Registered No. 06230216

Furniture Village Holdings Limited

Report and Financial Statements

For the 52 weeks ended 2 July 2023

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Officers and professional advisors

Directors

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

Non-executive Directors

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

Secretary

E G Wynne

Independent Auditors

Ernst & Young LLP
R+ Building
2 Blagrave St,
Reading
Berkshire
RG1 1AZ

Bankers

Bank of Scotland
33 Old Broad Street
London
EC2N 1HW

Registered Office

258 Bath Road
Slough
Berkshire
SL1 4DX

Strategic Report

The Directors present their Strategic Report for the 52 weeks ended 2 July 2023.

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, positioned at the mid to upper end of the UK volume furniture retail market.

Prior year change in accounting reference date

On 9 March 2021, the Board decided to extend the Group accounting reference date, driven primarily by operational effectiveness considerations. The previous accounting reference date fell at the end of March (the end of the first calendar quarter), which meant the business was subject to the volatile influences of both Chinese New Year and Easter on supply chains.

Changing the accounting reference date to the end of the second calendar quarter has now removed this volatility and has contributed to improved operational effectiveness, also allowing for better comparability of results between trading periods.

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

Share Buy-back

It has long been an ambition for the business to be a 'family partnership', one that is a limited liability company, owned by the founding family and a business that provides the opportunity for all who work in it to truly share in the rewards of their efforts.

This ambition has been a patient priority of the founders and executives of our company for some considerable time, and we are pleased to confirm that a successful share buy-back arrangement was concluded on 30 November 2022. The shareholders at the date of this report are the Directors P J Harrison and C G Harrison, family member K A Stevens, and our Employment Benefit Trust.

We are further pleased to confirm that all funds associated with this buyout were covered from within the company's existing cash and capital reserves, which more than adequately support the share purchases. The details of the share buy-back are fully disclosed in these financial statements including the Business Growth Fund option, disclosed in Note18.

Review of the business

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

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

Strategic Report (continued)

Financial Key Performance Indicators (KPI's):

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

**Earnings Before Interest, Tax, Depreciation and Amortisation*

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

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

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

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

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

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

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

Strategic Report (continued)

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

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

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

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

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

Outlook

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

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

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

Strategic Report (continued)

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

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

Principal Risks and Uncertainties

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

The principal risks are segmented and managed accordingly:

Strategic risk

The trading strategy is regularly revisited and reviewed to ensure its appropriateness to today's trading environment and customer trends. As such, we remain convinced that the broad strategic direction which has served us so well over many years remains the relevant one for the market in which we operate, as consumers place increasingly more emphasis on trust, service, quality, choice, and value, playing strongly to our existing core strengths.

We continue to invest in both the digital platform and stores, seeking to be truly multi-channel and remain steadfast in the need for both stores and online, particularly at the mid to upper end of the furniture market where customers still want to 'touch and feel' the furniture.

Covid19 risk

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

Since the re-opening of our stores in April 2021, the success of the national vaccination programme and the adherence to our internal safety measures has meant no further disruption to the business from an order intake perspective. The only element of risk currently relates to the ongoing supply chain disruption and increased container costs, both of which have now returned to pre-Covid levels post year-end.

Our assessment is that Covid-19 now represents a very low risk to the business.

Financial risk

The Group aims to maintain good working relationships with all financial counterparties and engages proactively to ensure they understand the Group financial performance. We regularly review financial forecasts and wide-ranging sensitivities to ensure robust levels of cash headroom.

New investment opportunities are subject to detailed and rigorous financial appraisal and foreign exchange risks are managed using forward purchases as appropriate.

Strategic Report (continued)

Cyber Crime and General Data Protection Regulation (GDPR) risk

During the prior reporting period (May 2021), the group was subject to a sophisticated Cyber Incident, the impact which was significantly mitigated due to the existing security in place. All relevant authorities were informed of the incident, necessary reactive steps taken to mitigate any loss and additional measures have been taken to prevent a re-occurrence. Thankfully, no customer data was lost and no further reporting nor actions beyond those already in place were required to be taken.

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

Operational risk

Store and fulfilment managers, supported by regional management, ensure operational standards are maintained and our focus on quality stores, systems and infrastructure seek to ensure consistency of performance, bolstered further by the deployment of 'Best Practice' throughout the Group.

Our supplier base is managed in an open, honest, and constructive manner, with quality of service being of huge importance to us and regular dialogue continues to ensure adherence to our exacting product standards and lead-time requirements. Furthermore, we seek to ensure that key suppliers can adapt to unforeseen circumstances and/or fluctuations in demand to minimise any supply chain risk.

Health & Safety and other Regulatory Compliance risk

The business takes its compliance responsibilities very seriously and seeks to adhere to all relevant legislation. We also engage with external parties, including having a Primary Authority relationship with Slough Borough Council, to ensure that current practices, procedures, and training methods are effective and robust and in doing so that we protect all stakeholders.

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

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

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

The detail below sets out how the Directors have, in performing their duties, had regard to the matters set out in section 172(1)(a)-(f) of the Companies Act 2006, for the 52 weeks ended 2 July 2023. The information provided below is for the Furniture Village Group of companies. The Directors consider the following to be the Company's key stakeholders:

Our Customers

Providing both our existing and future customers with outstanding quality, choice and value, is at the heart of what we do. We strive to provide exceptional service at every point in the customer journey and actively seek and monitor customer feedback and reviews in order to evaluate and improve the customer experience.

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

Strategic Report (continued)

Our People

Our people are what make our business successful and nurturing a motivated, passionate, and skilled team is pivotal to our continued evolution and relevance in today's ever-changing world. We engage with all our workforce regularly, including a company-wide weekly newsletter, frequent update meetings and more recently participation in the 'Best Companies' programme. At the same time the Board also regularly visits both stores, fulfilment centres and support hubs to further engage and gain 'first-hand' insight.

The health, safety and well-being of our people is of the utmost importance, and we ensure we have appropriate policies and procedures in place to safeguard them. We are furthermore constantly reviewing our pay and benefits to ensure our people are appropriately rewarded, with our practice of 'Perform, Achieve, Reward' remaining a key ingredient of our ethos.

Our Suppliers

Our Suppliers are vital to our mission to deliver quality, choice and value to our customers, whether providing furniture, premises or any other goods or services required to operate our business.

We have long-standing relationships with most of our suppliers, many of whom are well established brands themselves, and we work in collaboration to ensure our products evolve, with frequent new product launches.

We also carry out regular reviews to ensure exacting standards of product quality and adherence to both committed lead-times and Modern Slavery Regulations alongside commercial reviews to ensure value for money and service standards.

Our Shareholders

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

We engage with our shareholders through regular meetings and various other communications and updates to ensure they are fully informed on the strategic plan. We are committed to delivering on the financial results that are part of our strategic plan.

Our Communities

Furniture Village operates out of multiple locations and our communities expect us to act responsibly and positively influence the local communities in which we operate. We currently have over a thousand employees, with our continued expansion creating further job opportunities. We have continued to support both local and national charities during the year, as well as those that support the furniture and wider retail sector.

By order of the Board

E G Wynne
Director
Date 28 MARCH 2024

Directors' Report

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

The 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 Group profit for the year, after taxation, amounted to £5,822k (66 weeks ended 3 July 2022: £10,012k). The net assets of the Group were £10,310k (66 weeks ended 3 July 2022: £20,516k).

The Company profit for the year, after taxation, amounted to £14,604k (66 weeks ended 3 July 2022: £597k). The net assets of the Company were £1,266k (66 weeks ended 3 July 2022: £3,139k).

The directors do not recommend the payment of an ordinary dividend in the current period or prior period. In the current period a preferential dividend of £50k (66 weeks ended 3 July 2022: £750k) was paid to Business Growth Fund.

Future Developments

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

Going concern

The Group had net assets of £10,310k (2022: £20,516k) and cash at year end was £35,168k (2022: £48,559k) and the Group has continued to generate positive EBITDA and cash since that time. As noted elsewhere in this report, a successful buy-back of shares was concluded with certain shareholders, including the Business Growth Fund. This transaction was funded completely out of internally generated funds. Available cash remains in excess of £30m at the date of signing these financial statements.

In assessing whether the going concern basis is appropriate, the Directors take into account all available information about the future up to and including 29 June 2025, which is more than 12 months from the date of the approval of these financial statements. The Directors have performed this review at a Group and Company level, including considering a reasonable worst-case scenario.

The Directors have considered the cash flow forecasts and profitability of the Group and Company and have applied a combination of sensitivities to model potential scenarios to reflect differing market conditions and challenges. Taking these forecasts into account, the Directors believe that the Group and Company has adequate resources and facilities to continue trading effectively for the foreseeable future. On this basis, the Directors continue to adopt the going concern basis of accounting in preparing this Report and Financial Statements.

Supplier Involvement

We value the relationships with all of our suppliers, both products and services and conduct these important relationships in a spirit of openness, transparency, fairness and trust.

Employee Involvement

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

Directors' Report (continued)

Lines of communication, facilitated by a relatively flat structure, are open and honest and are endorsed by excellent retention rates and long service to the business. All employees participate directly in the success of the business through the Group's bonus and other incentive schemes. In addition, a Family Partnership Profit Share Scheme was implemented during the period ended 2 July 2023 in terms of which profits exceeding an annually agreed level are shared amongst all eligible employees.

Disabled employees

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

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

UK Streamlined Energy and Carbon Reporting ("SECR")

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

GHG Emissions and Energy Use Data

Our reporting period is for the financial year 4 July 2022 to 2 July 2023, reporting all material GHG emissions using "Tonnes of CO2 equivalent" (tCO2e) as the unit of measurement and reporting energy use in kWh.

	2022-23	2021-22
Energy consumption used to calculate emissions:	**24,819,234 kWh**	**24,819,234 kWh**
Emissions from combustion of gas (Scope 1)	169 tCO2e	245 tCO2e
Emissions from combustion of fuel for transport purposes (Scope 1)	1,891 tCO2e	2,704 tCO2e
Emissions from business travel in rental cars or employee-owned vehicles where Company is responsible for purchasing the fuel (Scope 3)	48 tCO2e	33 tCO2e
Emissions from purchased electricity (Scope 2, location-based)	2,355 tCO2e	2,336 tCO2e
Total gross CO2e based on above	**4,461 tCO2e**	**5,318 tCO2e**
Intensity ratio: tCO2e g per £100,000 revenue	**12.44**	**13.05**

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

Energy Efficiency Action Taken

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

Directors' Report (continued)

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

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

Directors

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

P J Harrison (Executive Chairman)
C G Harrison
E G Wynne
M Broughton
N J Hipkiss
D S Ayers
C J Cooper

Non-executive Directors

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

Rt Hon S McPartland MP
M Cowan

Directors' qualifying third party indemnity provisions

The Company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought about by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third-party indemnity provision was in force throughout the year and remains in force as at the date of approving the Directors' report.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware.

Having made enquiries of fellow directors and the Company's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Directors' Report (continued)

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

By order of the Board

E G Wynne
Director
Date 26 MARCH 2024

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 period ended 2 July 2023 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 29, 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's and of the parent company's affairs as at 2 July 2023 and of the group's profit for the period 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 group 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 to 30 June 2025.

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.

Independent auditor's report

To the members of Furniture Village Holdings Limited (continued)

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.

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 group and the parent 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 parent company 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 directors' responsibilities statement set out on page 12, 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.

Independent auditor's report

To the members of Furniture Village Holdings Limited (continued)

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

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.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur through internal team conversations and inquiry of management and those charged with governance. Through these procedures we determined there to be a risk of management override and a fraud risk around revenue recognition, and in particular revenue recognition around the year end date. To address the fraud risk of the improper recognition of revenue, we performed 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 per the terms of the agreement and accounting policy.

Independent auditor's report

To the members of Furniture Village Holdings Limited (continued)

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved review of board minutes, testing of manual journals identified by specific criteria and 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.

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

Carl Stone (Senior statutory auditor)

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

Reading

28 March 2024

Group Income Statement

for the 52 weeks ended 2 July 2023

	Note	***52 weeks ended 2 July 2023 £000***	*66 weeks ended 3 July 2022 £000*
Revenue	2	**358,781**	474,914
Cost of sales		**(193,771)**	(266,339)
Gross profit		**165,010**	208,575
Distribution costs		**(93,838)**	(124,126)
Administrative expenses		**(64,604)**	(70,467)
Other operating income	3	**1,203**	1,745
Operating profit before cost of new/re-launched stores		**7,771**	15,727
New and re-launched stores		**(232)**	(472)
Operating profit		**7,539**	15,255
Loss on disposal of intangible and tangible fixed assets	4	**(16)**	(1,589)
Profit before interest and tax	5	**7,523**	13,666
Interest receivable and similar income	9	**391**	74
Interest payable and similar charges	10	**(33)**	(112)
Profit on ordinary activities before taxation		**7,881**	13,628
Tax charge	11	**(2,059)**	(3,616)
Profit for the financial period		**5,822**	10,012

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 2 July 2023

	Note	***52 weeks ended 2 July 2023 £000***	*66 weeks ended 3 July 2022 £000*
Administrative expenses		**(82)**	(665)
Operating loss before interest and tax	5	**(82)**	(665)
Equity dividends received from Furniture Village Group Limited		**15,000**	1,250
Interest payable and similar charges	10	**(6)**	(62)
Profit on ordinary activities before taxation		**14,912**	523
Tax (charge)/credit	11	**(308)**	74
Profit for the financial period		**14,604**	597

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 2 July 2023

	Note	**52 weeks ended 2 July 2023 £000**	*66 weeks ended 3 July 2022 £000*
Profit for the financial period		**5,822**	10,012
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods			
Net loss on cash flow hedges	21	**(102)**	–
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods			
Revaluation of the website	12	**241**	–
Revaluation of leasehold property	13	**494**	3,202
Movement on deferred tax arising on the revaluation reserve	11	**(184)**	(279)
Total comprehensive income		**6,271**	12,935

Company statement of comprehensive income

for the 52 weeks ended 2 July 2023

	Note	***52 weeks ended 2 July 2023 £000***	*66 weeks ended 3 July 2022 £000*
Profit for the financial period		**14,604**	597
Total other comprehensive income		–	–
Total comprehensive income		**14,604**	597

Group statement of change in equity

for the 52 weeks ended 2 July 2023

	Share capital £000	*Share premium £000*	*Reserve for own shares £000*	*Revaluation Reserve £000*	*Other Reserve £000*	*Profit and loss reserve £000*	*Total share holders' funds £000*
At 28 March 2021	1,773	1,871	(1,091)	6,042	(257)	(757)	7,581
Profit for the financial period	–	–	–	–	–	10,012	10,012
Other comprehensive income	–	–	–	2,923	–	–	2,923
Total comprehensive income	–	–	–	2,923	–	10,012	12,935
At 3 July 2022	1,773	1,871	(1,091)	8,965	(257)	9,255	20,516
Profit for the financial period	–	–	–	–	–	5,822	5,822
Other comprehensive income	–	–	–	551	(102)	–	449
Total comprehensive income	–	–	–	551	(102)	5,822	6,271
Transfer from revaluation reserve to profit and loss reserve	–	–	–	(2,643)	–	2,643	–
Acquisition of treasury shares	–	–	(1,174)	–	–	–	(1,174)
Buy back of ordinary shares	(366)	(1,871)	–	–	–	(13,066)	(15,303)
Business Growth Fund dividend	–	–	–	–	257	(257)	–
At 2 July 2023	**1,407**	**–**	**(2,265)**	**6,873**	**(102)**	**4,397**	**10,310**

Company statement of change in equity

for the 52 weeks ended 2 July 2023

	Share capital £000	*Share premium £000*	*Reserve for own shares £000*	*Other Reserve £000*	*Profit and loss reserve £000*	*Total share holders' funds £000*
At 28 March 2021	1,773	1,871	(1,091)	(257)	246	2,542
Total comprehensive income	–	–	–	–	597	597
At 3 July 2022	1,773	1,871	(1,091)	(257)	843	3,139
Total comprehensive income	–	–	–	–	14,604	14,604
Acquisition of treasury shares	–	–	(1,174)	–	–	(1,174)
Buy back of ordinary shares	(366)	(1,871)	–	–	(13,066)	(15,303)
Business Growth Fund dividend	–	–	–	257	(257)	–
At 2 July 2023	**1,407**	**–**	**(2,265)**	**–**	**2,124**	**1,266**

Group statement of financial position

at 2 July 2023

	Note	***2 July 2023 £000***	*3 July 2022 £000*
Assets			
Non-current assets			
Intangible assets	12	**7,637**	7,746
Tangible assets	13	**34,337**	35,736
Total non-current assets		**41,974**	43,482
Current assets			
Stock	15	**19,706**	18,708
Debtors	16	**19,673**	22,643
Cash	23(b)	**35,168**	48,559
Total current assets		**74,547**	89,910
Total assets		**116,521**	133,392
Liabilities			
Non-current liabilities			
Provision for liabilities	17	**(5,453)**	(4,566)
Total non-current liabilities		**(5,453)**	(4,566)
Current liabilities			
Creditors: amounts falling due within one period	18	**(100,758)**	(108,310)
Total current liabilities		**(100,758)**	(108,310)
Total liabilities		**(106,211)**	(112,876)
Net assets		**10,310**	20,516
Capital and reserves			
Called up share capital	19	**1,407**	1,773
Share premium account		**–**	1,871
Profit and loss reserve		**4,397**	9,255
Reserve for own shares	20	**(2,265)**	(1,091)
Asset revaluation reserve		**6,873**	8,965
Other reserves	21	**(102)**	(257)
Total equity		**10,310**	20,516

P J Harrison
Director

C G Harrison
Director

Date: 28 MARCH 2024

Company statement of financial position

at 2 July 2023

	Note	**2 July 2023 £000**	3 July 2022 £000
Assets			
Non-current assets			
Investments	14	**11,964**	11,964
Deferred tax asset	17	**–**	308
Total non-current assets		**11,964**	12,272
Current assets			
Debtors	16	**50,000**	35,000
Cash and cash equivalents	23(b)	**4**	5
Total current assets		**50,004**	35,005
Total assets		**61,968**	47,277
Liabilities			
Creditors: amounts falling due within one period	18	**(60,702)**	(44,138)
Total liabilities		**(60,702)**	(44,138)
Net assets		**1,266**	3,139
Capital and reserves			
Called up share capital	19	**1,407**	1,773
Share premium account		**–**	1,871
Profit and loss reserve		**2,124**	843
Reserve for own shares	20	**(2,265)**	(1,091)
Other reserves	21	**–**	(257)
Total equity		**1,266**	3,139

P J Harrison
Director

C G Harrison
Director

Date: 28 MARCH 2024

Group statement of cash flows

for the 52 weeks ended 2 July 2023

	Note	***52 weeks ended 2 July 2023 £000***	*66 weeks ended 3 July 2022 £000*
Net cash inflow from operating activities	23(a)	**10,141**	25,887
Investing activities			
Interest received		**391**	74
Payments to acquire tangible fixed assets		**(4,868)**	(7,650)
Payments to acquire intangible fixed assets		**(1,145)**	(1,242)
Proceeds of disposal of tangible fixed assets		**–**	41
Net cash outflow from investing activities		**(5,622)**	(8,777)
Financing activities			
Other interest paid		**(33)**	(50)
Loan and bank interest paid		**–**	(52)
Acquisition of treasury shares		**(1,174)**	–
Buy back of ordinary shares		**(15,303)**	–
Movement in Business Growth Fund option/dividend		**(1,400)**	(84)
Loan Notes		**–**	(6,001)
Net cash outflow from financing activities		**(17,910)**	(6,187)
Change in cash resulting from cash flows	23(b)	**(13,391)**	10,923
Cash at beginning of financial period	23(b)	**48,559**	37,636
Cash at end of financial period	23(b)	**35,168**	48,559

Company statement of cash flows

for the 52 weeks ended 2 July 2023

	Note	*52 weeks ended 2 July 2023 £000*	*66 weeks ended 3 July 2022 £000*
Net cash inflow/(outflow) from continuing operating activities	23(a)	**2,882**	4,887
Investing activities			
Equity dividend received from Furniture Village Group Limited		**15,000**	1,250
Net cash inflow from investing activities		**15,000**	1,250
Financing activities			
Interest paid		**(6)**	(52)
Loan Notes		**–**	(6,001)
Acquisition of treasury shares		**(1,174)**	–
Buy back of ordinary shares		**(15,303)**	–
Movement in Business Growth Fund option/dividend		**(1,400)**	(84)
Net cash outflow from financing activities		**(17,883)**	(6,137)
Change in cash resulting from cash flows	23(b)	**(1)**	–
Cash at beginning of financial period	23(b)	**5**	5
Cash at end of financial period	23(b)	**4**	5

Notes to the financial statements

for the 52 weeks ended 2 July 2023

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 52 weeks ended 2 July 2023.

Judgements and key sources of estimation uncertainty

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

The following judgement (apart from those involving estimates) 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 twelve years.

Business Growth Fund dividend

A long-term dividend is only payable to Business Growth Fund in relation to the year ended March 2021 onwards, and in the event that no exit event has occurred.

Where the actual future dividend payments is agreed, that amount is used. Where amounts are undeterminable, potential future dividend payments to Business Growth Fund have been recorded at fair value based on the probability of dividend payments becoming due in the future, discounted to present value using a cost of capital of 12%.

An exit event, namely the share buy-back, was conclude in November 2022 as a consequence there are no future potential dividends due to Business Growth Fund.

Notes to the financial statements (continued)

for the 52 weeks ended 2 July 2023

1. Accounting policies (continued)

Business Growth Fund option

Where the value of the Business Growth Fund option is agreed, that amount is used. Where amounts are undeterminable, the 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.

For the prior period the Company and the Group changed the Accounting Reference Date for the period to 3 July 2022. Amounts reported in the financial statements cover the 52 weeks ended 2 July 2023 are not entirely comparable to the prior year results which cover the 66 week period ended 3 July 2022. The decision to change the Accounting Reference Date was taken to minimise the impact of Chinese New Year and Easter, which are both in close proximity to the prior Accounting Reference Date, on operations and profitability of the business going forward.

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

Going Concern

The Group had net assets of £10,310k (2022: £20,516k) and cash at year end was £35,168k (2022: £48,559k) and the Group has continued to generate positive EBITDA and cash since that time. As noted elsewhere in this report, a successful buy-back of shares was concluded with certain shareholders, including the Business Growth Fund. This transaction was funded completely out of internally generated funds. Available cash remains in excess of £30m at the date of signing these financial statements.

In assessing whether the going concern basis is appropriate, the Directors take into account all available information about the future up to and including 29 June 2025, which is more than 12 months from the date of the approval of these financial statements. The Directors have performed this review at a Group and Company level, including considering a reasonable worst-case scenario.

The Directors have considered the cash flow forecasts and profitability of the Group and Company and have applied a combination of sensitivities to model potential scenarios to reflect differing market conditions and challenges. Taking these forecasts into account, the Directors believe that the Group and Company has adequate resources and facilities to continue trading effectively for the foreseeable future. On this basis, the Directors continue to adopt the going concern basis of accounting in preparing this Report and Financial Statements.

Notes to the financial statements (continued)

for the 52 weeks ended 2 July 2023

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 2 July 2023.

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 2 July 2023.

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.

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

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

Software	–	over 4 years
Website infrastructure costs	–	over 7 years
Website ongoing development costs	–	over 2 years

Design and content development costs are capitalised within intangible fixed assets in accordance with FRS 102 only to the extent that they lead to the creation of an enduring asset delivering benefits at least as great as the amount capitalised. If there is insufficient evidence on which to base reasonable estimates of the economic benefits that will be generated in the period until the design and content are next updated, the costs of developing the design and content are charged to the Income Statement as incurred.

The carrying values of intangible fixed assets are reviewed for impairment annually if events or changes in circumstances indicate the carrying value may not be recoverable. Changes in the expected useful life or the expected pattern of consumption of benefit shall be accounted for as a change in accounting estimate.

Notes to the financial statements (continued)

for the 52 weeks ended 2 July 2023

1. Accounting policies (continued)

Tangible fixed assets

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

Leasehold property	–	over the lease term
Fixtures and fittings	–	over 10 years or over the lease term
Equipment	–	over 4 years

On completion of contracts to extend store leases, leasehold property assets are revalued to reflect the fair value based on a replacement cost approach. Depreciation is provided on these assets at the revalued amount, less estimated residual value, of each asset evenly over its expected useful life.

The carrying values of tangible fixed assets are reviewed for impairment annually if events or changes in circumstances indicate the carrying value may not be recoverable.

Revenue recognition

Revenue is recognised to the extent that the Company 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.

Notes to the financial statements (continued)

for the 52 weeks ended 2 July 2023

1. Accounting policies (continued)

Current income tax

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

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

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.

Notes to the financial statements (continued)

for the 52 weeks ended 2 July 2023

1. Accounting policies (continued)

Hedge accounting

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

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

a) Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or

b) Cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction; or

c) Hedges of a net investment in a foreign operation.

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

Cash flow hedges

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

Pension costs

The 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.

Notes to the financial statements (continued)

for the 52 weeks ended 2 July 2023

1. Accounting policies (continued)

Rent free periods and reverse premiums

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

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in administrative expenses.

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.

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

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

A long-term dividend is only payable to Business Growth Fund in relation to the year ended March 2021 onwards, and in the event that no exit event has occurred.

Where the actual future dividend payments is agreed, that amount is used. Where amounts are undeterminable, potential future dividend payments to Business Growth Fund have been recorded at fair value based on the probability of dividend payments becoming due in the future, discounted to present value using a cost of capital of 12%.

An exit event, namely the share buy-back, was conclude in November 2022 as a consequence there are no future potential dividends due to Business Growth Fund.

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.

Notes to the financial statements (continued)

for the 52 weeks ended 2 July 2023

1. Accounting policies (continued)

Classification of shares as debt or equity (continued)

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.

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 2 July 2023 £000	*66 weeks ended 3 July 2022* £000
Concession income	**1,203**	1,515
Government grants	**–**	230
	1,203	1,745

Concession income is composed primarily of external rental income and is incidental to the group's retail revenue.

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

4. Loss on disposal of fixed assets

Group

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

Notes to the financial statements (continued)

for the 52 weeks ended 2 July 2023

5. Profit/(loss) before interest and tax

Group

This is stated after charging:

	52 weeks ended 2 July 2023 £000	*66 weeks ended 3 July 2022 £000*
Auditors' and associates' remuneration	**200**	176
Depreciation of owned assets	**6,745**	6,929
Amortisation of intangible assets	**968**	943
Amortisation of other intangible assets – Goodwill	**527**	659
Business Growth Fund Dividend (note 22)	**–**	750
Operating lease rentals – Property	**23,638**	30,193
Operating lease rentals – Other	**2,044**	2,263

Company

This is stated after charging:

	52 weeks ended 2 July 2023 £000	*66 weeks ended 3 July 2022 £000*
Business Growth Fund Dividend (note 22)	**–**	750

6. Auditor's remuneration

Group

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

	52 weeks ended 2 July 2023 £000	*66 weeks ended 3 July 2022 £000*
Audit services		
Total audit services	**147**	146
Non-audit services		
Taxation compliance services	**53**	30
Total audit and associates' remuneration	**200**	176

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 2 July 2023

7. Directors' remuneration

Group

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

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

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

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

	52 weeks ended 2 July 2023 No.	*66 weeks ended 3 July 2022* No.
Office and management	**148**	145
Retailing and distribution	**1,059**	1,098
	1,207	1,243

Notes to the financial statements (continued)

for the 52 weeks ended 2 July 2023

8. Staff costs (continued)

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

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

Company

Furniture Village Holdings Limited does not have any employees.

9. Interest receivable and similar income

Group

	52 weeks ended 2 July 2023 £000	*66 weeks ended 3 July 2022 £000*
Bank interest	**391**	74

10. Interest payable and similar charges

Group

	52 weeks ended 2 July 2023 £000	*66 weeks ended 3 July 2022 £000*
Loans and overdrafts	**–**	52
Amortisation of arrangement fee on loans	**–**	10
Other interest	**33**	50
	33	112

Company

	52 weeks ended 2 July 2023 £000	*66 weeks ended 3 July 2022 £000*
Loans and overdrafts	**–**	52
Amortisation of arrangement fee on loans	**–**	10
Other interest	**6**	–
	6	62

Notes to the financial statements (continued)

for the 52 weeks ended 2 July 2023

11. Tax

Group

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

The tax is made up as follows:

	52 weeks ended 2 July 2023 £000	66 weeks ended 3 July 2022 £000
Current tax:		
UK corporation tax	**2,996**	2,835
Adjustment in respect of previous periods	**(370)**	(67)
Total current tax	**2,626**	2,768
Deferred tax:		
Origination and reversal of timing differences		
Current period	**(724)**	434
Prior period	**316**	3
Change of tax rates	**(159)**	411
Total deferred tax (note 17)	**(567)**	848
Total tax per income statement	**2,059**	3,616
Other comprehensive income items		
Deferred tax current year charge	**184**	279
	184	279

(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 2 July 2023 £000	66 weeks ended 3 July 2022 £000
Profit for the period	**7,881**	13,628
Tax on profit at standard UK tax rate of 20.50% (66 weeks ended 3 July 2022 – 19%)	**1,616**	2,589
Effects of:		
Expenses not deductible	**743**	1,112
Non-taxable income	**(87)**	(431)
Adjustment from previous periods	**(54)**	(65)
Tax rate change	**(159)**	411
Tax charge for the period	**2,059**	3,616

Notes to the financial statements (continued)

for the 52 weeks ended 2 July 2023

11. Tax (continued)

Company

(a) Tax on loss on ordinary activities

The tax charge is made up as follows:

	52 weeks ended 2 July 2023 £000	66 weeks ended 3 July 2022 £000
Current tax:		
UK corporation tax	–	–
Total current tax	–	–
Deferred tax:		
Origination and reversal of timing differences	253	–
Effect of change in tax rates	55	(74)
Total deferred tax (note 17)	308	(74)
Total tax per income statement	308	(74)

(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 2 July 2023 £000	66 weeks ended 3 July 2022 £000
Profit for the period	14,912	523
Tax on profit at standard UK tax rate of 20.50% (66 weeks ended 3 July 2022 – 19%)	3,057	99
Effects of:		
Expenses not deductible	17	291
Non-taxable income	(3,075)	(402)
Effects of group relief	1	12
Rollover gain relief	253	–
Tax rate change	55	(74)
Tax charge for the period	308	(74)

Notes to the financial statements (continued)

for the 52 weeks ended 2 July 2023

11. Tax (continued)

(c) Changes to UK Corporation Tax

A change in the main UK corporation tax rate was announced in the Budget on 3 March 2021, as this new law was enacted within the reporting date it's effects are included in the financial statements. From 1 April 2023 the main corporation tax rate for the company will increase from 19% to 25%. This will increase the company's future tax liabilities accordingly.

The rate change was substantially enacted on 24 May 2021, and it received Royal Assent on 10 June 2021.

12. Intangible assets

Group

	Goodwill *£000*	*Software* *£000*	*Website* *£000*	*Total* *£000*
Cost or Revaluation:				
At 3 July 2022	19,496	1,533	3,019	24,048
Additions	–	726	419	1,145
Disposals	–	(27)	–	(27)
Revaluation	–	–	241	241
At 2 July 2023	19,496	2,232	3,679	25,407
Amortisation:				
At 3 July 2022	13,307	761	2,234	16,302
Charge during the period	527	304	664	1,495
Disposals	–	(27)	–	(27)
At 2 July 2023	13,834	1,038	2,898	17,770
Carrying amount at 2 July 2023	**5,662**	**1,194**	**781**	**7,637**
Carrying amount at 3 July 2022	6,189	772	785	7,746

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 period the amortisation charge of £527k remains the same as the pro rata charge for the 15 month ending 3 July 2022 of £659k. The remaining carrying amount as at 2 July 2023 of £5,662k will be amortised on a straight-line basis over the remaining life of 11 years, being £527k per year.

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

Notes to the financial statements (continued)

for the 52 weeks ended 2 July 2023

13. Tangible fixed assets

Group

	Leasehold Property *£000*	*Fixtures and fittings* *£000*	*Equipment* *£000*	*Total* *£000*
Cost or valuation:				
At 3 July 2022	62,893	6,062	4,788	73,743
Additions	3,757	135	976	4,868
Disposals	(40)	(28)	(757)	(825)
Property revaluation	494	–	–	494
At 2 July 2023	67,104	6,169	5,007	78,280
Depreciation:				
At 3 July 2022	31,954	3,020	3,033	38,007
Charge during the period	5,629	530	586	6,745
Disposals	(35)	(17)	(757)	(809)
At 2 July 2023	37,548	3,533	2,862	43,943
Carrying amount at 2 July 2023	**29,556**	**2,636**	**2,145**	**34,337**
Carrying amount at 3 July 2022	30,939	3,042	1,755	35,736

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

Notes to the financial statements (continued)

for the 52 weeks ended 2 July 2023

14. Investments

Company

	2 July 2023 £000	*3 July 2022 £000*
Cost		
Furniture Village Group Limited	**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

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

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

Notes to the financial statements (continued)

for the 52 weeks ended 2 July 2023

16. Debtors

Group

	2 July 2023 £000	*3 July 2022 £000*
Trade debtors	**4,710**	7,094
Other debtors	**777**	850
Prepayments	**14,186**	14,699
	19,673	22,643

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 2 July 2023 was £38k (66 weeks ended 3 July 2022 – £25k).

Company

	2 July 2023 £000	*3 July 2022 £000*
Amount owing by subsidiary	**50,000**	35,000

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

17. Provisions for liabilities

Group

	Provision for dilapidations £000	***Deferred tax £000***	***Total £000***
At 3 July 2022	2,316	2,250	4,566
Increased provision during the current period	1,270	–	1,270
Deferred tax adjustment in respect of prior years	–	316	316
Deferred tax charged to the income statement	–	(883)	(883)
Deferred tax charged in other comprehensive income	–	184	184
At 2 July 2023	**3,586**	**1,867**	**5,453**

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

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

Notes to the financial statements (continued)

for the 52 weeks ended 2 July 2023

17. Provisions for liabilities (continued)

Group

The deferred tax consists of:

	2 July 2023 £000	3 July 2022 £000
Deferred tax liability		
Payable within 12 months	**1,097**	581
Payable after 12 months	**862**	2,031
Total deferred tax liability	**1,959**	2,612
Deferred tax assets		
Recognition after 12 months	**(92)**	(362)
Total deferred tax asset	**(92)**	(362)
Net deferred tax liability is represented by:		
Fixed asset timing differences	**1,959**	2,030
Short term timing differences	**(92)**	(54)
Non-trading timing differences	**–**	582
Losses	**–**	(308)
Net deferred tax liability	**1,867**	2,250

Company

The deferred tax asset consists of:

	2 July 2023 £000	3 July 2022 £000
At the beginning of the period	**(308)**	(234)
Deferred tax charge to Income Statement for the period	**308**	(74)
Total deferred asset	**–**	(308)
The deferred tax asset is represented by:		
Losses	**–**	(308)
Total deferred asset	**–**	(308)
Deferred tax assets		
Recoverable after 12 months	**–**	(308)
Total deferred tax asset	**–**	(308)

Notes to the financial statements (continued)

for the 52 weeks ended 2 July 2023

18. Creditors: amounts falling due within one period

Group

	2 July 2023 £000	*3 July 2022 £000*
Deposits on goods not yet delivered	**21,189**	29,015
Business Growth Fund option	–	1,350
Business Growth Fund dividend (note 22)	–	50
Trade creditors	**47,958**	49,320
Corporation tax	**2,136**	1,149
Other taxes and social security costs	**6,641**	6,212
Other creditors and accruals	**22,834**	21,214
	100,758	108,310

Company

	2 July 2023 £000	*3 July 2022 £000*
Business Growth Fund option	–	1,350
Business Growth Fund dividend (note 22)	–	50
Amounts owed to subsidiary	**60,702**	42,288
Other creditors and accruals	–	450
	60,702	44,138

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 financial instrument has been disposed as part of the share buy-back arrangement concluded on 30 November 2022. For the 66 weeks ended 3 July 2022 the underlying instrument had been valued at a carrying amount of £1,350k.

19. Issued share capital

	No.	***2 July 2023 £000***	*No.*	*3 July 2022 £000*
Allotted, called up and fully paid				
Ordinary shares of £1 each	**1,407,204**	**1,407**	1,535,108	1,535
A Ordinary shares of £1 each	–	–	237,752	238
		1,407		1,773

Notes to the financial statements (continued)

for the 52 weeks ended 2 July 2023

19. Issued share capital (continued)

As part of the companys' ambition to be a 'family partnership', one that is a limited liability company solely owned by the founding family, a successful share buy-back arrangement was concluded on 30 November 2022, with the only remaining shareholders being the directors P J Harrison and C G Harrison, family member K A Stevens, and our Employment Benefit Trust.

The share buy-back arrangement includes the purchase of 237,752 'A ordinary shares' and 127,904 ordinary shares for a total value of £15,303k .

All funds associated with this buyout are covered from within the company's existing capital reserves, which more than adequately support the share purchases.

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 273,148 shares held in trust by Royal Bank of Canada.

20. 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.

	No.	***2 July 2023 £000***	*No.*	*3 July 2022 £000*
Consists of:				
Ordinary shares of £1 each	**273,148**	**273**	193,931	194

21. Other reserve

Group

Includes:

	2 July 2023 £000	*3 July 2022 £000*
Fair value hedging instrument net of recycled gain/(losses)	**(102)**	–
Business Growth Fund Dividend	–	(257)

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

A long-term dividend was payable to Business Growth Fund from March 2021 onwards, and in the event that no exit event has occurred. Dividend payments for the 52 weeks ended 2 July 2023 amounted to £50k (66 weeks ended 3 July 2022 £750k). A share buy-back arrangement was concluded with Business Growth Fund on 30 November 2022 and as a consequence no future dividend payments are payable to Business Growth Fund. In the prior period the fair value of future potential dividend payments was recognised based on the final value agreed in terms of the share buy-back arrangement.

Notes to the financial statements (continued)

for the 52 weeks ended 2 July 2023

21. Other reserve (continued)

Company

A long-term dividend was payable to Business Growth Fund from March 2021 onwards, and in the event that no exit event has occurred. Dividend payments for the 52 weeks ended 2 July 2023 amounted to £500k (66 weeks ended 3 July 2022 £750k). A share buy-back arrangement was concluded with Business Growth Fund on 30 November 2022 and as a consequence no future dividend payments are payable to Business Growth Fund. In the prior period the fair value of future potential dividend payments was recognised based on the final value agreed in terms of the share buy-back arrangement.

22. Financial instruments

Group

	2 July 2023 £000	*3 July 2022 £000*
Financial liabilities at fair value (hedge accounting)		
Forward foreign currency contracts	**165**	–

The company uses hedge accounting to reduce exposure to foreign exchange rates. Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through other comprehensive income for the effective portion. The fair value of the forward currency contracts is calculated by reference to current forward exchange contracts with similar maturity profiles. The fair value is recycled through profit and loss as the hedged item impacts profit and loss. The fair value of forward contracts included with in profit and loss for the 52 weeks ended 2 July 2023 - £63k (66 weeks ended 3 July 2022 – £0k).

	2 July 2023 £000	*3 July 2022 £000*
Financial liabilities at fair value through profit and loss		
Business Growth Fund Option	–	1,350
Business Growth Fund Dividend	–	50

A share buy-back arrangement was concluded with BGF on 30 November 2022, as a consequence no future dividend payments are payable to BGF. In the prior period the fair value of future potential dividend payments was recognised based on the final value of £50k agreed in terms of the share buy-back arrangement.

Company

	52 weeks ended 2 July 2023 £000	*66 weeks ended 3 July 2022 £000*
Financial liabilities at fair value through profit and loss		
Business Growth Fund Option	–	1,350
Business Growth Fund Dividend	–	50

A share buy-back arrangement was concluded with Business Growth Fund on 30 November 2022, as a consequence no future dividend payments are payable to Business Growth Fund. In the prior period the fair value of future potential dividend payments was recognised based on the final value of £50k agreed in terms of the share buy-back arrangement.

Notes to the financial statements (continued)

for the 52 weeks ended 2 July 2023

23. Notes to the statement of cash flows

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

Group

	52 weeks ended 2 July 2023 £000	*66 weeks ended 3 July 2022 £000*
Operating profit	**7,539**	15,255
Depreciation	**6,745**	6,929
Amortisation	**1,495**	1,602
Increase in stocks	**(998)**	(2,057)
Decrease/(increase) in debtors	**2,970**	(9,721)
(Decrease)/increase in creditors	**(5,869)**	16,747
Change in fair value hedged item	**(102)**	–
Corporation tax paid	(1,639)	(2,868)
Net cash inflow from operating activities	**10,141**	25,887

Company

	52 weeks ended 2 July 2023 £000	*66 weeks ended 3 July 2022 £000*
Operating loss	**(82)**	(665)
(Decrease)/increase in non-intercompany creditors	**(450)**	95
Increase in intercompany debtors	**(15,000)**	(1,250)
Increase in intercompany creditors	**18,414**	6,707
Net cash inflow from operating activities	**2,882**	4,887

The intercompany dividend payable to Furniture Village Holdings Limited for the ordinary shares was £15,000k (66 weeks ended 3 July 2022 – £1,250k).

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 2 July 2023

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

(b) Analysis of cash

Group

	3 July 2022 £000	*Cash flow £000*	***2 July 2023 £000***
Cash	48,559	(13,391)	**35,168**

Company

	3 July 2022 £000	*Cash flow £000*	***2 July 2023 £000***
Cash	5	(1)	**4**

(c) Restricted cash

Group

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

24. Capital commitments

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

25. 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 2 July 2023 amounted to £nil (3 July 2022 – £nil).

26. 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 2 July 2023 £000	*Land and buildings 3 July 2022 £000*	***Other 2 July 2023 £000***	*Other 3 July 2022 £000*
Operating leases which expire:				
Within one period	**23,933**	23,126	**1,901**	1,301
In two to five periods	**81,463**	84,447	**3,557**	2,778
In over five periods	**50,791**	61,839	**–**	119
	156,187	169,412	**5,458**	4,198

Notes to the financial statements (continued)

for the 52 weeks ended 2 July 2023

26. Operating leases (continued)

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 2 July 2023 £000	*Other operating income 3 July 2022 £000*
Operating leases which expire:		
Within one period	**305**	622
In two to five periods	**–**	134
	305	756

27. Events subsequent to the Statement of Financial Position date

Since the Statement of Financial Position date, the Group has exchanged contracts on a new store in Staples Corner Retail Park, London. The existing Friern Barnet store has been relocated to this site.

28. 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.

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.

29. Ultimate controlling party

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