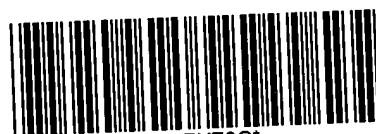


# **Furniture Village Group Limited**

## **Report and Financial Statements**

For the 52 weeks ended 27 March 2016

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<b>CONTENTS</b>	<b>PAGES</b>
Officers and professional advisors	1
Strategic Report	2 - 3
Directors' report	4 - 5
Statement of directors' responsibilities	6
Independent auditor's report to the members	7 – 8
Income statement	9
Statement of comprehensive income	10
Statement of change in equity	11
Statement of financial position	12
Statement of cash flows	13
Notes to the financial statements	14 – 19

**Directors**

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

**Non-executive Directors**

J M Simon  
S McPartland MP

**Secretary**

C E Shiels

**Auditors**

Ernst & Young LLP  
Apex Plaza  
Reading  
Berkshire RG1 1YE

**Bankers**

Bank of Scotland  
33 Old Broad Street  
London

**Registered Office**

258 Bath Road  
Slough  
Berkshire SL1 4DX

## Strategic Report

The directors present their Strategic Report for the 52 weeks ended 27 March 2016.

### Review of the business

The principal activity of the company is the investment in Furniture Village Limited, a company which sells quality furniture to the retail market.

The profit for the year, after taxation but before dividend payments, amounted to £1,222k (52 weeks ended 29 March 2015 – profit of £1,222k). The directors have paid an ordinary dividend to Furniture Village Holdings Limited, the parent company, of £2,000k (52 weeks ended 29 March 2015 – £1,000k) during the year.

The company will continue to be a holding company of Furniture Village Limited in the future.

### Principal risks

Furniture Village Group Limited is the holding company of Furniture Village Limited, the trading company. As such, the following risk summary is extracted from the accounts of the trading company due to its direct relevance to Furniture Village Group Limited.

The size of our business necessitates a lean management structure, which in turn dictates the amount of resource that can be allocated to managing risk as a unique ‘subject’. Instead we segment risk and manage it accordingly:

- Strategic risk;
- Financial risk;
- Operational risk; and
- Health & Safety risk.

#### Strategic risk

The trading strategy is regularly revisited and reviewed to ensure its appropriateness to today’s trading environment and customer. This includes frequent domestic and global economic analysis, in conjunction with a detailed review of competitors, and any other changes potentially impacting the business, whether financial, supply chain or from a consumer and marketing perspective. As such, we remain convinced that the broad strategic direction which has served us so well over many years remains the right one for the market in which we operate, as consumers place increasingly more emphasis on trust, service, quality, choice and value, playing strongly to our existing core strengths. We are also continuing to invest in the internet site and multi-channel, though we are steadfast in the need for both, particularly at the mid to upper end of the furniture market.

#### Financial risk

The underlying business model is highly cash generative and cash balances have increased considerably over the last couple of years. Notwithstanding this, new investment opportunities are subject to detailed and vigorous financial appraisal and the inherent cautious approach to risk continues, as demonstrated by the prudent expansion strategy to date.

One of the key areas of focus for financial risk management includes that of exchange rate movements. As an element of our product is sourced in US dollars we attempt to provide a degree of certainty around this area by adopting a hedging strategy which could include forward contracts, options and spot purchases. At the commencement of the FY16 financial year, forward contracts were in place to support c. 70% of the full year purchases.

## Strategic Report (continued)

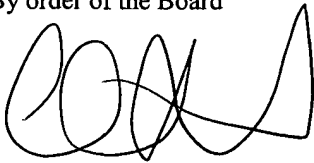
### Operational risk

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

### Health & Safety risk

The business takes its health and safety responsibilities very seriously and seeks to comply with all relevant legislation. We also engage with external consultants to ensure that current practices, procedures and training methods are effective and robust and in doing so that we protect all stakeholders. We have furthermore now strengthened our systems with a dedicated health and safety reporting tool, which together with a highly experienced team will further ensure that appropriate standards, controls and records are maintained, as we expand the business further.

By order of the Board



Claire E Shiels  
Director

Date 18 Oct 2016 .

## Directors Report

### Directors

The directors who served during the year were as follows:

J C Hodkinson	(Non-executive Chairman)
P J Harrison	
G H Suthern	(Appointed 7 <sup>th</sup> April 2015)
E G Wynne	(Resigned 30 <sup>th</sup> September 2015)
M A Walker	(Resigned 20 <sup>th</sup> April 2015)
C E Shiels	

Non-executive Directors

J M Simon  
S McPartland MP

### 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' 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.

### Going concern

Furniture Village Group Limited owns 100% of the equity of Furniture Village Limited, the trading company, and is in turn owned 100% by the ultimate parent company Furniture Village Holdings Limited. Funding is provided within the group through loans held in the parent undertaking, Furniture Village Holdings Limited. As such, the following statement on going concern is extracted from the consolidated accounts of the group due to its direct relevance to Furniture Village Group Limited.

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

In the 52 weeks to 27 March 2016 the Group has increased order intake against the previous financial year and alongside growth in the margin and well controlled costs has generated an uplift in underlying trading EBITDA. Cash generation remains strong and has ensured significant cash balances are available to support the expansion strategy outline earlier.

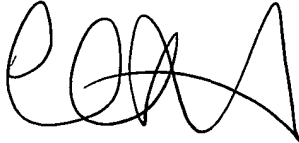
The majority shareholding of the ultimate parent company, Furniture Village Holdings Ltd, is held by Directors and senior Employees of the Company and, as such, the business is able to respond quickly to changes in the economic and trading environment. The directors therefore believe the group is well placed to manage its business risks successfully and are confident that the group has adequate resources to continue trading effectively for the foreseeable future.

## 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.

By order of the Board



C E Shiels  
Director

Date 12 Oct 2016 .

## Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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



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# **Independent auditor's report**

## **to the members of Furniture Village Group Limited**

We have audited the financial statements of Furniture Village Group Limited for the year ended 27 March 2016 which comprise of the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows and the related note 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 27 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion 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.

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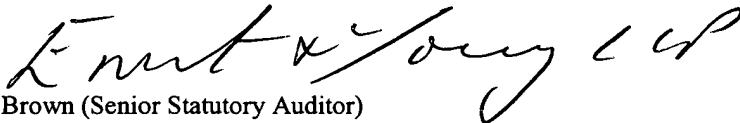
## Independent auditor's report

to the members of Furniture Village Group Limited (continued)

### Matters on which we are required to report by exception

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

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



David Brown (Senior Statutory Auditor)

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

Reading

Date

13-10-2016

## Income statement

for the 52 weeks ended 27 March 2016

		52 weeks ended 27 March 2016 £000	52 weeks ended 29 March 2015 £000
	Notes		
<b>Operating profit</b>	2	–	–
Equity dividends received from Furniture Village Limited		1,000	1,000
Non-equity dividends received from Furniture Village Limited		222	222
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		1,222	1,222
Tax	5	–	–
		<hr/>	<hr/>
<b>Profit for the financial period</b>		1,222	1,222
		<hr/> <hr/>	<hr/> <hr/>

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

## Statement of comprehensive income

for the 52 weeks ended 27 March 2016

	<i>52 weeks ended 27 March 2016 £000</i>	<i>52 weeks ended 29 March 2015 £000</i>
Profit for the financial period	1,222	1,222
Total other comprehensive income	—	—
<b>Total comprehensive income</b>	<b>1,222</b>	<b>1,222</b>

## Statement of change in equity

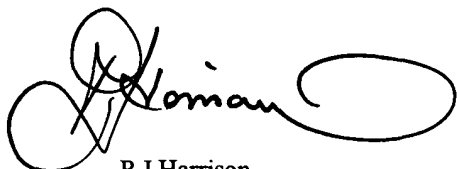
for the 52 weeks ended 27 March 2016

	<i>Share capital £000</i>	<i>Share premium £000</i>	<i>Profit and loss account £000</i>	<i>Total Equity £000</i>
At 30 March 2014	2,383	3	1,007	3,393
Total comprehensive income	–	–	1,222	1,222
Ordinary dividends paid to parent undertaking	–	–	(1,000)	(1,000)
At 29 March 2015	2,383	3	1,229	3,615
Total comprehensive income	–	–	1,222	1,222
Ordinary dividends paid to parent undertaking	–	–	(2,000)	(2,000)
At 27 March 2016	2,383	3	451	2,837

# Statement of financial position

at 27 March 2016

		27 March 2016 £000	29 March 2015 £000
	Note		
<b>Fixed assets</b>			
Investments	7	19,454	19,454
<b>Current assets</b>			
Debtors: amounts falling due within one period	8	13,378	12,156
Cash		5	5
		13,383	12,161
<b>Creditors:</b> amounts falling due within one period	9	(30,000)	(28,000)
<b>Net current liabilities</b>		(16,617)	(15,839)
<b>Total assets less current liabilities</b>		2,837	3,615
<b>Capital and reserves</b>			
Called up share capital	10	2,383	2,383
Share premium account		3	3
Profit and loss account		451	1,229
<b>Shareholders' funds</b>		2,837	3,615



P J Harrison

Director



C E Shields

Director

Date 13 Oct 2016 .

## Statement of cash flow

for the 52 weeks ended 27 March 2016

		52 weeks ended 27 March 2016 £000	52 weeks ended 29 March 2015 £000
	Note		
<b>Net cash inflow/(outflow) from continuing operating activities</b>	11	778	(222)
<b>Investing activities</b>			
Equity dividends received from Furniture Village Limited		1,000	1,000
Non-equity dividends received from Furniture Village Limited		222	222
Net cash flow from investing activities		1,222	1,222
<b>Financing activities</b>			
Intercompany ordinary dividend paid to parent undertaking	6	(2,000)	(1,000)
Net cash flow from financing activities		(2,000)	(1,000)
<b>Change in cash resulting from cash flows</b>		–	–
<b>Cash at beginning of financial period</b>		5	5
<b>Cash at end of financial period</b>		5	5

## Notes to the financial statement

for the 52 weeks ended 27 March 2016

### 1. Accounting policies

#### **Statement of compliance**

Furniture Village Group Limited is a limited liability company incorporated in the United Kingdom. The registered office is 258 Bath Road, Slough, Berkshire, SL1 4DX. The company's financial statements have been prepared in compliance with FRS 102 for the year ended 27 March 2016. The company transitioned from previous UK GAAP to FRS 102 as at 31 March 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 14.

#### **Basis of preparation**

The financial statements are prepared in accordance with applicable accounting standards.

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

#### **Group financial statements**

The company is exempt, by virtue of section 400 of the Companies Act 2006, from the requirement to prepare group financial statements as it is a wholly owned subsidiary and is included in the consolidated financial statements of Furniture Village Holdings Limited which are publicly available (note 13). Therefore, these financial statements present information about the company and not its group.

#### **Investments**

All fixed asset investments are initially recorded at cost. The carrying value is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

The company has elected to treat the carrying amount of investments in subsidiaries under previous UK GAAP at the date of transition as deemed cost on transition to FRS 102.

#### **Revenue recognition**

Dividend revenue is recognised when the Company's right to receive payment is established.

#### **Cash**

Cash comprise of cash at banks and in hand.

#### **Short-term debtors and creditors**

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

#### **Classification of shares as debt or equity**

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

- (i) there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable; and
- (ii) the instrument is a non-derivative that contains no contractual obligations to deliver a variable number of shares or is a derivative that will be settled only by the company exchanging a fixed amount of cash or other assets for a fixed number of the company's own equity instruments.

When shares are issued, any component that creates a financial liability of the company is presented as a liability in the Statement of Financial Position, measured initially at fair value net of transaction costs and thereafter at amortised cost until extinguished on conversion or redemption. The corresponding dividends relating to the liability component are charged as interest expense in the income statement. The initial fair value of the liability component is determined using a market rate for an equivalent liability without a conversion feature. The remainder of the proceeds on issue is allocated to the equity component and included in shareholders' equity, net of transaction costs.



## Notes to the financial statement (continued)

for the 52 weeks ended 27 March 2016

### 1. Accounting policies (continued)

The carrying amount of the equity component is not re-measured in subsequent years. Transaction costs are apportioned between the liability and equity components of the shares based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

### 2. Operating Profit

This is stated after charging:

	52 weeks ended 27 March 2016 £000	52 weeks ended 29 March 2015 £000
<b>Auditor's remuneration</b>		
Audit of the financial statements – Furniture Village Group Limited	–	–

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

### 3. Directors' remuneration

The duties performed for Furniture Village Group 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. The directors are also directors of other companies within the Furniture Village Holdings Group and are remunerated for their services through Furniture Village Limited.

### 4. Staff costs

Furniture Village Group Limited does not have any employees.

### 5. Tax

(a) Details of (assets and payments) and liabilities and receipts:

	52 weeks ended 27 March 2016 £000	52 weeks ended 29 March 2015 £000
<i>Current tax:</i>		
Corporation tax payable current year	–	–
Total current tax (note 5(b))	–	–
<i>Deferred tax:</i>		
Originating and reversal of timing differences	–	–
Total Deferred tax	–	–

## Notes to the financial statement (continued)

for the 52 weeks ended 27 March 2016

### 5. Tax (continued)

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

	52 weeks ended 27 March 2016 £000	52 weeks ended 29 March 2015 £000
Profit on ordinary activities before tax	1,222	1,222
Tax on profit at standard rate of 20% (52 weeks ended 29 March 2015 – 21%)	244	257
<i>Effects of:</i>		
Non-taxable income	(244)	(257)
Total current tax (note 5(a))	–	–

(c) Factors that may impact future tax charge

The standard rate of Corporation Tax in the UK reduced from 21% to 20% with effect from 1 April 2015. Accordingly the Company's profits for this accounting period are taxed at an effective rate of 20%. The standard rate will fall further to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. These rates were enacted during the current period and deferred tax balances have been stated at a rate of 18%.

The Budget in March 2016 subsequently announced that the standard rate will fall further to 17% with effect from 1 April 2020. As this rate was not substantively enacted by the balance sheet date it has not been reflected in these financial statements.

### 6. Ordinary dividends on equity shares to parent company

	52 weeks ended 27 March 2016 £000	52 weeks ended 29 March 2015 £000
Dividends payable on ordinary shares to parent company	2,000	1,000

In the period £2,000k of equity dividends were payable to Furniture Village Holdings Limited for the ordinary shares (52 weeks ended 29 March 2015 – £1,000k).

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

## Notes to the financial statement (continued)

for the 52 weeks ended 27 March 2016

### 7. Investments

	27 March 2016 £000	29 March 2015 £000
<b>Cost less impairment</b>		
Furniture Village Limited	19,454	19,454

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

<i>Name of company</i>	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>	<i>Nature of business</i>
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

### 8. Debtors: amounts falling due within one period

	27 March 2016 £000	29 March 2015 £000
Amount owing by subsidiary	13,378	12,156

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

### 9. Creditors: amounts falling due within one period

	27 March 2016 £000	29 March 2015 £000
Amount owed to parent undertaking	30,000	28,000

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

## Notes to the financial statement (continued)

for the 52 weeks ended 27 March 2016

### 10. Issued share capital

		27 March 2016 £000		29 March 2015 £000
<i>Allotted, called up and fully paid</i>	<i>No.</i>		<i>No.</i>	
Ordinary shares of £0.50 each	4,766,359	2,383	4,766,359	2,383

All of the ordinary shares rank pari passu.

### 11. Notes to the statement of cash flows

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

	52 weeks ended 27 March 2016 £000	52 weeks ended 29 March 2015 £000
Operating profit	–	–
(Increase) in intercompany debtors	(1,222)	(1,222)
Increase in intercompany creditors	2,000	1,000
Net cash inflow/(outflow) from operating activities	778	(222)

(b) Analysis of cash

	29 March 2015 £000	Cash flow £000	27 March 2016 £000
Cash	5	–	5
	5	–	5

## **Notes to the financial statement (continued)**

**for the 52 weeks ended 27 March 2016**

### **12. Related party transactions**

The company 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. The company 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.

### **13. Ultimate parent undertaking and controlling party**

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

### **14. Transition to FRS102**

The company transitioned to FRS 102 from previous UK GAAP as at 31 March 2014. There has been no change in the accounting policies upon transition to FRS 102, as such no change to equity or profit and loss.

Transitional relief:

#### **Investments in subsidiaries**

The company has elected to treat the carrying amount of investments in subsidiaries under previous UK GAAP at the date of transition as deemed cost on transition to FRS 102.