

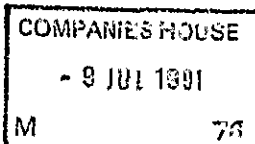
FURNITURE VILLAGE PLC

(COMPANY NUMBER: 2307708)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1990

CLARK WHITEHILL
Chartered Accountants
37 Minster Street
Reading
Berkshire



FURNITURE VILLAGE PLC

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REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1990

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the second Annual General Meeting of the company will be held at 17 Eyston Way Fairacres Shopping Centre Abingdon Oxon on 8 May 1991, to transact the following business:

- 1.) To receive and consider the financial statements for the year ended 31 December 1990, together with the reports of the directors and the auditors.
- 2). To declare a dividend.
- 3). To re-elect directors.
- 4). To re-appoint the auditors and to authorise the Board of Directors to fix their remuneration for the ensuing year.
- 5). Any other business

By Order of the Board

G.C. MARTIN

Secretary

18 April 1991

A member entitled to attend and vote may appoint another person, who need not be a member, to attend and vote as his proxy.

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 1990

DIRECTORS

J.G. Rose - Chairman
D.J.G. Imrie
P.J. Harrison
P.A. Grant
S.A. Corbyn - (appointed 1 February 1990)

RESULTS AND DIVIDENDS

The trading loss for the year was £178,538. The directors do not recommend the payment of a dividend.

REVIEW OF THE BUSINESS

The principal activity of the company continues to be the supply of good quality retail furnishings aimed at the upper end of the market.

Turnover increased to £1,556,000 (1989: £460,000 in 20 weeks). The directors believe this is a satisfactory performance in a very difficult economic environment.

The results from trading in the prevailing challenging conditions encouraged the directors to proceed with their expansion plans. Accordingly, after a careful search for an appropriate location, in December a lease was taken for a store in Guildford, Surrey.

The new store is situated in the Ladymead Retail Park together with a group of six major retailers who all benefit from the considerable on-site parking. It commenced trading on the 20 March 1991 and the results to date are very encouraging.

The A and B shares of the company were consolidated into a single class of ordinary shares on 28 September 1990. In the last quarter 550,000 additional ordinary shares of £1 each were issued at par; £175,000 of which was called up in 1990 and the balance of £375,000 in the first quarter of 1991.

The company is positioning itself to take full advantage of the opportunities which are likely to arise when the economy improves.

TANGIBLE FIXED ASSETS

Details of the movements in fixed assets are shown in note 7 to the financial statements.

FURNITURE VILLAGE PLC

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DIRECTOR'S REPORT (Continued)

FOR THE YEAR ENDED 31 DECEMBER 1990

DIRECTORS INTERESTS

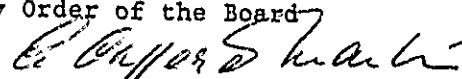
The beneficial interests of the directors in the share capital of the company were as follows:-

	<u>1990</u> <u>Ordinary Shares</u> <u>of £1 each</u>	<u>Ordinary "A" shares</u> <u>of £1 each</u>	<u>1989</u> <u>Ordinary "B" shares</u> <u>of £1 each</u>
J.G. Rose	24,000	30,000	-
P.J. Harrison	48,000	60,000	-
D.J.G. Imrie	48,000	60,000	-
P.A. Grant	-	-	30,000

AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution proposing the reappointment of Clark Whitehill as auditors to the company will be put to the annual general meeting.

By Order of the Board


G.C. MARTIN

Secretary

AUDITORS' REPORT

TO THE MEMBERS OF FURNITURE VILLAGE PLC

We have audited the financial statements on pages 6 to 14 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1990 and of its loss and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Clark Whitehill
CLARK WHITEHILL
Chartered Accountants

Reading

18 April 1991

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED

31 DECEMBER 1990

	Notes	1990 £	Four months ended 31 December 1989 £
TURNOVER	2	1,555,987	460,488
Cost of sales		(1,089,868)	(316,269)
GROSS PROFIT		466,119	144,219
Distribution costs	3(a)	235,165	133,936
Administrative expenses	3(b)	399,106	205,773
		634,271	339,709
		(168,152)	(195,490)
Other operating income	4	1,753	895
OPERATING LOSS		(166,399)	(194,595)
Interest receivable		-	5,128
Interest payable	6	(12,139)	(3,020)
RETAINED LOSS FOR THE YEAR		£ (178,538)	£ (192,487)

The notes on pages 9 to 14 form part of these financial statements.

FURNITURE VILLAGE PLC

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BALANCE SHEET31 DECEMBER 1990

	<u>Notes</u>	<u>1990</u>	<u>1989</u>
		£	£
FIXED ASSETS			
Tangible assets	7	259,520	<u>300,559</u>
CURRENT ASSETS			
Stocks	8	278,414	218,738
Debtors	9	34,165	16,097
Cash at bank and in hand		<u>19,697</u>	<u>101,816</u>
		332,276	336,651
CREDITORS: amounts falling due within one year	10	<u>332,776</u>	<u>463,749</u>
NET CURRENT LIABILITIES		(500)	(127,097)
TOTAL ASSETS LESS CURRENT LIABILITIES		259,029	173,462
CREDITORS: amounts falling due after more than one year	11	<u>5,054</u>	<u>14,949</u>
NET ASSETS		£253,975	£ 158,513
CAPITAL AND RESERVES			
Called up share capital	13	625,000	351,000
Profit and loss account		<u>(371,025)</u>	<u>(192,487)</u>
SHAREHOLDER'S FUNDS		£253,975	£ 158,513

Approved by the board on 18 April 1991
and signed on its behalf by:

P.J. HARRISON)
D.J.G. IMRIE) DIRECTORS

The notes on pages 9 to 14 form part of these financial statements.

SOURCE AND APPLICATION OF FUNDS STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 1990

	1990 £	Four months ended 31 December 1989 £
APPLICATION OF FUNDS		
Loss on ordinary activities before taxation	(178,538)	(192,487)
Adjustment for items not involving the movement of funds:		
Depreciation	<u>56,839</u>	<u>29,401</u>
TOTAL CONSUMED BY OPERATIONS	(121,699)	(163,086)
SOURCES OF FUNDS		
Proceeds of share issues and calls	274,000	351,000
Lease obligations	<u>10,750</u>	<u>30,392</u>
	<u>284,750</u>	<u>381,392</u>
OTHER APPLICATIONS OF FUNDS		
Purchase of tangible fixed assets	15,809	329,960
Lease obligation repayments	<u>8,940</u>	<u>7,659</u>
	<u>(24,749)</u>	<u>(337,619)</u>
	<u>£138,302</u>	<u>£(119,313)</u>
INCREASE/(DECREASE) IN WORKING CAPITAL		
Stocks	59,676	218,738
Debtors	18,068	16,097
Creditors	<u>128,972</u>	<u>(369,745)</u>
	<u>206,716</u>	<u>(134,910)</u>
Movement in net liquid funds:		
Increase in cash at bank and in hand	(82,119)	101,816
Increase in bank overdraft	<u>13,705</u>	<u>(86,219)</u>
	<u>£138,302</u>	<u>£(119,313)</u>

NOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31 DECEMBER 1990

1. ACCOUNTING POLICIES

a) Basis of Accounting

The financial statements have been prepared under the historical cost convention.

b) Depreciation

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

Leasehold buildings	- over the lease term
Fixtures, fittings and equipment	- over 4 - 10 years
Motor vehicles	- over 3 - 5 years

c) Leased Assets

Where the company has entered into finance leases, the obligations to the lessor are shown as part of borrowings and the rights in the corresponding assets are treated in the same way as owned fixed assets. Leases are regarded as finance leases where their terms transfer to the lessee substantially all the benefits and burdens of ownership other than the rights to legal title. Rentals payable under operating leases are charged to the profit and loss account as incurred.

d) Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is determined on a "first in, first out" basis.

e) Deferred Taxation

Deferred taxation is accounted for using the liability method on all material timing differences to the extent that it is probable that liabilities or assets will crystallise. Timing differences are taxable items, allowances or reliefs which are given effect to in taxation periods different from those in which they have effect in the financial statements. They comprise mainly accelerated tax depreciation allowances and short-term timing differences.

FURNITURE VILLAGE PLC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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FOR THE YEAR ENDED 31 DECEMBER 1990

2. TURNOVER

Turnover represents the net amount invoiced to customers excluding Value Added Tax and sales of fixed assets. Sales are recognised when goods are delivered and accepted by customers. All turnover relates to household furniture retailing within the United Kingdom.

3. OPERATING PROFIT

This is stated after charging:

	<u>1990</u> £	<u>1989</u> £
a) Distribution costs:		
Depreciation		
-tangible owned fixed assets	1,656	1,030
Other costs	<u>233,509</u>	<u>132,906</u>
	£ 235,165	£133,936
b) Administrative expenses:		
Auditors' remuneration		
Depreciation	5,000	4,800
-tangible owned fixed assets		
-tangible fixed assets held	46,059	23,426
under finance leases		
Directors' remuneration (Note 5(a))	9,124	4,945
Other costs	<u>129,575</u>	<u>46,728</u>
	209,348	125,874
	£ 399,106	£205,773

4. OTHER OPERATING INCOME

Commission received

£ 1,753	£ 895
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NOTES THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 1990

5. DIRECTORS AND STAFF

	<u>1990</u> £	<u>1989</u> £
a) Directors' emoluments:		
Other emoluments	<u>129,575</u>	<u>46,728</u>
	<u>£129,575</u>	<u>£ 46,728</u>

Emoluments, excluding pensions scheme contributions:

During the year consultancy fees were paid to the chairman amounting to £1,950 (1989: £Nil).

Highest paid director	<u>£ 72,129</u>	<u>£ 24,509</u>
Other directors	<u>No.</u>	<u>No.</u>
£ Nil	2	1
£20,001 - £25,000	-	1
£55,001 - £60,000	1	-

b) Staff costs for all employees including executive directors consists of:

	£	£
Wages and salaries	219,745	94,521
Social security costs	<u>17,726</u>	<u>9,445</u>
	<u>£237,471</u>	<u>£103,966</u>

The average weekly number of employees during the period was made up as follows:

	<u>No.</u>	<u>No.</u>
Office and management	5	5
Retailing and distribution	<u>7</u>	<u>7</u>
	12	12

6. INTEREST PAYABLE

	<u>1990</u>	<u>1989</u>
On bank overdraft	9,111	-
On finance leases	<u>3,028</u>	<u>3,020</u>
	<u>£ 12,139</u>	<u>£ 3,020</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 1990

7. TANGIBLE FIXED ASSETS

	Short Leasehold Property £	Fixtures, Fittings, Equipment and Vehicles £	Total £
COST:			
At 1 January 1990	189,831	140,129	329,960
Additions at cost	-	15,309	15,809
31 December 1990	189,831	155,938	345,769
DEPRECIATION:			
At 1 January 1990	16,330	13,071	29,401
Charge for the period	28,658	28,181	56,839
31 December 1990	44,988	41,252	86,240
NET BOOK VALUE			
31 December 1990	£144,843	£114,686	£259,529
31 December 1989	£173,501	£127,058	£300,559

Assets held under finance leases included within the heading "Fixtures, fittings, equipment and vehicles" were as follows:

	1990 £	1989 £
Cost	38,022	27,372
Accumulated depreciation	14,069	4,945
Net Book Value	£ 23,953	£ 22,427

8. STOCKS

Goods for resale	£278,414	£218,738
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9. DEBTORS

Trade debtors	6,280	-
Other debtors	1,258	374
Prepayments	26,627	15,723
	£ 34,165	£ 16,097

FURNITURE VILLAGE PLC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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FOR THE YEAR ENDED 31 DECEMBER 1990

10. CREDITORS: amounts falling due within one year

	<u>1990</u> £	<u>1989</u> £
Bank overdraft (see below)	72,514	86,219
Obligations under finance leases	19,489	7,784
Deposits on goods not delivered (See note 2)	47,903	56,189
Trade creditors	109,815	246,997
Other taxes and social security costs	15,904	30,074
Other creditors	4,000	-
Accruals	<u>63,151</u>	<u>34,485</u>
	£332,776	£463,748
	=====	=====

The bank overdraft is secured by bank debenture on the company's leasehold property.

11. CREDITORS: amounts falling due after more than one year

	<u>1990</u> £	<u>1989</u> £
Obligations under finance leases	£ 5,054	£ 14,949
	=====	=====

12. FINANCIAL COMMITMENTS

Obligations under finance leases are repayable as follows:
Between one and two year
Between two and five years

	<u>1990</u> £	<u>1989</u> £
Between one and two year	19,489	7,784
Between two and five years	<u>5,054</u>	<u>14,949</u>
	£ 24,543	£ 22,733
	=====	=====

13. CALLED UP SHARE CAPITAL

AUTHORISED:

	<u>1990</u> £	<u>1989</u> £
Ordinary Shares of £1 each	1,100,000	1,100,000
'A' Ordinary Shares of £1 each	300,000	300,000
'B' Ordinary Shares of £1 each	<u>600,000</u>	<u>600,000</u>
	£2,000,000	£2,000,000
	=====	=====

ALLOTTED:

Ordinary shares of £1 each	1,000,000	-
'A' Ordinary Shares of £1 each	-	150,000
'B' Ordinary Shares of £1 each	<u>-</u>	<u>300,000</u>
	£1,000,000	£ 450,000
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 1990

13. CALLED UP SHARE CAPITAL (Continued)	<u>1990</u> £	<u>1989</u> £
CALLED UP AND PAID:		
Part called up and paid:		
500,000 Ordinary shares of £1 each (25p paid)	125,000	-
150,000 'A' Ordinary shares of £1 each (78p paid)	-	117,000
300,000 'B' Ordinary shares of £1 each (78p paid)	-	234,000
	125,000	351,000
Fully paid:		
500,000 Ordinary shares of £1 each	500,000	-
	£625,000 =====	£351,000 =====

On 27 June 1990 the final call of 22p was received on the 'A' and 'B' Ordinary shares of £1 each.

At an Extraordinary General Meeting held on 28 September 1990 a special resolution was passed to convert the existing allotted 'A' and 'B' Ordinary shares of £1 each into an equivalent number of ordinary shares of £1 each ranking pari passu in all respects with existing Ordinary shares in the capital of the company.

50,000 Ordinary shares of £1 each were allotted for a consideration of £50,000 on 28 September 1990.

500,000 Ordinary shares of £1 each were allotted on 5 December 1990. An initial call of 25p was made on 5 December 1990 and consideration of £125,000 received thereon.

The above was done to simplify the capital structure of the company and to increase its capital base.

14. OTHER FINANCIAL COMMITMENTS

The following annual commitments existed at 31 December 1990 in respect of non-cancellable operating leases, all are property leases:

	<u>1990</u>	<u>1989</u>
Falling due in more than 5 years	£302,400 =====	£ 37,600 =====

15. ULTIMATE HOLDING COMPANY

The directors consider the ultimate holding company to be Cadogan Estates Limited, a company registered in the United Kingdom.