

Furniture Village Limited

Report and Financial Statements

For the 52 weeks ended 29 March 2020

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Officers and professional advisors

Directors

J C Hodgkinson (Non-executive Chairman)
P J Harrison
C E Shiels
C G Harrison (Appointed 1 October 2020)
E Wynne (Appointed 1 October 2020)

Non-executive Directors
S McPartland MP

Secretary

C E Shiels

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 year ended 29 March 2020.

Review of the Business

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

The current portfolio consists of fifty-two stores, affording good accessibility across much of the United Kingdom, enhanced by a very strong presence online, and we are further delighted to announce two new stores launching in the targeted locations of Crawley and Leicester on Boxing Day. These will be our first new stores for three years after adopting a cautious approach to physical expansion given the vote to leave the European Union back in June 2016 and the ensuing political and economic uncertainty which has subsequently impacted both consumer confidence and the housing market.

Indeed, this uncertainty was prevalent throughout much of 2019, and particularly heightened towards the latter part of the year on the approach to the General Election in December 2019, when we were very pleased to maintain positive like for like order intake throughout. Thereafter, with some political certainty restored, both consumer confidence and the housing market started a move back into a positive trajectory in early 2020, although this more optimistic backdrop was abruptly curtailed in March 2020 due to the impact of Covid19.

In terms of the impact on the 2019/20 financial year, our Far East Suppliers were affected initially, with lead-times extending and impeding our deliveries pre year end. This was swiftly followed however by escalating cases around the world and in the UK, culminating in the Government decision to close all 'non-essential' retail on 23 March amid strict lockdown measures being imposed. All operations across our stores and distribution centres were temporarily closed, with the safety of both our people and our customers being paramount.

In addition to delays from the Far East, these lockdown measures clearly further inhibited our ability to deliver orders to customers on the run up to year end, with this materially impacting profitability in the 2019/20 financial year, as illustrated below through the comparison of actual 2020 results to 'pro forma' results, the latter stripping out the impact of Covid19 on the final couple of weeks of the financial year:

| Financial KPI's: | Pro Forma 2020 | 2020 | 2019 | Change |
|----------------------------------|-----------------------|-------------|-------------|---------------|
| Turnover/Deliveries (net of VAT) | £267.2m | £255.0m | £265.2m | (4)% |
| Gross Profit % | 46.9% | 46.9% | 45.9% | 100 points |
| EBITDA* | £8.4m | £4.3m | £5.6m | £(1.3)m |
| Profit/(Loss) after taxation | £2.1m | £(1.3)m | £(0.1)m | £(1.2)m |
| Cash Balance | £26.3m | £23.8m | £13.6m | £10.2m |

* Earnings before Interest, Tax, Depreciation and Amortisation

For the reasons outlined earlier, deliveries therefore decreased year on year, masking a 3% full year increase in like for like order intake prior to the impact of Covid19.

Strategic Report (continued)

Despite this fall in deliveries however, EBITDA only decreased from the prior year of £5.6m to £4.3m, with profitability significantly protected by the actions taken in previous years to reduce the underlying cost base, along with growth in gross margins, a result of more targeted promotional activity.

Indeed, these actions had bolstered both underlying profitability and cash significantly, and stripping out the impact of Covid19, pro forma EBITDA was otherwise set to grow significantly from £5.6m to £8.4m, a 50% increase.

The business model remains highly cash generative and the closing cash position was £23.8m, £10.2m higher than the prior year balance of £13.6m, driven by a significant cash inflow from operating activities, with pro forma cash otherwise expected to end the year higher at £26.3m.

Impact of Covid19

The aforementioned requirement for stores to shut towards the end of March (the first lockdown) lasted eight weeks, and whilst online and telephone orders increased substantially, this was not sufficient to offset the impact of store closures. Once the stores were permitted to open however, pent up demand was significant, heightened by a natural focus on 'home' during the period of lockdown, with increased working from home also changing how people used their living space. Furthermore, due to ongoing restrictions on travel and other discretionary spend, many consumers were left with higher levels of disposable income, choosing to divert spend towards home improvements, including furniture purchases.

Online has continued on its strong growth trajectory, with order intake naturally heightened over the period of lockdown, though its participation thereafter has remained higher than pre Covid19 levels. That said, whilst the transactional role it plays in today's omni-channel world is clearly important, of greater significance is its role as a 'window to our stores', with the majority of our customers still preferring to touch and feel their furniture ahead of purchasing, a reflection in part of our positioning in the middle to upper end of the volume market.

Indeed, over the period of time from when stores were fully open towards the end of May, up to when they were subsequently closed again for the second period of lockdown at the beginning of November, Furniture Village was over 60% ahead of the prior year on a like for like basis. This has more than recouped the bookings lost over the two lockdown periods, with like for like bookings to date remaining over 17% ahead after the second lockdown and cash balances accordingly very strong.

Throughout this time and on an ongoing basis, the safety and wellbeing of our people and our customers has been of the utmost importance, with extra steps taken over and above the Government guidelines in order to ensure a safe shopping and working environment for all. We remain hugely appreciative of the efforts of all our people over this challenging time and it is testament to their hard work, passion, and loyalty that we have successfully navigated these uncharted waters thus far.

We are also very thankful for the support we received from all our other stakeholders, including many longstanding Suppliers and Landlords, with whom we maintained open and constructive dialogue throughout. We are furthermore grateful for the Government support, with furlough receipts claimed over the first period of lockdown, in addition to the retail rates relief offered.

Strategic Report (continued)

Outlook

As our stores open once again after the second period of lockdown, we remain cautiously confident about the future. We believe that 'home' will continue to be of greater importance to consumers in the future, and whilst we recognise that the economic headwinds are likely to be significant, so are the strides we have made this year to ensure we emerge a fitter, leaner, stronger business.

Opportunities remain to open new stores, without risk of material cannibalisation, with the current market affording a relatively low cost of entry and quick cash payback. In addition, there are several store warehouse areas to be converted into selling space, with further potential upside arising through competitor market exits, all adding to our current growth in market share.

Indeed, we emerge from one of the most challenging trading years ever with much to celebrate. We were recently named 'Bed Retailer of the Year' by the National Bed Federation, the third time we have won this prestigious industry award and a reflection of our commitment to the 'Sleep Well, Live Well' campaign. In addition, we also secured the accolade of being awarded 'Family Business of the Year', a hugely important honour that reflects the absolute depths of our ethos and culture. Our people have always been our greatest strength and never has there been a year in which this was so aptly demonstrated or the award more fitting.

Principal Risks and Uncertainties

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

Covid19 Risk

Covid19 was initially identified as a supply chain risk at the beginning of the year, before increasing to a business resilience risk as cases escalated and lockdown measures were deployed in the UK. A senior management taskforce was initiated, with responsibility for all aspects of managing the pandemic, including Health and Safety, Financial and Operational matters, along with engaging with key stakeholders including employees, customers, suppliers, landlords and shareholders. Our financial position remains strong but we continue to assess the ongoing risks of the pandemic in relation to our other principal risks.

Brexit Risk

The company sources a significant proportion of goods from outside the UK, either directly or indirectly, and a working group, with input from external advisors, has been established to consider and mitigate the primary risks of the exit from the EU.

Strategic Report (continued)

This includes the potential negative impact on consumer confidence, delays, additional costs of transporting goods into the UK and the potential impact on the cost of goods and availability of skilled labour, in tandem with legislative and process changes.

Financial risk

The company aims to maintain good working relationships with all financial counterparties and engages proactively to ensure they understand the company financial performance. The Group regularly reviews financial forecasts and wide-ranging sensitivities to ensure robust levels of cash headroom. New investment opportunities are subject to detailed and vigorous financial appraisal and foreign exchange risks are managed through the use of hedging arrangements as appropriate.

Operational risk

Store managers, supported by regional management, ensure operational standards are maintained and our focus on quality stores, systems and infrastructure seek to ensure consistency of performance. Our supplier base is managed in an open, honest and constructive manner, with quality of service being of huge importance to us and regular dialogue continues to ensure adherence to our exacting product standards and lead-time requirements. Furthermore, we seek to ensure that key suppliers are able to adapt to unforeseen circumstances and/or fluctuations in demand to minimise any supply chain risk.

Health & Safety and other Regulatory Compliance risk

The business takes its compliance responsibilities very seriously and seeks to adhere to all relevant legislation. We also engage with external consultants to ensure that current practices, procedures and training methods are effective and robust and in doing so that we protect all stakeholders. We have strengthened the compliance team, along with enhancing internal recording and reporting, 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 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 table 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 year ending 29 March 2020. The information provided below is for the Furniture Village group of companies.

The Directors consider the following to be the Company's key stakeholders:

- **Customers**

Providing both our existing and future customers with outstanding quality, choice and value, is at the heart of what we do.

We strive to provide exceptional service at every point in the customer journey and actively seek and monitor customer feedback and reviews in order to evaluate and improve the customer experience.

Strategic Report (continued)

We regularly review our product offering to ensure it is aligned with changing customer aspirations and are constantly utilising technology to ensure customers are able to view and order product through the medium of their choice, including offering appointments in-store and via video calls in light of Covid-19.

• 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 and frequent update meetings, with the Board also regularly visiting both stores and warehouses alike to gain further 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 ethos of 'Perform, Achieve, Reward' absolutely key.

• Our Suppliers

Our Suppliers are absolutely critical 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 furniture 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. Regular commercial reviews for all suppliers are held in order to ensure value for money alongside standards of service.

• Shareholders

The relationship with our external investor, The Business Growth Fund, is very supportive and we seek to protect their investment and generate long term value.

We engage with our shareholders through regular meetings and various other communications and updates. 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



C E Shiels - Director

Date *18 December 2020*

Directors' Report

The directors present their report and financial statements for the 52 weeks ended 29 March 2020.

The Company has chosen in accordance with Section 414 (Cii) 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

Dividends

The directors recommend the payment of an intercompany dividend of £750k to Furniture Village Group Ltd (52 weeks ended 31 March 2019 £500k). The company also paid an intercompany non-equity preference share dividend of £222k to Furniture Village Group Ltd (52 weeks ended 31 March 2019 £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 underlying EBITDA and cash.

Going concern

The company's business activities, together with the factors likely to affect its future development, its financial position and financial risk management objectives are described in the Strategic Report.

In response to both the Covid19 pandemic and Brexit related uncertainty, management have proactively sought to counter those challenges as set out in the Outlook and Principal risks and Uncertainties sections of the Strategic Report. Whilst the Covid19 pandemic has necessitated the closure of stores for over c. 11 weeks of this financial year, order intake to the date of signing is still over 17% ahead of the prior year on a like for like basis.

Cash at year end was £23.8m, and the Company has continued to generate positive EBITDA and cash flow since that time, with cash at bank balances growing over the last few months and available cash in excess of £30m at the date of signing.

We have considered our financial forecasts for FY21 and FY22 and applied a combination of sensitivities to model potential scenarios to reflect differing market conditions and challenges, demonstrating adequate cash headroom.

The directors believe that the business is able to respond quickly to changes in the economic and trading environment. The directors therefore believe the group is well placed to manage its business risks successfully and are confident that the group has adequate resources and facilities to continue trading effectively for the foreseeable future. The financial statements of the Company are therefore prepared on the going concern basis.

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.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the 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.

Directors

The directors who served during the year were as follows:

J C Hodgkinson (Non-executive Chairman)
P J Harrison
C E Shiels

C G Harrison and E Wynne have been appointed as directors post year end and prior to the signing of these accounts.

Non-executive Directors
S McPartland MP

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.

Elective resolution

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

Events occurring after the Statement of Financial Position date

Since the Statement of Financial Position Date, the Company has exchanged contracts on two new stores, due to open in the targeted locations of Crawley and Leicester on Boxing Day.

By order of the Board



Claire E Shiels - Director

Date 18 December 2020

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 29 March 2020

| | | 52 weeks ended 29 March 2020 £000 | 52 weeks ended 31 March 2019 £000 |
|--|-------|---|---|
| | Notes | | |
| Turnover | 2 | 255,038 | 265,176 |
| Cost of sales | | (135,538) | (143,422) |
| Gross profit | | 119,500 | 121,754 |
| Distribution costs | | (70,939) | (71,923) |
| Administrative expenses | | (51,156) | (49,994) |
| Other operating income | | 1,722 | 1,504 |
| Operating (loss)/profit before cost of new/re-launched stores | | (873) | 1,341 |
| New and re-launched stores | | - | (93) |
| Operating (loss)/profit | | (873) | 1,248 |
| Loss on disposal of fixed assets | 3 | (28) | (607) |
| (Loss)/Profit before interest and tax | | (901) | 641 |
| Interest receivable and similar income | 8 | 106 | 72 |
| Interest payable and similar charges | 9 | (244) | (250) |
| (Loss)/Profit on ordinary activities before taxation | | (1,039) | 463 |
| Tax charge | 10 | (218) | (541) |
| Loss for the financial period | | (1,257) | (78) |

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 29 March 2020

| | 52 weeks ended 29 March 2020 | 52 weeks ended 31 March 2019 |
|--|---------------------------------------|---------------------------------------|
| Notes | £000 | £000 |
| Loss for the financial period | (1,257) | (78) |
| Other Comprehensive Income Fair Value Revaluation | 1,585 | 2,010 |
| Movement on deferred tax arising on the revaluation reserve 10 | (116) | - |
| | <hr/> | <hr/> |
| Total comprehensive income | 212 | 1,932 |
| | <hr/> | <hr/> |

Statement of change in equity

for the 52 weeks ended 29 March 2020

| | Share Capital £000 | Share Premium £000 | Revaluation Reserve £000 | Profit or Loss Reserve £000 | Total Share- holders' Funds £000 |
|--|--------------------------|--------------------------|--------------------------------|--------------------------------------|--|
| At 1 April 2018 | 650 | 274 | – | 14,417 | 15,341 |
| Loss for the financial period | – | – | – | (78) | (78) |
| Other Comprehensive Income | – | – | 2,010 | – | 2,010 |
| Total comprehensive income | – | – | 2,010 | (78) | 1,932 |
| Ordinary dividends paid to parent undertaking | – | – | – | (500) | (500) |
| At 31 March 2019 | 650 | 274 | 2,010 | 13,839 | 16,773 |
| Loss for the financial period | – | – | – | (1,257) | (1,257) |
| Other Comprehensive Income | – | – | 1,469 | – | 1,469 |
| Total comprehensive income | – | – | 1,469 | (1,257) | 212 |
| Ordinary dividends paid to parent undertaking | – | – | – | (750) | (750) |
| At 29 March 2020 | 650 | 274 | 3,479 | 11,832 | 16,235 |

Statement of financial position

at 29 March 2020

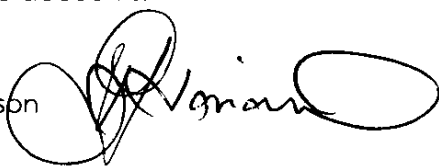
| | Notes | 29 March 2020 £000 | 31 March 2019 £000 |
|---|-------|--------------------------|--------------------------|
| Fixed assets | | | |
| Intangible assets | 12 | 3,530 | 3,287 |
| Tangible assets | 13 | 32,010 | 34,151 |
| | | <u>35,540</u> | <u>37,438</u> |
| Current assets | | | |
| Stocks | 14 | 15,928 | 15,907 |
| Debtors | 15 | 46,815 | 45,163 |
| Cash | 20(b) | 23,845 | 13,636 |
| | | <u>86,588</u> | <u>74,706</u> |
| Creditors: amounts falling due within one period | 16 | (100,003) | (89,611) |
| Net current liabilities | | <u>(13,415)</u> | <u>(14,905)</u> |
| Total assets less current liabilities | | <u>22,125</u> | <u>22,533</u> |
| Preference shares | 17 | (3,150) | (3,150) |
| Provisions for liabilities | 18 | (2,740) | (2,610) |
| Net assets | | <u>16,235</u> | <u>16,773</u> |
| Capital and reserves | | | |
| Called up share capital | 19 | 650 | 650 |
| Share premium account | | 274 | 274 |
| Asset Revaluation Reserve | | 3,479 | 2,010 |
| Profit and loss reserve | | 11,832 | 13,839 |
| Shareholders' funds | | <u>16,235</u> | <u>16,773</u> |

For the year ending 29 March 2020 the Company was entitled to exemption from audit under s479A of the Companies Act 2006 relating to subsidiary companies.

Directors responsibilities:

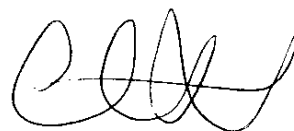
- the members have not required the Company to obtain an audit of its account for the year in question in accordance with s476;
- the director's acknowledge their responsibilities for complying with the requirements of the Act in respect to accounting records and the preparation of the accounts.

P J Harrison
Director



Date 18 December 2020

C E Shiels
Director



Date 18 December 2020

Statement of cash flows

for the 52 weeks ended 29 March 2020

| | | 52 weeks ended 29 March 2020 £000 | 52 weeks ended 31 March 2019 £000 |
|---|-------|---|---|
| | Notes | | |
| Net cash inflow from continuing operating activities | 20(a) | 12,826 | 2,568 |
| Corporation Tax Paid | | (22) | (224) |
| Net cash inflow from continuing operating activities | | 12,804 | 2,344 |
| Investing activities | | | |
| Interest received | | 106 | 72 |
| Payments to acquire tangible fixed assets | | (1,027) | (2,635) |
| Payments to acquire intangible fixed assets | | (680) | (847) |
| Proceeds from disposal of tangible fixed assets | | - | (207) |
| Net cash flow used from investing activities | | (1,601) | (3,203) |
| Financing activities | | | |
| Intercompany preference dividend paid to parent company | | (222) | (222) |
| Other interest paid | | (22) | (28) |
| Equity dividends paid to parent company | 11 | (750) | (500) |
| Net cash flow used from financing activities | | (994) | (750) |
| Change in cash resulting from cash flows | | 10,209 | (1,609) |
| Cash at beginning of financial period | 20(b) | 13,636 | 15,245 |
| Cash at end of financial period | 20(b) | 23,845 | 13,636 |

Notes to the financial statements

at 29 March 2020

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 FRS 102 and in accordance with the requirements of the Companies Act 2006 for the year ended 29 March 2020.

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 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.

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

Notes to the financial statements (continued)

at 29 March 2020

1. Accounting policies (continued)

Basis of preparation (continued)

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.

Basis of preparation – Going Concern

The company's business activities, together with the factors likely to affect its future development, its financial position and financial risk management objectives are described in the Strategic Report.

In response to both the Covid19 pandemic and Brexit related uncertainty, management have proactively sought to counter those challenges as set out in the Outlook and Principal risks and Uncertainties sections of the Strategic Report. Whilst the Covid19 pandemic has necessitated the closure of stores for over c. 11 weeks of this financial year, order intake to the date of signing is still over 17% ahead of the prior year on a like for like basis.

Cash at year end was £23.8m, and the Company has continued to generate positive EBITDA and cash flow since that time, with cash at bank balances growing over the last few months and available cash in excess of £30m at the date of signing.

We have considered our financial forecasts for FY21 and FY22 and applied a combination of sensitivities to model potential scenarios to reflect differing market conditions and challenges, demonstrating adequate cash headroom.

The directors believe that the business is able to respond quickly to changes in the economic and trading environment. The directors therefore believe the group is well placed to manage its business risks successfully and are confident that the group has adequate resources and facilities to continue trading effectively for the foreseeable future. The financial statements of the Company are therefore prepared on the going concern basis.

Intangible fixed assets

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

| | | |
|---|---|----------------|
| Software | – | over 4 periods |
| Website design and infrastructure costs | – | over 7 periods |
| Website ongoing development costs | – | over 2 periods |

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)

at 29 March 2020

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 periods or over the lease term |
| Equipment | – over 4 periods |

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 (Turnover) 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.

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.

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.

Notes to the financial statements (continued)

at 29 March 2020

1. Accounting policies (continued)

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 in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date. All differences are taken to the Income Statement.

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.

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.

Notes to the financial statements (continued)

at 29 March 2020

1. Accounting policies (continued)

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. 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. 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. Loss on disposal of fixed assets

| | 52 weeks ended 29 March 2020 £000 | 52 weeks ended 31 March 2019 £000 |
|----------------------------------|---|---|
| Loss on disposal of fixed assets | (28) | (607) |

Notes to the financial statements (continued)

at 29 March 2020

4. Profit/(loss) before interest and tax

This is stated after charging:

| | 52 weeks ended 29 March 2020 £000 | 52 weeks ended 31 March 2019 £000 |
|--|---|---|
| Auditors' and associates' remuneration | 157 | 138 |
| Depreciation of owned assets | 4,725 | 4,469 |
| Amortisation of owned assets | 437 | 443 |
| Operating lease rentals – Property | 22,409 | 22,503 |
| Operating lease rentals – Other | 1,817 | 1,910 |

5. Auditor's remuneration

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

| | 52 weeks ended 29 March 2020 £000 | 52 weeks ended 31 March 2019 £000 |
|--|---|---|
| Audit of the financial statements | 119 | 104 |
| Total audit | 119 | 104 |
| Taxation compliance services | 38 | 33 |
| Other assurance services | - | 1 |
| Total non-audit services | 38 | 34 |
| Total auditors' and associates' remuneration | 157 | 138 |

6. Directors' remuneration

| | 52 weeks ended 29 March 2020 £000 | 52 weeks ended 31 March 2019 £000 |
|--|---|---|
| Aggregate remuneration in respect of qualifying services | 446 | 579 |
| Company contributions paid to money purchase pension schemes | 22 | 16 |

Notes to the financial statements (continued)

at 29 March 2020

6. Directors' remuneration (continued)

| | 52 weeks ended 29 March 2020 No. | 52 weeks ended 31 March 2019 No. |
|--|--|--|
| Members of money purchase pension scheme | 3 | 3 |

The amounts in respect of the highest paid director were aggregate remuneration of £190k (52 weeks ended 31 March 2019 – £283k) and company contributions paid to pension schemes of £10k (52 weeks ended 31 March 2019 – £8k). Directors' remuneration includes bonuses relating to the period in which they accrue, although these may be paid after the period end.

7. Staff costs

| | 52 weeks ended 29 March 2020 £000 | 52 weeks ended 31 March 2019 Restated £000 |
|-----------------------|---|---|
| Wages and salaries | 35,083 | 35,259 |
| Social security costs | 3,777 | 3,755 |
| Pension costs | 1,610 | 839 |
| | <u>40,470</u> | <u>39,853</u> |

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

| | 52 weeks ended 29 March 2020 No. | 52 weeks ended 31 March 2019 No. |
|----------------------------|--|--|
| Office and management | 118 | 126 |
| Retailing and distribution | 913 | 875 |
| | <u>1,031</u> | <u>1,001</u> |

8. Interest receivable and similar income

| | 52 weeks ended 29 March 2020 £000 | 52 weeks ended 31 March 2019 £000 |
|---------------|---|---|
| Bank Interest | 106 | 72 |

Notes to the financial statements (continued)

at 29 March 2020

9. Interest payable and similar charges

| | 52 weeks ended 29 March 2020 £000 | 52 weeks ended 31 March 2019 £000 |
|---|---|---|
| Dividends payable on non-equity preference shares to parent co. | 222 | 222 |
| Other interest | 22 | 28 |
| | <u>244</u> | <u>250</u> |

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.

10. Tax

(a) Tax on loss on ordinary activities

The tax is made up as follows:

| | 52 weeks ended 29 March 2020 £000 | 52 weeks ended 31 March 2019 £000 |
|--|---|---|
| <i>Current tax:</i> | | |
| UK corporation tax | 235 | 374 |
| Adjustment in respect of previous periods | (31) | 54 |
| Total current tax | <u>204</u> | <u>428</u> |
| <i>Deferred tax:</i> | | |
| Origination and reversal of timing differences | | |
| – current period | (78) | 117 |
| – prior period | (50) | 8 |
| – change of tax rates | 142 | (12) |
| Total deferred tax | <u>14</u> | <u>113</u> |
| Total tax per income statement | <u>218</u> | <u>541</u> |
| Other comprehensive income items | | |
| Deferred tax current year charge | 60 | – |
| Deferred tax prior year adjustment | 56 | – |
| | <u>116</u> | <u>–</u> |

Notes to the financial statements (continued)

at 29 March 2020

10. Tax (continued)

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

The charge for the year can be reconciled to the profit/(loss) per the income statement as follows:

| | 52 weeks ended 29 March 2020 £000 | 52 weeks ended 31 March 2019 £000 |
|---|---|---|
| (Loss)/Profit for the period – continuing operations | (1,039) | 463 |
| Tax on (loss)/profit at standard UK tax rate of 19% (52 weeks ended 31 March 2019 – 19%) | (197) | 87 |
| Effects of: | | |
| Expenses not deductible | 500 | 504 |
| Non-taxable income | (17) | (18) |
| Group relief/other reliefs | (128) | (145) |
| Adjustment from previous periods | (81) | 63 |
| Tax rate changes | 141 | (12) |
| Property Revaluation | - | 62 |
| Tax charge for the period | 218 | 541 |
| Income tax expense reported in the Income Statement | 218 | 541 |

(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%.

In his budget of 8 July 2015, the Chancellor of the Exchequer announced a reduction in the corporation tax rate to 19% for the Financial Year beginning 1 April 2017 and a further reduction to 18% for the Financial Year beginning 1 April 2020. The Finance Act 2016, which reduced the main rate of corporation tax to 17% from 1 April 2020 (replacing the 18% rate) was enacted on 15 September 2016.

Subsequently, in his budget on 11 March 2020, the Chancellor of the Exchequer confirmed that the UK corporation tax rate would not reduce on 1 April 2020 and would remain at 19%. All deferred tax assets and liabilities have therefore been measured at the deferred tax rate of 19% as this rate is substantially enacted at the statement of position date.

Notes to the financial statements (continued)

at 29 March 2020

11. Ordinary dividends on equity shares to parent company

| | 52 weeks ended 29 March 2020 £000 | 52 weeks ended 31 March 2019 £000 |
|--|---|---|
| Dividends payable on ordinary shares to parent company | 750 | 500 |

In the period £750k of equity dividends are payable to Furniture Village Group Limited for the ordinary shares (52 weeks ended 31 March 2019 – £500k). 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.

12. Intangible fixed assets

| | Software £000 | Website £000 | Total £000 |
|----------------------------------|------------------|-----------------|---------------|
| Cost: | | | |
| At 31 March 2019 | 3,354 | 1,753 | 5,107 |
| Additions | 271 | 409 | 680 |
| Disposals | - | - | - |
| At 29 March 2020 | 3,625 | 2,162 | 5,787 |
| Amortisation: | | | |
| At 31 March 2019 | 1,237 | 583 | 1,820 |
| Provided during the period | 46 | 391 | 437 |
| At 29 March 2020 | 1,283 | 974 | 2,257 |
| Carrying amount at 29 March 2020 | 2,342 | 1,188 | 3,530 |
| Carrying amount at 31 March 2019 | 2,117 | 1,170 | 3,287 |

Notes to the financial statements (continued)

at 29 March 2020

13. Tangible fixed assets

| | Leasehold property £000 | Fixtures and fittings £000 | Equipment £000 | Total £000 |
|----------------------------------|-------------------------------|----------------------------------|-------------------|---------------|
| Cost or valuation: | | | | |
| At 31 March 2019 | 56,218 | 5,700 | 5,343 | 67,261 |
| Additions | 601 | 254 | 172 | 1,027 |
| Disposals | (94) | (1) | – | (95) |
| Property Revaluation | 1,585 | – | – | 1,585 |
| At 29 March 2020 | 58,310 | 5,953 | 5,515 | 69,778 |
| Depreciation: | | | | |
| At 31 March 2019 | 27,719 | 2,822 | 2,569 | 33,110 |
| Provided during the period | 3,644 | 401 | 680 | 4,725 |
| Disposals | (66) | (1) | – | (67) |
| At 29 March 2020 | 31,297 | 3,222 | 3,249 | 37,768 |
| Carrying amount at 29 March 2020 | 27,013 | 2,731 | 2,266 | 32,010 |
| Carrying amount at 31 March 2019 | 28,499 | 2,878 | 2,774 | 34,151 |

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

14. Stocks

| | 29 March 2020 £000 | 31 March 2019 £000 |
|---------------------------|--------------------------|--------------------------|
| Finished goods for resale | 15,928 | 15,907 |

Finished goods for resale recognised as an expense in cost of sales for the period were £125,559k (52 weeks ended 31 March 2019 - £131,842k). The stock provision charge included in cost of sales for the 52 weeks ended 29 March 2020 was £357k (52 weeks ended 31 March 2019 - £386k).

15. Debtors

| | 29 March 2020 £000 | 31 March 2019 £000 |
|--|--------------------------|--------------------------|
| Trade debtors | 1,407 | 955 |
| Other debtors | 902 | 830 |
| Prepayments and accrued income | 9,894 | 9,282 |
| Corporation tax | 23 | 205 |
| Owed by ultimate parent company – Furniture Village Holdings Ltd | 34,589 | 33,891 |
| | 46,815 | 45,163 |

Notes to the financial statements (continued)

at 29 March 2020

15. Debtors (continued)

All the trade debtors' amounts are due to be settled within 12 months. The trade debtors' provision related to bad debt, included in administrative expenses for the 52 weeks ended 29 March 2020 was £25k (52 weeks ended 31 March 2019 – £25k).

16. Creditors: amounts falling due within one period

| | 29 March 2020 £000 | 31 March 2019 £000 |
|--|--------------------------|--------------------------|
| Deposits on goods not yet delivered | 20,186 | 16,901 |
| Trade creditors | 40,230 | 33,340 |
| Other taxes and social security costs | 6,293 | 4,455 |
| Other creditors and accruals | 16,278 | 18,871 |
| Owed to parent company – Furniture Village Group Limited | 17,016 | 16,044 |
| | <u>100,003</u> | <u>89,611</u> |

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

17. Preference shares

| | 29 March 2020 £000 | 31 March 2019 £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 (2019 – 1,400,000) | 1,400 | 1,400 |
| 7.2% Cumulative redeemable preference shares of £1 each | | |
| – Number of shares – 1,750,000 (2019 – 1,750,000) | 1,750 | 1,750 |
| | <u>3,150</u> | <u>3,150</u> |

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.

18. Provisions for liabilities

| | Provision for dilapidations £000 | Deferred tax £000 | Total £000 |
|--|--|-------------------------|---------------|
| At 31 March 2019 | 1,358 | 1,252 | 2,610 |
| Deferred tax adjustment in respect of prior years | - | 6 | 6 |
| Deferred tax charged to the income statement | - | 64 | 64 |
| Deferred tax charged in other comprehensive income | - | 60 | 60 |
| At 29 March 2020 | <u>1,358</u> | <u>1,382</u> | <u>2,740</u> |

Notes to the financial statements (continued)

at 29 March 2020

18. Provisions for liabilities (continued)

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 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. The impact of discounting the dilapidation provision is not material.

The deferred tax consists of:

| | 29 March 2020 £000 | 31 March 2019 £000 |
|---------------------------------|--------------------------|--------------------------|
| <i>Deferred tax liability</i> | | |
| Fixed asset timing differences | 946 | 864 |
| Short term timing differences | (7) | (8) |
| Non-trading timing differences | 443 | 396 |
| Total deferred tax liability | 1,382 | 1,252 |
| | | |
| | 29 March 2020 £000 | 31 March 2019 £000 |
| <i>Deferred tax assets</i> | | |
| Recognition after 12 months | (7) | (8) |
| Total deferred tax asset | (7) | (8) |
| | | |
| | 29 March 2020 £000 | 31 March 2019 £000 |
| <i>Deferred tax liabilities</i> | | |
| Payable within 12 months | 124 | 92 |
| Payable after 12 months | 1,265 | 1,168 |
| Total deferred tax liability | 1,389 | 1,260 |

19. Issued equity share capital

| | | 29 March 2020 £000 | | 31 March 2019 £000 |
|---|---------|--------------------------|---------|--------------------------|
| <i>Allotted, called up and fully paid</i> | No. | | No. | |
| 'A' ordinary shares of £1 each | 150,000 | 150 | 150,000 | 150 |
| 'B' ordinary shares of £1 each | 500,340 | 500 | 500,340 | 500 |
| | | 650 | | 650 |

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.

Notes to the financial statements (continued)

at 29 March 2020

20. Notes to the statement of cash flows

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

| | 52 weeks ended 29 March 2020 £000 | 52 weeks ended 31 March 2019 £000 |
|--|---|---|
| Operating (loss)/profit | (873) | 1,248 |
| Depreciation | 4,725 | 4,469 |
| Amortisation | 437 | 443 |
| Increase in stocks | (21) | (885) |
| (Increase)/Decrease in non-intercompany debtors | (1,136) | 1,230 |
| Increase/(Decrease) in non-intercompany creditors | 9,420 | (3,960) |
| Increase in intercompany debtors | (698) | (699) |
| Increase in intercompany creditors | 972 | 722 |
| Net cash inflow from continuing operating activities | 12,826 | 2,568 |

(b) Analysis of cash

| | 31 March 2019 £000 | Cash flow £000 | 29 March 2020 £000 |
|------|--------------------------|----------------------|--------------------------|
| Cash | 13,636 | 10,209 | 23,845 |
| | 13,636 | 10,209 | 23,845 |

(c) Restricted cash

The cash and cash equivalent balance disclosed above and in the statement of cash flows includes £5,014k (52 weeks ended 31 March 2019 £nil) held by Cardnet Merchant Services Limited as security against customer payments received by the Company ahead of the fulfilment of customer orders.

21. Capital commitments

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

| | 29 March 2020 £000 | 31 March 2019 £000 |
|--|--------------------------|--------------------------|
| Authorised by the directors and contracted for | 339 | 43 |
| | 339 | 43 |

Notes to the financial statements (continued)

at 29 March 2020

22. 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 29 March 2020 amounted to £nil (31 March 2019 – £nil).

23. Operating leases

Operating lease commitments:

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

| | Land and buildings | Land and buildings | Other | Other |
|--------------------------------|-----------------------|-----------------------|------------------|------------------|
| | 29 March 2020 | 31 March 2019 | 29 March 2020 | 31 March 2019 |
| | £000 | £000 | £000 | £000 |
| Operating leases which expire: | | | | |
| Within one period | 22,257 | 22,252 | 1,503 | 1,667 |
| In two to five periods | 80,861 | 82,635 | 1,171 | 2,470 |
| In over five periods | 73,280 | 90,656 | – | – |
| | <u>176,398</u> | <u>195,543</u> | <u>2,674</u> | <u>4,137</u> |

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:

| | Other Operating Income 29 March 2020 | Other Operating Income 31 March 2019 |
|--------------------------------|---|---|
| | £000 | £000 |
| Operating leases which expire: | | |
| Within one period | 1,312 | 725 |
| In two to five periods | 934 | – |
| | <u>2,246</u> | <u>725</u> |

24. 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.

Notes to the financial statements (continued)**at 29 March 2020****25. 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.

26. Events subsequent to the Statement of Financial Position date

Since the Statement of Financial Position Date, the Company has exchanged contracts on two new stores, due to open in the targeted locations of Crawley and Leicester on Boxing Day.