign exchange contracts £26,584 (unrealised loss) (2006 £38,966 unrealised gain)

Operational risk

Store managers, supported by regional management who ensure operational standards, manage our stores at a local level Our concentration on quality stores, systems and infrastructure ensure consistency of performance Our supplier base is managed in an open, honest and constructive fashion, with quality of service being of huge significance to us

Health & Safety

The business takes its health and safety responsibilities very seriously We ensure in all areas that we seek to comply with all relevant legislation and allocate management time to this subject at the highest level The result of this focus is an exemplary record for a business of this size

Principal activities and review of the business

The principal activity of the company is the sale of quality furnishings in the retail market

Turnover has increased by 15% compared to last year to £158,188,000 (2006 £138,134,000) with the operating profit increasing by 16% to £5,876,000 (2006 £5,084,000) and the profit before interest and tax increasing by 2% to £4,935,000 (2006 £4,852,000)

One new outlet was opened during the year in Bolton There was one closure, maintaining the number of physical trading outlets at thirty-five, in addition to our transactional website Part of the lease at the Slough store was disposed during the year A number of stores have been fully refurbished during the year, including Friern Barnet, Tunbridge Wells and Thurrock

Results and dividends

The profit for the year, after taxation but before dividends, amounted to £4,014,000 (2006 £3,607,000) The directors have authorised and paid a dividend to Furniture Village Group Limited, the parent company, of £4,867,000 (2006 £5,134,000) during the year Preference dividends of £222,000 (2006 £222,000) were also paid to Furniture Village Group Limited during the year These preference dividends have been classified as interest paid in accordance with FRS 25 - Financial Instruments Disclosure and Presentation

Future developments

We are pleased to announce that new stores have opened in Bristol and Solihull early in the new financial year with further sites in negotiation

Directors' report

Directors and their interests

The current directors, who are listed on page 1, all served throughout the year covered by this report David Imrie and Jack Clark retired and thus resigned from the Board on 15 May 2007 The Board would like to thank Mr Imrie and Mr Clark for their invaluable contributions to the business over their time with the company

With Furniture Village Limited being the trading company, no director held any "A" ordinary shares, any "B" ordinary shares nor any beneficial interest in the preference shares of the Company at 2 April 2006 or throughout the year ended 1 April 2007, and hence received no dividends

Directors' statement as to disclosure of information to auditors

The directors who were members of the Board at the time of approving the directors' report are listed on page 1 Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware, and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information

Directors' liabilities

The company has indemnified the directors of the company against liability in respect of proceedings brought about by third parties, subject to the conditions set out in the Companies Act 1985 Such qualifying third party indemnity provision was in force throughout the year

Disabled employees

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

Where existing employees become disabled, it is the company'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

Charitable contributions

The company's charitable donations for the year were £38,051 (2006 £28,680)

Events subsequent to the balance sheet date

On Good Friday, 6 April 2007, a new store opened at Cribbs Causeway, Bristol, and has proved to be our most successful launch to date On 19 May 2007, a new store opened in Solihull

On 15 May 2007 the Furniture Village Group entered into a transaction whereby the new ultimate parent undertaking and controlling party became Furniture Village Holdings Limited rather than Furniture Village Group Limited

Directors' report

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 sections 252, 386 and 366A of the Companies Act

By order of the Board

A J F Burton

Secretary

Date 2 August 2007

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Independent auditors' report

to the members of Furniture Village Limited

We have audited the company's financial statements for the 52 weeks ended 1 April 2007 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 26 These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed

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

Independent auditors' report

to the members of Furniture Village Limited (continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 1 April 2007 and of its profit for the 52 weeks then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Reading
3 August 2007

Profit and loss account

for the 52 weeks ended 1 April 2007

	Note	*52 weeks to 1April 2007 £'000*	*52 weeks to 2 April 2006 £'000*
Turnover	2	158,188	138,134
Cost of sales		(83,480)	(73,843)
Gross profit		74,708	64,291
Distribution costs		(38,296)	(32,647)
Administrative expenses		(30,246)	(26,435)
Profit before cost of new store openings		6,166	5,209
New and re-launched store pre-trading costs		(290)	(125)
Operating profit		5,876	5,084
Profits and losses on disposal of fixed assets and leasehold interests	3	(941)	(232)
Profit before interest and tax	4	4,935	4,852
Interest receivable	7	278	153
Interest payable	8	(237)	(229)
Profit on ordinary activities before tax		4,976	4,776
Tax on profit on ordinary activities	9	(962)	(1,169)
Profit for the financial year attributable to members		4,014	3,607

All the activity of the company has been generated through continuing operations in both the current and prior years

Statement of recognised gains and losses

for the 52 weeks ended 1 April 2007

There are no recognised gains and losses other than the profit of £4,014,000 for the 52 weeks ended 1 April 2007 (52 weeks ended 2 April 2006 profit of £3,607,000)

Balance sheet

at 1 April 2007

	Note	1 April 2007 £'000	2 April 2006 £'000
Fixed assets			
Tangible assets	11	21,795	20,621
Current assets			
Stocks	12	9,645	9,470
Debtors	13	7,432	7,670
Cash at bank and in hand	21(c)	10,346	5,378
		27,423	22,518
Creditors: amounts falling due within one year	14	(37,806)	(31,054)
Net current liabilities		(10,383)	(8,536)
Total assets less current liabilities		11,412	12,085
Creditors amounts falling due after one year	15	(92)	-
Preference shares	17	(3,150)	(3,150)
Provisions for liabilities and charges			
Deferred tax	18	(3,927)	(3,839)
		4,243	5,096
Capital and Reserves			
Called up share capital	19	650	650
Share premium account	20	274	274
Profit and loss account	20	3,319	4,172
Shareholders' funds	20	4,243	5,096

Approved by the Board

P J Harrison
Director

E Duggan
Director

Date 2 August 2007

Statement of cash flows

for the 52 weeks ended 1 April 2007

	Note	*52 weeks to 1 April 2007 £'000*	*52 weeks to 2 April 2006 £'000*
Net cash inflow from continuing operating activities	21(a)	15,082	5,677
Returns on investments and servicing of finance	21(b)	41	(76)
Taxation	21(b)	(1,213)	(660)
Capital expenditure and financial investment	21(b)	(4,055)	(1,042)
Equity dividends paid to parent company	21(b)	(4,867)	(5,134)
Financing	21(b)	(20)	-
Increase / (Decrease) in cash		4,968	(1,235)

Ordinary and 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

The net cash inflow from continuing operating activities and the returns on investments, servicing of finance and equity dividends paid have been affected by the dividend paid to Furniture Village Group Limited and the consequent intercompany creditor balance See note 21(a)

The dividend payment made to Furniture Village Group Limited for the ordinary shares was £4,867,000 in 2006/07, compared to £5,134,000 in 2005/06 and is paid solely for the funding of the parent company

Reconciliation of net cash flow to movement in net funds

	Note	*52 weeks to 1 April 2007 £'000*	*52 weeks to 2 April 2006 £'000*
Increase / (Decrease) in cash		4,968	(1,235)
Repayment of capital element of finance lease		20	-
Change in net funds resulting from cash flows		4,988	(1,235)
Inception of finance lease		(137)	-
Movement in net funds		4,851	(1,235)
Net funds at beginning of financial year	21(c)	5,378	6,613
Net funds at end of financial year	21(c)	10,229	5,378

Notes to the financial statements

for the 52 weeks ended 1 April 2007

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards

The accounting policies used in preparing the financial statements are consistent with those of the previous financial year

Fixed assets

All fixed assets are initially recorded at cost The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable

Depreciation

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

Short leasehold property	-	over the lease term
Fixtures, fittings and equipment	-	over 4-10 years
Motor vehicles	-	over 3-5 years

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

Deferred taxation

Deferred taxation is provided on all timing differences, arising from the different treatment for financial statements and taxation purposes of transactions and events recognised in the financial statements of the current and previous years Deferred taxation is measured on an undiscounted basis at rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted at the balance sheet date Deferred taxation assets are only recognised to the extent that it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted

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 profit and loss account as they become payable in accordance with the rules of the scheme

New and re-launched stores pre-trading costs

The costs associated with the pre-trading period of new and re-launched stores are written off in the year in which they are incurred

Rent free periods and reverse premiums

During the course of opening new stores, operating leases are negotiated which may include rent-free periods and/or reverse premiums Rent free periods and net reverse premiums are amortised from the date of trading on a straight-line basis over the period to the next open market rent review

Notes to the financial statements

for the 52 weeks ended 1 April 2007

1. Accounting policies (continued)

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 value of the consideration received, excluding value added tax The following criteria must also be met before revenue is recognised

Sale of goods

Revenue from the sale of goods is recognised on dispatch 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

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over the asset's useful life The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding

Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or, if appropriate, at the forward contract rate All differences are taken to the profit and loss account

Share-based payments

During the year the company adopted FRS 20 "Share-based payment" This requires the fair value of options and share awards to be charged to the profit and loss account over the vesting or performance period A commitment was made before year end to close the Furniture Village Group Limited Inland Revenue Approved Share Option Scheme (the 'Scheme') The Scheme was closed after year end and provision has been made in the accounts for the payments made to option holders in return for the surrender of their options

Notes to the financial statements

for the 52 weeks ended 1 April 2007

2. Turnover

Turnover, 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. Profits and losses on disposal of fixed assets and leasehold interests

	52 weeks to 1 April 2007 £'000	*52 weeks to 2 April 2006 £'000*
Loss on disposal of fixed assets	(267)	(168)
Provision for loss on disposal of fixed assets	-	(64)
Other costs relating to disposals	(674)	-
	(941)	(232)

The effect on the taxation charge for the year of the exceptional items recognised below operating profit is disclosed in note 9

4. Profit before interest and tax

This is stated after charging		*52 weeks to 1 April 2007 £'000*	*52 weeks to 2 April 2006 £'000*
Audit of the financial statements	- Furniture Village Limited	63	46
	- other fellow group companies	4	4
Other fees to auditors	- corporation tax advice	22	31
	- VAT advice	5	1
	- equity restructuring	148	31
Depreciation of owned assets		2,343	2,243
Depreciation of assets held under finance leases and hire purchase contracts		21	-
Operating lease rentals	- property	13,352	12,901
	- other	941	875

Notes to the financial statements

for the 52 weeks ended 1 April 2007

5. Directors' emoluments

	52 weeks to 1 April 2007 £'000	*52 weeks to 2 April 2006 £'000*
Standard emoluments	1,102	944
Non-recurring emoluments	174	-
Emoluments	1,276	944
Company contributions paid to money purchase pension schemes	37	21

	2007 No	*2006 No*
Members of money purchase pension scheme	4	4

The amounts in respect of the highest paid director were standard emoluments of £277,000 (2006 £254,000), non-recurring emoluments of £145,000 (£2006 £nil) and company contributions paid to pension schemes of £10,000 (2006 £5,000) Directors' emoluments include bonuses relating to the period in which they accrue, although these may be paid after the year end

6. Staff costs

	52 weeks to 1 April 2007 £'000	*52 weeks to 2 April 2006 £'000*
Wages and salaries	21,859	19,088
Social security costs	2,362	2,094
Pension costs	660	545
	24,881	21,727

The average monthly number of employees during the year was as follows

	52 weeks to 1 April 2007 No	*52 weeks to 2 April 2006 No*
Office and management	97	78
Retailing and distribution	563	555
	660	633

Notes to the financial statements

for the 52 weeks ended 1 April 2007

7. Interest receivable

	52 weeks to 1 April 2007 £'000	*52 weeks to 2 April 2006 £'000*
Bank interest	251	124
Other interest	27	29
	278	153

8. Interest payable

	52 weeks to 1 April 2007 £'000	*52 weeks to 2 April 2006 £'000*
Dividends paid on non-equity preference shares to parent company	222	222
Bank loans and overdrafts	1	-
Finance charges payable under finance leases and hire purchase contracts	7	-
Other interest	7	7
	237	229

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

9. Tax on profit on ordinary activities

		52 weeks to 1 April 2007 £'000	*52 weeks to 2 April 2006 £'000*
UK corporation tax:			
Tax on profits in the year		833	1,218
Tax under/(over) provided in previous years		41	(65)
Total current tax		874	1,153
Deferred tax			
Originated and reversal of timing differences (note 18)	- current year	451	15
	- prior year	(363)	1
		88	16
		962	1,169

The tax effect in the profit and loss account relating to exceptional items recognised below operating profit is £nil (2006 £nil)

Notes to the financial statements

for the 52 weeks ended 1 April 2007

9. Tax on profit on ordinary activities (continued)

Factors affecting the tax charge for the period

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK The differences are explained below

	52 weeks to 1 April 2007 £'000	*52 weeks to 2 April 2006 £'000*
Profit on ordinary activities	4,976	4,776
Expected tax charge on profit on ordinary activities calculated		
At the standard rate of tax in the UK of 30% (2006 30%)	1,493	1,433
Effects of		
Disallowed expenses and non-taxable income	564	526
Capital allowances in excess of depreciation	(204)	(129)
Short term timing differences	(257)	8
Tax over provided in previous years	41	(65)
Capital gains	10	106
Group relief	(773)	(726)
Current tax charge for the year	874	1,153

During March 2007 the UK government announced Budget tax changes which, if enacted in the proposed manner, will have a significant effect on the company's future tax position At 1 April 2007 these changes to the UK tax system are not regarded as 'substantively enacted' as they are still subject to Parliamentary agreement and so their effect is not reflected in the company's balance sheet at 1 April 2007 However, as at the date of signing, they may be regarded as 'substantively enacted' It is proposed that the rate of UK corporation tax will reduce from 30% to 28% from 1 April 2008 This rate change will both affect the amount of future cash tax payments to be made by the company and will also reduce the size of the company's deferred tax asset

Changes to the UK capital allowance regime have also been proposed, the most significant of these changes for the company is the reduction in the rate of capital allowances applicable to plant and machinery expenditure from 25% to 20% per annum on a reducing balance basis from 1 April 2008 The effect on the company of these proposed changes to the UK tax system will be fully reflected in the company's financial statements for the year ending 30 March 2008

10. Ordinary dividends on equity shares to parent company

	52 weeks to 1 April 2007 £'000	*52 weeks to 2 April 2006 £'000*
Dividends paid on ordinary shares to parent company	4,867	5,134

The dividend payment made to Furniture Village Group Limited for the ordinary shares was £4,867,000 in 2006/07 compared to £5,134,000 in 2005/06 and is paid solely for the funding of the parent company

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

Notes to the financial statements

for the 52 weeks ended 1 April 2007

11. Tangible fixed assets

	Short leasehold property £'000	*Fixtures fittings equipment & vehicles £'000*	*Total £'000*
Cost			
At 3 April 2006	25,896	7,490	33,386
Additions	3,227	579	3,806
Disposals	(547)	(194)	(741)
At 1 April 2007	28,576	7,875	36,451
Depreciation:			
At 3 April 2006	8,231	4,534	12,765
Provided during the year	1,601	763	2,364
Disposals	(328)	(145)	(473)
At 1 April 2007	9,504	5,152	14,656
Net book value			
At 1 April 2007	19,072	2,723	21,795
At 3 April 2006	17,665	2,956	20,621

The net book value of the company's fixtures, fittings, equipment and vehicles includes £116,000 (2006 £nil) in respect of assets held under finance leases and hire purchase contracts

12. Stocks

	1 April 2007 £'000	*2 April 2006 £'000*
Goods for resale	9,645	9,470

13. Debtors

	1 April 2007 £'000	*2 April 2006 £'000*
Trade debtors	930	1,067
Other debtors	1,941	1,975
Prepayments and accrued income	4,561	4,628
	7,432	7,670

Notes to the financial statements

for the 52 weeks ended 1 April 2007

14. Creditors: amounts falling due within one year

	1 April 2007 £'000	*2 April 2006 £'000*
Deposits on goods not yet delivered	6,084	5,598
Obligations under finance leases and hire purchase contracts (see note 16)	25	-
Trade creditors	15,431	10,740
Corporation tax	391	729
Other taxes and social security costs	3,389	3,204
Other creditors and accruals	7,470	5,951
Owed to parent company	5,016	4,832
	37,806	31,054

15. Creditors: amounts falling after one year

	1 April 2007 £'000	*2 April 2006 £'000*
Obligations under finance leases and hire purchase contracts (see note 16)	92	-

16. Obligations under finance leases and hire purchase contracts

Amounts due under finance leases and hire purchase contracts

	1 April 2007 £'000	*2 April 2006 £'000*
Amounts payable		
Within one year	33	-
In two to five years	103	-
	136	-
Less finance charges allocated to future periods	(19)	-
	117	-

Notes to the financial statements

for the 52 weeks ended 1 April 2007

17. Preference shares

	1 April 2007 £'000	*2 April 2006 £'000*
Authorised		
Cumulative preference shares of £1 (on which a total dividend of £96,000 is payable)		
Number of shares – 1,400,000 (2006 1,400,000)	1,400	1,400
7 2% Cumulative redeemable preference shares of £1 each		
Number of shares – 3,000,000 (2006 3,000,000)	3,000	3,000
	4,400	4,400
Allotted, called up and fully paid:		
Cumulative preference of shares of £1 (on which a total dividend of £96,000 is payable)		
Number of shares – 1,400,000 (2006 1,400,000)	1,400	1,400
7 2% Cumulative redeemable preference shares of £1 each		
Number of shares – 1,750,000 (2006 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 year

18. Provisions for liabilities and charges

Provision for deferred tax

	£'000
At 3 April 2006	3,839
Provided during the current year	451
Prior period overprovision	(363)
At 1 April 2007	3,927

The deferred tax consists of

	1 April 2007 £'000	*2 April 2006 £'000*
Accelerated capital allowances	1,535	1,439
Other timing differences	(23)	(25)
Capital gains	2,415	2,425
Total deferred tax liability	3,927	3,839

Notes to the financial statements

for the 52 weeks ended 1 April 2007

19. Share capital

	1 April 2007 £'000	*2 April 2006 £'000*
Authorised		
Equity interest		
"A" Ordinary shares of £1 each		
Number of shares – 150,000 (2006 – 150,000)	150	150
"B" Ordinary shares of £1 each		
Number of shares – 550,000 (2006 – 550,000)	550	550
	700	700
Allotted, called up and fully paid		
Equity interest		
"A" Ordinary shares of £1 each		
Number of shares – 150,000 (2006 – 150,000)	150	150
"B" Ordinary shares of £1 each		
Number of shares – 500,340 (2006 – 500,340)	500	500
	650	650

All of the ordinary shares rank pari passu

20. Reconciliation of shareholders funds and movements on reserves

	Share capital £'000	*Share premium £'000*	*Profit and loss account £'000*	*Total £'000*
At 4 April 2005	650	274	5,699	6,623
Profit for the financial year	-	-	3,607	3,607
Ordinary dividends paid to parent company	-	-	(5,134)	(5,134)
At 3 April 2006	650	274	4,172	5,096
Profit for the financial year	-	-	4,014	4,014
Ordinary dividends paid to parent company	-	-	(4,867)	(4,867)
At 1 April 2007	650	274	3,319	4,243

Notes to the financial statements

for the 52 weeks ended 1 April 2007

21. Notes to the statement of cash flows

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

	52 weeks to 1 April 2007 £'000	*52 weeks to 2 April 2006 £'000*
Operating profit	5,876	5,084
Depreciation	2,364	2,243
Increase in stocks	(175)	(472)
Decrease in debtors	238	243
Increase/(decrease) in non-intercompany creditors	6,595	(1,643)
	14,898	5,455
Increase in intercompany creditors	184	222
Net cash inflow from operating activities	15,082	5,677

The net cash inflow from continuing operating activities has been affected by the dividend paid to Furniture Village Group Limited and the consequent intercompany creditor balance

The dividend payment made to Furniture Village Group Limited for the ordinary shares was £4,867,000 in 2006/07 compared to £5,134,000 in 2005/06

Ordinary and 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

Notes to the financial statements

for the 52 weeks ended 1 April 2007

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

(b) Analysis of cash flows for heading netted in the statement of cash flows

	52 weeks to 1 April 2007 £'000	52 weeks to 2 April 2006 £'000
Returns on investments and servicing of finance		
Interest received	278	153
Interest paid excluding preference dividends	(8)	(7)
Interest element of finance lease rental payments	(7)	-
Intercompany preference dividend paid to parent company	(222)	(222)
	41	(76)

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

Taxation		
Corporation tax paid	(1,213)	(660)
Capital expenditure and financial investment		
Proceeds from disposal of leasehold interests	-	-
Proceeds from disposal of other assets	1	500
Payments relating to disposal of leasehold interests	(674)	-
Payments to acquire tangible fixed assets	(3,382)	(1,542)
	(4,055)	(1,042)
Equity dividends paid to parent company		
Intercompany ordinary dividend paid to parent company	(4,867)	(5,134)

The dividend payment made to Furniture Village Group Limited for the ordinary shares was £4,867,000 in 2006/07 compared to £5,134,000 in 2005/06

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

Financing		
Repayments of capital element of finance leases and hire purchase contracts	(20)	-

(c) Analysis of changes in net funds

	At 3 April 2006 £'000	Cash flow £'000	Other non-cash changes £'000	At 1 April 2007 £'000
Cash at bank and in hand	5,378	4,968	-	10,346
Finance leases	-	20	(137)	(117)
	5,378	4,988	(137)	10,229

Cash flows relating to non-operating exceptionals

Capital expenditure and financial investment cash flows include £674,000 outflow (2006 £nil) from the disposal of leasehold interests and £1,000 inflow (2006 £500,000) from the disposal of fixed assets

Notes to the financial statements

for the 52 weeks ended 1 April 2007

22. Capital commitments

Due to the timing of new store and refurbishment commitments, future capital expenditure not otherwise included in these financial statements is as follows

	1 April 2007 £'000	*2 April 2006 £'000*
Authorised by the directors and contracted for	878	-
Authorised by the directors but not yet contracted for	-	-
	878	-

The capital commitments authorised by the directors and contracted for relates to the new store in Solihull

23. Operating lease commitments

In respect of leases, the following annual commitments existed at 1 April 2007 in respect of non-cancellable operating leases

	Land and buildings 1 April 2007 £'000	*Land and buildings 2 April 2006 £'000*	*Other 1 April 2007 £'000*	*Other 2 April 2006 £'000*
Operating leases which expire				
Within one year	-	-	223	72
In two to five years	204	172	699	734
In over five years	14,397	12,804	-	-
	14,601	12,976	922	806

24. Related parties

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 The company has taken advantage of the exemption allowed under FRS 8 'Related Party Disclosures', from disclosing transactions with related parties that are part of the Furniture Village Group, as the company is a 100% subsidiary of a group whose financial statements are publicly available

25. Pension arrangements

The company operated 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 Prepaid contributions at the year end amounted to £22,000 (2006 £12,000)

26 Parent undertaking and controlling party

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

As noted in the Directors' Report, on 15 May 2007 the Furniture Village Group entered into a transaction whereby the new ultimate parent undertaking and controlling party became Furniture Village Holdings Limited rather than Furniture Village Group Limited