Registered No. 06230216

Furniture Village Holdings Limited

Report and Financial Statements

For the 52 weeks ended 28 March 2021

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Officers and professional advisors

Directors
J C Hodkinson (Non-executive Chairman)
P J Harrison
C E Shiels
C G Harrison
E Wynne
M Broughton (Appointed 1 April 2021)

Non-executive Directors
S McPartland MP
J E Vinson

Secretary
C E Shiels

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

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 28 March 2021.

Principal Activity

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

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

Review of the Business

In line with many businesses, the year under review has been dominated by the impact of Covid19 and whilst it has not been without its challenges, we have emerged stronger than ever and are hugely grateful for the strength of relationships with our people, our suppliers and all our other stakeholders, who have all played their part in ensuring our continued success.

The Covid story started towards the end of the previous financial year, with lead-times initially extending for our Far East Suppliers, before the Government decision to close all 'non-essential' retail on 23 March 2020, amid strict lockdown measures being imposed.

These factors combined naturally impeded both deliveries and profitability in the run up to last year-end, 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.

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, with a buoyant housing market further aiding this. That said, whilst the sector as a whole clearly benefitted from these factors, we have outperformed competitor results and successfully grown market share.

This 'theme' continued thereafter and into the current financial year, with each subsequent lockdown followed by periods of buoyant trading, both in store and online. Indeed, online has continued on its strong growth trajectory, with order intake naturally heightened over the periods 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, and further amplified due to Covid, 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.

During the period of store closures, overheads were naturally tightly controlled and cut back, though promotional and marketing activity was stepped up once stores re-opened in order to successfully drive volumes and grow market share. We naturally also continued to invest in our people, with earnings maintained significantly ahead of Government furlough levels, vital in order to maintain the financial well being of our people and reward their flexibility and commitment to the business over this uncertain time.

Needless to say, we remain grateful for the Government support, with furlough receipts claimed over the first period of lockdown ensuring that we were able to retain personnel during the cessation of store and warehouse operations. It furthermore helped to support the extensive investment in PPE and other safety measures required to ensure the health, safety and wellbeing of both our people and our customers, this of course of the utmost importance.

Strategic Report (continued)

Financial Key Performance Indicators (KPI's):	***2021***	***Pro Forma 2020***	***2020***	***Change***
Revenue or Deliveries (net of VAT)	£255.1m	£267.2m	£255.0m	£0.1m
Gross Profit %	45.8%	46.9%	46.9%	(110) points
EBITDA*	£13.1m	£ 8.4m	£ 4.3m	£ 8.8m
Profit/(Loss) after taxation	£ 3.2m	£ 0.8m	£(2.6)m	£ 5.8m
Cash Balance	£37.6m	£26.3m	£23.9m	£13.7m

* Earnings before Interest, Tax, Depreciation and Amortisation

Deliveries for the full year actually matched the year prior, which considering the stores were shut for approaching half the year, including the key Winter Sale trading period, was a strong result. The reduction in Gross Profit % reflects the aforementioned increased promotional activity, pivotal in driving the significant uplift in order intake when stores were open and increasing market share.

Lower overheads, particularly during the periods of store closures, led to the year on year equivalent volumes being amortised over a reduced cost base, increasing EBITDA from £8.4m prior year pro forma (£4.3m 2020 actual) to £13.1m.

The business model remains highly cash generative and the closing cash position was £37.6m, £13.7m higher than the prior year balance of £23.9m, driven by a significant cash inflow from continuing operating activities.

Outlook

Since the stores reopened on 12 April 2021, our trading performance has been very strong and to the end of November 2021 order intake has been over 70% ahead of the equivalent period in 2019 pre Covid, by far recouping the shortfall in bookings over the third Lockdown. Lead-times have extended however due to well documented extensive pressures throughout the supply chain, including shipping delays, impacting the pace of conversion of the order book. In tandem, a sophisticated Cyber Incident in May led to only limited systems being available for several weeks, with this also impacting customer deliveries at that time.

We have also increased our internal warehouse and distribution capacity significantly over the past year, in tandem with utilising additional third parties, in order to meet customer demand and delivery expectations. Alongside this, steep increases in container shipping prices are impacting margins, although the strong order intake will ensure another strong year of profitability and cash generation.

We have also expanded our store portfolio over the last year, launching a new store in Leicester on Boxing Day, Crawley in April 2021 and most recently Sheffield in October. We have also extended the showroom space in our Gateshead Store, with this facilitating the closure of the nearby Darlington store. The current portfolio has now therefore increased to fifty-four stores (2020: fifty-two stores), affording good accessibility across much of the United Kingdom, alongside our strong online platform. Opportunities remain to open new stores, without risk of material cannibalisation, with the current market affording a relatively low cost of entry and quick payback.

In summary, we remain cautiously confident about the future, despite ongoing uncertainty regarding Covid19. 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 are making to become an even fitter, leaner, stronger business.

Strategic Report (continued)

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.

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

Covid19 risk

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

Financial risk

The Group 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 forward purchases as appropriate.

Cyber Crime and General Data Protection Regulation (GDPR) risk

During the year, the company was subject to a sophisticated Cyber Incident and whilst the impact of this was significantly mitigated due to the security in place, additional measures have been taken in order to further protect the business going forward.

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

Operational risk

Store managers, supported by regional management, ensure operational standards are maintained and our focus on quality stores, systems and infrastructure seek to ensure consistency of performance, bolstered further by the deployment of 'Best Practice' throughout the Group. Our supplier base is managed in an open, honest and constructive manner, with quality of service being of huge importance to us and regular dialogue continues to ensure adherence to our exacting product standards and lead-time requirements. Furthermore, we seek to ensure that key suppliers are able to adapt to unforeseen circumstances and/or fluctuations in demand to minimise any supply chain risk, albeit the impact of Covid19 and huge increases in consumer demand have caused lead-times to extend.

Strategic Report (continued)

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

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

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

The 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 52 weeks ended 28 March 2021. 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. 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 Covid19.

- **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.

Strategic Report (continued)

- **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 23/12/21

Directors' Report

The directors present their report and financial statements for the 52 weeks ended 28 March 2021.

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

- Review of the Business
- Principal Risks and Uncertainties

Results and Dividends

The profit for the year, after taxation, amounted to £3,177k (52 weeks ended 29 March 2020 – loss of £2,586k). The net assets of the Group were £7,581k (52 weeks ended 29 March 2020 – £1,841k).

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

Future Developments

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

Going concern

In response to the Covid19 pandemic, 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 nearly half of the financial year, order intake over the periods of store openings have more than offset this, with this strong performance continuing into the next financial year.

The Group had net assets of £7,581k (2020: £1,841k) and cash at year end was £37,636k (2020: £23,855k) and the Group has continued to generate positive EBITDA and cash since that time. The BGF loans have now been settled in full and available cash remains in excess of £40m at the date of signing these financial statements.

In assessing whether the going concern basis is appropriate, the directors take into account all available information about the future up to and including 31 December 2022, which is at least 12 months from the date of the approval of these financial statements. The Directors have performed this review at a Group and Company level, including considering a reasonable worst-case scenario. The Directors have considered the cash flow forecasts and profitability of the Group and Company and have applied a combination of sensitivities to model potential scenarios to reflect differing market conditions and challenges. Taking these forecasts into account, the Directors believe that the Group and Company has adequate resources and facilities to continue trading effectively for the foreseeable future. On this basis, the Directors continue to adopt the going concern basis of accounting in preparing this Report and Financial Statements.

Employee Involvement

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

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

Disabled employees

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

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

Directors' Report (continued)

UK Streamlined Energy and Carbon Reporting ("SECR")

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

GHG Emissions and Energy Use Data

Our reporting period is for the financial year 30 March 2020 to 28 March 2021, reporting all material GHG emissions using "Tonnes of CO_2 equivalent" (tCO2e) as the unit of measurement and reporting energy use in kWh."

	2020-21	2019-20
Energy consumption used to calculate emissions:	**20,035,577 kWh**	**24,453,093 kWh**
Emissions from combustion of gas (Scope 1)	168 tCO2e	201 tCO2e
Emissions from combustion of fuel for transport purposes (Scope 1)	2,251 tCO2e	2,638 tCO2e
Emissions from business travel in rental cars or employee-owned vehicles where Company is responsible for purchasing the fuel (Scope 3)	34 tCO2e	196 tCO2e
Emissions from purchased electricity (Scope 2, location-based)	2,435 tCO2e	3.265 tCO2e
Total gross CO2e based on above	**4,888 tCO2e**	**6,299 tCO2e**
Intensity ratio: tCO2e g per £100,000 revenue	**19.16**	**24.70**

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

Energy Efficiency Action Taken

With regard to the property portfolio, further to the energy efficiency actions historically undertaken, the Business continues to monitor consumption as well as market developments for any potential additional opportunities. All new store and customer fulfilment premises particularly benefit from entirely LED lighting installations. Any other plant and equipment that has been and is to be installed is of modern, efficient standards.

In relation to the Business' commercial transport fleet, we have continued with our trend to replace the larger vehicles with the smaller, more economical 3.5 tonne variants adding an additional 2 vans to our fleet this year. We have trialled a fully electric 3.5 tonne vehicle at a customer fulfilment centre but need to continue to monitor the electric market closely as battery technology improves in order that it can meet our needs. The vehicle camera monitoring system installed across the fleet to optimise performance is functioning well and all new vehicles will incorporate an inbuilt monitoring system in 2022. We are also looking to re-introduce our in-house training system for all Home Delivery crews to ensure a consistent approach rather than use the general training offered via the CPC courses trained nationally.

Directors

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

J C Hodkinson	(Non executive Chairman)
P J Harrison	
C E Shiels	
C G Harrison	(appointed on 1 October 2020)
E Wynne	(appointed on 1 October 2020)

M Broughton has been appointed as director post year end and prior to signing of these accounts.

Directors' Report (continued)

Non-executive Directors

J E Vinson
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.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Elective resolution and auditors

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

Events occurring after the Statement of Financial Position date

Since the Statement of Financial Position date, the Group has exchanged contracts on three new warehouses and a new store in Sheffield.

On 28 May 2021, Furniture Village identified suspicious activity within its IT systems and the incident was swiftly contained. An investigation subsequently followed, aided by experienced security specialists, and together they identified that an unauthorised third party had briefly gained access to certain systems. Those systems were subsequently taken down and for a limited period of time manual processes were deployed, causing some delay to customer orders, however an independent review of our systems confirmed that there was no breach of our customer database. Since that time, further security enhancements have been made in order to protect the business going forward.

By order of the Board

Claire E Shiels
Director
Date 23/12/21

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (FRS 102). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period.

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

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

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

Independent auditor's report

To the members of Furniture Village Holdings Limited

Opinion

We have audited the financial statements of Furniture Village Holdings Limited ('the parent Company') and its subsidiaries (the 'Group') for the year ended 28 March 2021 which comprise of the Group and Company Income Statement, the Group and Company Statement of Comprehensive Income, the Group and Company Statement of Changes in Equity, the Group and Company Statement of Financial Position, the Group and Company Statement of Cash Flows and the related notes 1 to 31, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Group and parent Company's affairs as at 28 March 2021 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period from when the financial statements are authorised for issue until 31 December 2022.

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

Other information

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

Independent auditor's report

To the members of Furniture Village Holdings Limited (continued)

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Statement of directors' responsibilities set out on page 10 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report

To the members of Furniture Village Holdings Limited (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102, the Companies Act 2006 and Corporation Tax Act 2010) and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including General Data Protection Regulation (GDPR).
- We understood how the company is complying with those frameworks by making enquiries of management and those responsible for tax, legal and compliance procedures to understand how the Company maintains and communicates its policies and procedures in these areas. We corroborated our enquiries through our review of Board minutes, as well as consideration of the results of our other audit procedures.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur through internal team discussions and enquiry of management and those charged with governance. Through these procedures, we identified there to be a risk of fraudulent financial reporting in respect of improper revenue recognition.
- To address the fraud risk of the improper recognition of revenue, we performed substantive analytical procedures including sales trend analysis, we investigated unusual transactions and tested specific transactions back to source documentation, ensuring revenues are recorded in the correct period on when the goods are delivered to the customer.

Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquiry with management and those charged with governance. We also read the financial statement disclosures, corroborating to supporting documentation to assess compliance with applicable laws and regulations and evaluated the business rationale of significant transactions outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor's report

To the members of Furniture Village Holdings Limited (continued)

Use of our report

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

Ernst & Young LLP

Sandra Thompson (Senior statutory auditor)

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

Reading

Date: 24 December 2021

Group Income Statement

for the 52 weeks ended 28 March 2021

	Notes	52 weeks ended 28 March 2021 £000	52 weeks ended 29 March 2020 £000
Revenue	2	255,079	255,038
Cost of sales		(138,242)	(135,538)
Gross Profit		116,837	119,500
Distribution costs		(73,244)	(70,939)
Administrative expenses		(43,962)	(52,051)
Other operating income	3	7,830	1,722
Operating profit/(loss) before cost of new/re-launched stores		7,461	(1,768)
New and re-launched stores		(279)	-
Operating profit/(loss)		7,182	(1,768)
Loss on disposal of intangible and tangible fixed assets	4	(1,749)	(28)
Profit/(Loss) before interest and tax	5	5,433	(1,796)
Interest receivable and similar income	9	44	106
Interest payable and similar charges	10	(688)	(694)
Profit/(Loss) on ordinary activities before taxation		4,789	(2,384)
Tax charge	11	(1,612)	(202)
Profit/(Loss) for the financial period		3,177	(2,586)

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

Company Income statement

for the 52 weeks ended 28 March 2021

	Notes	52 weeks ended 28 March 2021 £000	52 weeks ended 29 March 2020 £000
Administrative expenses		(595)	(368)
Operating loss before interest and tax	5	(595)	(368)
Equity dividends received from Furniture Village Group Limited		1,000	750
Interest payable and similar charges	10	(637)	(672)
Loss on ordinary activities before taxation		(232)	(290)
Tax credit	11	-	16
Loss for the financial period		(232)	(274)

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

Group statement of comprehensive income

for the 52 weeks ended 28 March 2021

	Notes	52 weeks ended 28 March 2021 £000	52 weeks ended 29 March 2020 £000
Profit/(Loss) for the financial period		3,177	(2,586)
Other Comprehensive income			
Fair Value Revaluation		2,705	1,585
Movement on deferred tax arising on the revaluation reserve	1[illegible]	(142)	(116)
Total comprehensive income/(loss)		5,740	(1,117)

Company statement of comprehensive income

for the 52 weeks ended 28 March 2021

	52 weeks ended 28 March 2021 £000	52 weeks ended 29 March 2020 £000
Loss for the financial period	(232)	(274)
Total comprehensive loss	(232)	(274)

Group statement of change in equity

for the 52 weeks ended 28 March 2021

	Share Capital	Share Premium	Reserve for own shares	Revaluation Reserves	Other Reserves	Profit and Loss Reserve	Total Shareholders Funds
	£000	£000	£000	£000	£000	£000	£000
At 31 March 2019	**1,773**	**1,871**	**(1,091)**	**2,010**	**(257)**	**(1,348)**	**2,958**
Loss for the financial period	-	-	-	-	-	(2,586)	(2,586)
Other comprehensive income	-	-	-	1,469	-	-	1,469
Total comprehensive income/(loss) for the period	-	-	-	1,469	-	(2,586)	(1,117)
At 29 March 2020	**1,773**	**1,871**	**(1,091)**	**3,479**	**(257)**	**(3,934)**	**1,841**
Profit for the financial period	-	-	-	-	-	3,177	3,177
Other Comprehensive Income	-	-	-	2,563	-	-	2,563
Total Comprehensive income for the period	-	-	-	2,563	-	3,177	5,740
At 28 March 2021	**1,773**	**1,871**	**(1,091)**	**6,042**	**(257)**	**(757)**	**7,581**

Company statement of change in equity

for the 52 weeks ended 28 March 2021

	Share Capital £000	*Share Premium* £000	*Reserve for own shares* £000	*Other Reserves* £000	*Profit and Loss Reserve* £000	*Total Share-holders' Funds* £000
At 31 March 2019	**1,773**	**1,871**	**(1,091)**	**(257)**	**752**	**3,048**
Total comprehensive loss for the financial period	-	-	-	-	(274)	(274)
At 29 March 2020	**1,773**	**1,871**	**(1,091)**	**(257)**	**478**	**2,774**
Total comprehensive loss for the financial period	-	-	-	-	(232)	(232)
At 28 March 2021	**1,773**	**1,871**	**(1,091)**	**(257)**	**246**	**2,542**

Group statement of financial position

at 28 March 2021

	Notes	28 March 2021 £000	29 March 2020 £000
Fixed assets			
Intangible assets	12	9,640	10,905
Tangible fixed assets	13	31,909	32,010
		41,549	42,915
Current assets			
Stocks	15	16,651	15,928
Debtors	16	12,922	12,226
Cash at bank and in hand	25(b)	37,636	23,855
		67,209	52,009
Creditors: amounts falling due within one year	17	(96,968)	(83,097)
Net current liabilities		(29,759)	(31,088)
Total assets less current liabilities		11,790	11,827
Creditors: amounts falling due after more than one year	18	(1,484)	(7,480)
Provisions for liabilities	20	(2,725)	(2,506)
Net assets		7,581	1,841
Capital and reserves			
Called up share capital	21	1,773	1,773
Share premium account		1,871	1,871
Profit and loss reserve		(757)	(3,934)
Reserve for own shares	22	(1,091)	(1,091)
Other reserves	23	5,785	3,222
Shareholders' funds		7,581	1,841

R J Harrison
Director

C E Shiels
Director

Date: 23/12/21

Company statement of financial position

at 28 March 2021

	Notes	28 March 2021 £000	29 March 2020 £000
Non-current assets			
Investments	14	11,964	11,964
Deferred tax assets	20	234	234
		12,198	12,198
Current assets			
Debtors	16	33,750	32,750
Cash at bank and in hand	25(b)	5	5
		33,755	32,755
Creditors: amounts falling due within one year	17	(41,927)	(34,699)
Net current liabilities		(8,172)	(1,944)
Total assets less current liabilities		4,026	10,254
Creditors: amounts falling due after more than one year	18	(1,484)	(7,480)
Net assets		2,542	2,774
Capital and reserves			
Called up share capital	21	1,773	1,773
Share premium account		1,871	1,871
Profit and loss reserve		246	478
Reserve for own shares	22	(1,091)	(1,091)
Other reserves	23	(257)	(257)
Shareholders' funds		2,542	2,774

P J Harrison
Director

C E Shiels
Director

Date: 23/12/21

Group statement of cash flows

for the 52 weeks ended 28 March 2021

	Notes	*52 weeks ended 28 March 2021 £000*	*52 weeks ended 29 March 2020 £000*
Net cash inflow from continuing operating activities	25(a)	18,518	12,184
Corporation Tax Paid		(507)	(22)
Net cash inflow from continuing activities		**18,011**	**12,162**
Investing activities			
Interest received		44	106
Payments to acquire tangible fixed assets		(3,259)	(1,027)
Payments to acquire intangible fixed assets		(357)	(680)
Net cash outflow from investing activities		**(3,572)**	**(1,601)**
Financing activities			
Other interest paid		(51)	(22)
Interest paid		(602)	(608)
Movement in Business Growth Fund option/dividend valuation		(5)	368
Loan Notes		–	(90)
Net cash outflow from financing activities		**(658)**	**(352)**
Change in cash resulting from cash flows	25(b)	13,781	10,209
Cash at the beginning of financial period	25(b)	23,855	13,646
Cash at the end of financial period	25(b)	37,636	23,855

Company statement of cash flows

for the 52 weeks ended 28 March 2021

	Notes	52 weeks ended 28 March 2021 £000	52 weeks ended 29 March 2020 £000
Net cash outflow from continuing operating activities	25(a)	**(393)**	**(420)**
Investing activities			
Equity dividends received from Furniture Village Group Limited		1,000	750
Net cash flow from investing activities		**1,000**	**750**
Net cash flow used in financing activities			
Interest paid		(602)	(608)
Loan Notes		–	(90)
Movement in Business growth fund option/dividend valuation		(5)	368
Net cash outflow from financing activities		**(607)**	**(330)**
Change in cash resulting from cash flows	25(b)	–	–
Cash at the beginning of financial period	25(b)	5	5
Cash at the end of financial period	25(b)	5	5

Notes to the financial statements

for the 52 weeks ended 28 March 2021

1. Accounting policies

Statement of compliance

Furniture Village Holdings Limited is a limited liability company incorporated in the United Kingdom. The registered office is 258 Bath Road, Slough, Berkshire, SL1 4DX. The Group and Company's financial statements have been prepared in compliance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (FRS 102) and in accordance with the requirements of the Companies Act 2006 for the year ended 28 March 2021.

Judgements and key sources of estimation uncertainty

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

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

Operating lease commitments

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

Tangible and Intangible Assets

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

The following are key sources of estimation uncertainty:

Goodwill

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

Business Growth Fund dividend

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

The probability attached to the timing of an exit event and the ensuing change to the fair value of the dividend payments will be reassessed each year, with an ensuing adjustment to the fair value.

Notes to the financial statements (continued)

for the 52 weeks ended 28 March 2021

1. Accounting policies (continued)

Business Growth Fund option

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

Taxation

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

Basis of preparation

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

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

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

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

Going Concern

In response to the Covid19 pandemic, 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 nearly half of the financial year, order intake over the periods of store openings have more than offset this, with this strong performance continuing into the next financial year.

The Group had net assets of £7,581k (2020: £1,841k) and cash at year end was £37,636k (2020: £23,855k) and the Group has continued to generate positive EBITDA and cash since that time. The BGF loans have now been settled in full and available cash remains in excess of £40m at the date of signing these financial statements.

In assessing whether the going concern basis is appropriate, the directors take into account all available information about the future up to and including 31 December 2022, which is at least 12 months from the date of the approval of these financial statements. The Directors have performed this review at a Group and Company level, including considering a reasonable worst-case scenario. The Directors have considered the cash flow forecasts and profitability of the Group and Company and have applied a combination of sensitivities to model potential scenarios to reflect differing market conditions and challenges. Taking these forecasts into account, the Directors believe that the Group and Company has adequate resources and facilities to continue trading effectively for the foreseeable future. On this basis, the Directors continue to adopt the going concern basis of accounting in preparing this Report and Financial Statements.

Notes to the financial statements (continued)

for the 52 weeks ended 28 March 2021

1. Accounting policies (continued)

Basis of consolidation

The Group financial statements consolidate the financial statements of Furniture Village Holdings Limited and all its subsidiary undertakings drawn up to 52 weeks ended 28 March 2021.

Furniture Village Limited and Furniture Village Group Limited have been included in the Group financial statements using the acquisition method of accounting. Accordingly, the Group Income Statement and Statement of Cash Flows include the results and cash flows of Furniture Village Limited and Furniture Village Group Limited for the 52 weeks ended 28 March 2021

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

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

Goodwill

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

Intangible fixed assets

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

Software	–	over 4 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.

Tangible fixed assets

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

Leasehold property	–	over the lease term
Fixtures and fittings	–	over 10 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.

Notes to the financial statements (continued)

for the 52 weeks ended 28 March 2021

1. Accounting policies (continued)

Revenue recognition

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

Sale of goods

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

Delivery service

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

Government grants

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

Treasury shares

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

Cash

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

Stocks

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

Current income tax

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

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

Notes to the financial statements (continued)

for the 52 weeks ended 28 March 2021

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 probably that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

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

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

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

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

Leasing and hire purchase commitments

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

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

Pension costs

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

New and re-launched stores pre-trading costs

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

Rent free periods and reverse premiums

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

Notes to the financial statements (continued)

for the 52 weeks ended 28 March 2021

1. Accounting policies (continued)

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.

Provisions for Liabilities

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

Financial liabilities

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

Loans

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

Dividends

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

Classification of shares as debt or equity

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

(i) there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable; and

(ii) the instrument is a non-derivative that contains no contractual obligations to deliver a variable number of shares or is a derivative that will be settled only by the Company exchanging a fixed amount of cash or other assets for a fixed number of the Company's own equity instruments.

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

Notes to the financial statements (continued)

for the 52 weeks ended 28 March 2021

1. Accounting policies (continued)

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.

2. Revenue

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

3. Other operating income

Group

	52 weeks ended 28 March 2021 £000	52 weeks ended 29 March 2020 £000
Concessions income	1,864	1,722
Government grants	5,966	–
	7,830	1,722

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

4. Loss on disposal of fixed assets

Group

	52 weeks ended 28 March 2021 £000	52 weeks ended 29 March 2020 £000
Loss on disposal of tangible and intangible assets	(1,749)	(28)

5. Profit/(loss) before interest and tax

Group

This is stated after charging:

	52 weeks ended 28 March 2021 £000	52 weeks ended 29 March 2020 £000
Auditor's and associates' remuneration	153	157
Depreciation of owned assets	4,866	4,725
Amortisation of intangible assets	545	437
Amortisation of other intangible assets – Goodwill	527	527
BGF Dividend (note 23)	600	–
Operating lease rentals – Property	21,729	22,409
Operating lease rentals – Other	1,781	1,817

Notes to the financial statements (continued)

for the 52 weeks ended 28 March 2021

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

Company

This is stated after charging:

	52 weeks ended 28 March 2021 £000	52 weeks ended 29 March 2020 £000
BGF Dividend (note 23)	600	-

6. Auditor's remuneration

Group

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

	52 weeks ended 28 March 2021 £000	52 weeks ended 29 March 2020 £000
Audit of the financial statements	126	119
Total audit	126	119
Taxation compliance services	23	38
Other assurance services	4	-
Total non-audit services	27	38
Total auditor's and associates' remuneration	153	157

Company

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

Notes to the financial statements (continued)

for the 52 weeks ended 28 March 2021

7. Directors' remuneration

Group

	52 weeks ended 28 March 2021 £000	52 weeks ended 29 March 2020 £000
Aggregate Remuneration	851	446
Company contributions paid to money purchase pension schemes	33	22
Number of directors in respect of qualifying services	6	4

	52 weeks ended 28 March 2021 No.	52 weeks ended 29 March 2020 No.
Members of money purchase pension scheme	5	3

The amounts in respect of the highest paid director were aggregate remuneration of £309k (52 weeks ended 29 March 2020 - £190k) and Company contributions paid to pension schemes of £10k (52 weeks ended 29 March 2020 - £10k). Directors' remuneration includes bonuses relating to the period in which they accrue, although these may be paid after the period end.

Company

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

8. Staff costs

Group

	52 weeks ended 28 March 2021 £000	52 weeks ended 29 March 2020 £000
Wages and salaries	40,623	35,083
Social security costs	4,288	3,777
Pension costs	1,732	1,610
	46,643	40,470

Notes to the financial statements (continued)

for the 52 weeks ended 28 March 2021

8. Staff costs (continued)

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

	52 weeks ended 28 March 2021 No.	52 weeks ended 29 March 2020 No.
Office and management	128	118
Retailing and distribution	991	913
	1,119	1,031

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

The total benefit received by the Group from the Government Job Retention Scheme was £5.3m of the £6.0m grants noted in Note 3

Company

Furniture Village Holdings Limited does not have any employees.

9. Interest receivable and similar income

Group

	52 weeks ended 28 March 2021 £000	52 weeks ended 29 March 2020 £000
Bank interest	44	106

10. Interest payable and similar charges

Group

	52 weeks ended 28 March 2021 £000	52 weeks ended 29 March 2020 £000
Loans and overdrafts	599	634
Amortisation of arrangement fee on loans (note 19)	38	38
Other interest and similar charges	51	22

Notes to the financial statements (continued)

for the 52 weeks ended 28 March 2021

	688	694

10. Interest payable and similar charges (continued)

Company

	52 weeks ended 28 March 2021 £000	52 weeks ended 29 March 2020 £000
Loans and overdrafts	599	634
Amortisation of arrangement fee on loans (note 19)	38	38
	637	672

11. Tax

Group

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

The tax is made up as follows:

		52 weeks ended 28 March 2021 £000	52 weeks ended 29 March 2020 £000
Current tax:			
UK corporation tax		1,825	235
Adjustment in respect of previous periods		(46)	(31)
Total current tax		1,779	204
Deferred tax:			
Origination and reversal of timing differences	– current period	(202)	(77)
	– prior period	35	(42)
	– change of tax rates	–	117
Total deferred tax (note 20)		(167)	(2)
Tax per income statement		1,612	202

Other comprehensive income items

Deferred tax current year charge	142	60
Deferred tax prior year adjustment	–	56
	142	116

Notes to the financial statements (continued)

for the 52 weeks ended 28 March 2021

11. Tax (continued)

Group

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

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

	52 weeks ended 28 March 2021 £000	52 weeks ended 29 March 2020 £000
Profit/(loss) for the period	4,789	(2,384)
Tax on profit/(loss) at standard rate of 19% (52 weeks ended 29 March 2020 19%)	910	(453)
Effects of:		
Disallowed expenses and non-taxable income	658	600
Income not taxable	(59)	(59)
Adjustment from previous periods	(11)	(73)
Tax rate change	–	117
Other	114	70
Tax charge for the period	1,612	202

Company

(a) Tax on loss on ordinary activities

The tax charge is made up as follows:

	52 weeks ended 28 March 2021 £000	52 weeks ended 29 March 2020 £000
Current tax:		
UK corporation tax on the loss for the period	–	–
Total current tax	–	–
Deferred tax:		
Origination and reversal of timing differences	–	8
Effect of changes in tax rates	–	(24)
Total deferred tax (note 20)	–	(16)
Total tax result/(credit) per income statement	–	(16)

Notes to the financial statements (continued)

for the 52 weeks ended 28 March 2021

11. Tax (continued)

Company

(b) Factors affecting the tax for the period

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

	52 weeks ended 28 March 2021 £000	52 weeks ended 29 March 2020 £000
Loss for the period	(232)	(290)
Tax on loss at standard rate of 19% (52 weeks ended 29 March 2020 – 19%)	(44)	(55)
Effects of:		
Income not taxable	(191)	(143)
Effects of Group relief	121	128
Adjustments from previous periods	–	8
Tax rate changes	–	(24)
Movement in deferred tax not provided	114	70
Tax result/(credit) for the period	–	(16)

(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 2021. The Finance Act 2016, which reduced the main rate of corporation tax to 17% from 1 April 2021 (replacing the 18% rate) was enacted on 15 September 2016.

Subsequently, in his budget on 11 March 2021, the Chancellor of the Exchequer confirmed that the UK corporation tax rate would not reduce on 1 April 2021 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 financial position date.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the statement of position date and hence have not been reflected in the measurement of deferred tax balances at the period end. It is not anticipated that these changes will have a material impact on the Company's/Group's deferred tax balances.

Notes to the financial statements (continued)

for the 52 weeks ended 28 March 2021

12. Intangible assets

Group

	Goodwill £000	*Software* £000	*Website* £000	*Total* £000
Cost or Revaluation:				
At 29 March 2020	19,496	3,237	2,162	24,895
Additions	–	12	345	357
Disposals	–	(694)	–	(694)
At 28 March 2021	19,496	2,555	2,507	24,558
Amortisation:				
At 29 March 2020	12,121	895	974	13,990
Charge during the period	527	58	487	1,072
Disposals	–	(144)	–	(144)
At 28 March 2021	12,648	809	1,461	14,918
Carrying amount at 28 March 2021	6,848	1,746	1,046	9,640
Carrying amount at 29 March 2020	7,375	2,342	1,188	10,905

Goodwill of £19,496k was generated by the acquisition of Furniture Village Group Limited on 16 May 2007, being the excess of consideration over the value of net assets acquired. Management have determined the remaining useful life to be seventeen years as at 2 April 2017. In the current year the amortisation charge of £527k remains the same as that charged in the year to 29 March 2020. The remaining carrying amount as at 28 March 2021 of £6,848k will be amortised on a straight-line basis over the remaining life of 13 years, being £527k per year.

The carrying amount of the Groups' software at 28 March 2021 includes £nil (29 March 2020 – £nil) in respect of assets held under finance leases and hire purchase contracts.

Notes to the financial statements (continued)

for the 52 weeks ended 28 March 2021

13. Tangible fixed assets

Group

	Leasehold property £000	Fixtures and fittings £000	Equipment £000	Total £000
Cost:				
At 29 March 2020	51,600	5,300	5,398	62,298
Additions	2,344	353	562	3,259
Disposals	(1,084)	(505)	(1,929)	(3,518)
Fair value revaluations	2,705	–	–	2,705
At 28 March 2021	55,565	5,148	4,031	64,744
Depreciation:				
At 29 March 2020	24,587	2,569	3,132	30,288
Charge during the period	3,839	412	615	4,866
Disposals	(1,068)	(487)	(764)	(2,319)
At 28 March 2021	27,358	2,494	2,983	32,835
Carrying amount at 28 March 2021	28,207	2,654	1,048	31,909
Carrying amount at 29 March 2020	27,013	2,731	2,266	32,010

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

Notes to the financial statements (continued)

for the 52 weeks ended 28 March 2021

14. Investments

Company

	28 March 2021 £000	29 March 2020 £000
Furniture Village Group Limited	11,964	11,964
Total cost and net book value	11,964	11,964

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

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

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

15. Stocks

Group

	28 March 2021 £000	29 March 2020 £000
Finished goods for resale	16,651	15,928

Finished goods for resale recognised as an expense in cost of sales for the period were £127,587k (29 March 2020 - £125,559k). The stock provision charge included in cost of sales for the 52 weeks ended 28 March 2021 was £847k (52 weeks ended 29 March 2020 – £357k).

Notes to the financial statements (continued)

for the 52 weeks ended 28 March 2021

16. Debtors

Group

	28 March 2021 £000	29 March 2020 £000
Trade debtors	2,580	1,407
Other debtors	625	902
Corporation tax	–	23
Prepayments and accrued income	9,717	9,894
	12,922	12,226

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

The trade debtors provision relating to bad debts, included in administrative expenses for the 52 weeks ended 28 March 2021 was £25k (52 weeks ended 29 March 2020 – £25k).

Company

	28 March 2021 £000	29 March 2020 £000
Amount owing by subsidiary	33,750	32,750
	33,750	32,750

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

17. Creditors: amounts falling due within one period

Group

	28 March 2021 £000	29 March 2020 £000
Deposits on goods not yet delivered	19,136	20,186
Current instalment due on Business Growth Fund long term loan (note 19)	5,991	(38)
Trade creditors	42,350	40,230
Corporation Tax	1,249	–
Other taxes and social security costs	9,001	6,293
Other creditors and accruals	19,241	16,426
	96,968	83,097

Notes to the financial statements (continued)

for the 52 weeks ended 28 March 2021

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

Company

	28 March 2021 £000	29 March 2020 £000
Current instalment due on Business Growth Fund long term loan (note 19)	5,991	(38)
Amounts owed to subsidiary	35,581	34,589
Other creditors and accruals	355	148
	41,927	34,699

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

Group

	28 March 2021 £000	29 March 2020 £000
Business Growth Fund long term loan (note 19)	–	5,991
Business Growth Fund option	566	549
Business Growth Fund dividend (note 24)	918	940
	1,484	7,480

Company

	28 March 2021 £000	29 March 2020 £000
Business Growth Fund long term loan (note 19)	–	5,991
Business Growth Fund option	566	549
Business Growth Fund dividend (note 24)	918	940
	1,484	7,480

The Business Growth Fund option represents an 8.941% equity participation in Furniture Village. The carrying amount of the option was initially measured at cost of £123k as a Financial Liability at fair value through the Income Statement. The underlying instrument has been valued during the financial period at a carrying amount of £566k (52 weeks ended 29 March 2020 - £549k). The financial instrument will be disposed on an exit event of the business or cancellation of the option.

Notes to the financial statements (continued)

for the 52 weeks ended 28 March 2021

19. Maturity of Loans

Group and Company

Loans are repayable as follows:

	28 March 2021 £000	29 March 2020 £000
Within one year	6,001	–
Between 1 and 5 years	–	6,001
Due after 5 years	–	–
	6,001	6,001
Issue costs	48	86
Less: issue costs amortised	(38)	(38)
Unamortised issue costs	10	48
Loan amount after deducting unamortised issue costs	5,991	5,953
Amount falling due within one period included in creditors	(5,991)	38
	–	5,991

Loans comprise of the Business Growth Fund (related party) long term loan. The investment loan is an unsecured fixed rate loan carrying an annual interest rate of 10%. There were no loan repayments made during the year but subsequent to year end a repayment of £1.5m was made on the 7th April 2021 and a further £4.5m was paid on 8th May 2021 to settle the loan in full.

20. Provisions for liabilities

Group

	Provision for dilapidations £000	Deferred tax £000	Total £000
At 29 March 2020	1,358	1,148	2,506
Increased provision during the current period	244	–	244
Deferred tax adjustment in respect of prior years	–	35	35
Deferred tax charged to the income statement	–	(202)	(202)
Deferred tax charged in other comprehensive income	–	142	142
At 28 March 2021	1,602	1,123	2,725

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

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

Notes to the financial statements (continued)

for the 52 weeks ended 28 March 2021

20. Provisions for liabilities (continued)

Group

The deferred tax consists of:

	28 March 2021 £000	29 March 2020 £000
Deferred tax liability		
Payable within 12 months	31	124
Payable after 12 months	1,363	1,265
Total deferred tax liabilities	1,394	1,389
Deferred tax assets		
Recognition within 12 months	–	–
Recognition after 12 months	(271)	(241)
Total deferred tax asset	(271)	(241)
Net deferred tax liability is represented by:		
Fixed asset timing differences	951	946
Short term timing differences	(37)	(7)
Non-trading timing differences	443	443
Losses	(234)	(234)
Net deferred tax liability	1,123	1,148

Company

The deferred tax asset consists of:

	28 March 2021 £000	29 March 2020 £000
At 29 March 2020	(234)	(218)
Adjustment in respect of prior years	–	8
Deferred tax charge to Income Statement for the period	–	(24)
At 28 March 2021	(234)	(234)

Notes to the financial statements (continued)

for the 52 weeks ended 28 March 2021

20. Provisions for liabilities (continued)

Company

	28 March 2021 £000	29 March 2020 £000
The deferred tax asset is represented by:		
Losses	(234)	(234)
Total losses	(234)	(234)
Deferred tax assets		
Recoverable after 12 months	(234)	(234)
Total deferred tax asset	(234)	(234)

21. Issued share capital

Allotted, called up and fully paid	*No.*	*28 March 2021 £000*	*No.*	*29 March 2020 £000*
Ordinary shares of £1 each	1,535,108	1,535	1,535,108	1,535
A Ordinary shares of £1 each	237,752	238	237,752	238
		1,773		1,773

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

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

22. Reserve for own shares

Group and Company

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

Notes to the financial statements (continued)

for the 52 weeks ended 28 March 2021

23. Financial instruments – Other reserve

Group

Includes:

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

Future potential dividend payments to Business Growth Fund have been recorded at fair value based on the probability of dividend payments becoming due in the future. The long-term dividend is payable in relation to the year ended March 2021 onwards, and in the event that no exit event has occurred, for the 52 weeks ended 28 March 2021 was £600k (52 weeks ended 29 March 2020 £nil). The fair value is based on the probability of an exit event occurring at various future dates and a weighted average dividend payment thereafter calculated, discounted to present value using a cost of capital of 12%. The probability attached to the timing of an exit event and the ensuing change to the fair value of the dividend payments wil be reassessed each year, with an ensuing adjustment to the fair value.

Company

Future potential dividend payments to Business Growth Fund have been recorded at fair value based on the probability of dividend payments becoming due in the future. The long-term dividend is payable in relation to the year ended March 2021 onwards, and in the event that no exit event has occurred, for the 52 weeks ended 28 March 2021 was £600k (52 weeks ended 29 March 2020 £nil). The fair value is based on the probability of an exit event occurring at various future dates and a weighted average dividend payment thereafter calculated, discounted to present value using a cost of capital of 12%. The probability attached to the timing of an exit event and the ensuing change to the fair value of the dividend payments will be reassessed each year, with an ensuing adjustment to the fair value.

24. Financial instruments

Group

	28 March 2021	*29 March 2020*
	£000	*£000*
Financial liabilities at fair value through profit and loss		
Business growth fund equity option	566	549
Business growth fund dividends	918	940
Financial liabilities at fair value at amortised cost		
Business growth fund loans	6,001	6,001

The Business Growth Fund dividend has been recognised based on the probability of dividend payments becoming due in the future, the fair value of the dividend being £918k (52 weeks ended 29 March 2020 £940k).
The movement in the fair value of the BGF equity option and dividends of £5k (for the 52 week period ended 29 March 2020 - £368k) is included in administrative expenses in the income statement.

Company

	28 March 2021	*29 March 2020*
	£000	*£000*
Financial liabilities at fair value through profit and loss		
Business growth fund equity option	566	549
Business growth fund dividends	918	940
Financial liabilities at fair value at amortised cost		
Business growth fund loans	6,001	6,001

Notes to the financial statements (continued)

for the 52 weeks ended 28 March 2021

24. Financial instruments (continued)

The Business Growth Fund dividend has been recognised based on the probability of dividend payments becoming due in the future, the fair value of the dividend being £918k (52 weeks ended 29 March 2020 - £940k).
The movement in the fair value of the BGF equity option and dividends of £5k (for the 52 week period ended 29 March 2020 - £368k) is included in administrative expenses in the income statement.

25. Notes to the statement of cash flows

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

Group

	52 weeks ended 28 March 2021 £000	*52 weeks ended 29 March 2020 £000*
Operating profit/(loss)	7,182	(1,768)
Depreciation	4,866	4,725
Amortisation	1,072	964
(Increase) in stocks	(723)	(21)
(Increase) in debtors	(719)	(1,136)
Increase in creditors	6,840	9,420
Net cash inflow from continuing operating activities	18,518	12,184

Company

	52 weeks ended 28 March 2021 £000	*52 weeks ended 29 March 2020 £000*
Operating Loss	(595)	(368)
Increase in non-intercompany creditors	210	-
(Increase) in intercompany debtors	(1,000)	(750)
Increase in intercompany creditors	992	698
Net cash outflow from operating activities	(393)	(420)

The intercompany dividend payable to Furniture Village Holdings Limited for the ordinary shares was £1,000k (52 weeks ended 29 March 2020 – £750k).

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

Notes to the financial statements (continued)

for the 52 weeks ended 28 March 2021

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

(b) Analysis of cash

Group

	29 March 2020 £000	Cash flow £000	28 March 2021 £000
Cash	23,855	13,781	37,636
	23,855	13,781	37,636

Company

	29 March 2020 £000	Cash flow £000	28 March 2021 £000
Cash	5	–	5
	5	–	5

(c) Restricted cash

Group

The cash and cash equivalent balance disclosed above and in the statement of cash flows includes £19,850k (52 weeks ended 29 March 2020 £5,014k) held by Cardnet Merchant Services Limited as security against customer payments received by the Group ahead of the fulfilment of customer orders.

26. Capital commitments

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

Group

	28 March 2021 £000	29 March 2020 £000
Authorised by the directors and contracted for	–	339
	–	339

27. Pension arrangements

The Group operates a defined contribution pension scheme for eligible employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. Accrued contributions as at 28 March 2021 amounted to £nil (29 March 2020 – £nil).

Notes to the financial statements (continued)

for the 52 weeks ended 28 March 2021

28. Operating leases

Operating lease commitments:

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

Group

	Land and Buildings 28 March 2021 £000	*Land and buildings 29 March 2020 £000*	*Other 28 March 2021 £000*	*Other 29 March 2020 £000*
Operating leases which expire:				
Within one period	23,279	22,257	1,374	1,503
In two to five periods	89,081	80,861	2,283	1,171
In over five periods	73,336	73,280	–	–
	185,696	176,398	3,657	2,674

Operating lease income:

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

Group

	Other Operating Income 28 March 2021 £000	*Other Operating Income 29 March 2020 £000*
Operating leases which expire:		
Within one period	1,156	1,312
In two to five periods	1,265	934
In over five periods	–	–
	2,421	2,246

29. Events subsequent to the Statement of Financial Position date

Since the Statement of Financial Position date, the Group has exchanged contracts on three new warehouses and a new store in Sheffield.

On 28 May 2021, Furniture Village identified suspicious activity within its IT systems and the incident was swiftly contained. An investigation subsequently followed, aided by experienced security specialists, and together they identified that an unauthorised third party had briefly gained access to certain systems. Those systems were subsequently taken down and for a limited period of time manual processes were deployed, causing some delay to customer orders, however an independent review of our systems confirmed that there was no breach of our customer database. Since that time, further security enhancements have been made in order to protect the business going forward.

Notes to the financial statements (continued)

for the 52 weeks ended 28 March 2021

30. Related parties

Key management personnel

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

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

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

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

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

31. Ultimate controlling party

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