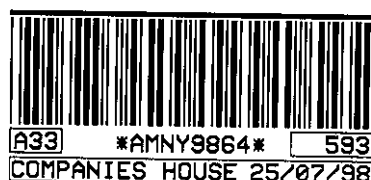


Furniture Village PLC

Financial Statements and Accounts

31 December 1997



ERNST & YOUNG

Furniture Village PLC

Registered No. 2307708

DIRECTORS

J G Rose (Chairman) *†
S A Corbyn †
P A Grant *†
P J Harrison
D J G Imrie
H M Mountford
J M F Padovan *†

SECRETARY

G C Martin

AUDITORS

Ernst & Young
Apex Plaza
Reading
RG1 1YE

BANKERS

National Westminster Bank
Knightsbridge
186 Brompton Road
London
SW3 1XJ

REGISTERED OFFICE

316 Bath Road
Slough
Berkshire
SL1 4DX

* Member of the audit committee and remuneration committee

† Non Executive Director

Furniture Village PLC

CHAIRMAN'S STATEMENT

When we started trading in 1989 we were determined to build a business focused on exceptional customer service, with good quality competitively priced furnishings, offered from attractive and convenient locations.

It is this combination that led to Furniture Village receiving the Industry award of Retailer of the Year for the Multiple category in 1997, having also received similar recognition for the Intermediate category in 1994 and as Independent Retailer of the Year in 1993. It is an achievement that has not been equalled and is fitting recognition of the principles that drive our company.

Furniture Village stores have a core range of home furnishings comprising upholstery, bedding, dining & cabinet and carpets. The range and mix of furnishings in each store is then tailored to respond to the demands of their particular customers and our concept of displaying together similar products in attractive settings enables selection to be both easy and pleasurable.

The bedding departments in every Furniture Village store and our two stand-alone bedding stores, all of which trade under our own banner of the London Bedding Company, produced a particularly fine performance. Together they contributed over 20% to our 1997 turnover.

1997 TRADING

1997 was another successful year for our company. We recorded strong like-for-like sales growth of 15% and, together with additional stores, we achieved a turnover of £53m : 61% ahead of 1996.

Furniture Village traded from twelve stores at the start of the year and these were joined by four additional stores in the last quarter of the year at Plymouth, Peterborough, Poole and Central London. The additional London store was formerly the Maples flagship store at Tottenham Court Road, a location upon which there has been a furniture store for over 150 years. To date all four stores are trading ahead of budget.

At the end of the year we accepted an attractive offer for the leasehold interests of our Kew store. The closure fitted within our trading strategy and its full effect was accounted for in 1997.

The profit before tax and interest for 1997 was £2,004,000, which includes an exceptional gain of £477,000 arising from the sale of Kew. The profit before tax for 1997, excluding that gain and the cost of new store openings, was £1,777,000; which was double the comparable figure for 1996 (£876,000).

It remains our policy to charge new store pre-trading costs as they are incurred. Such costs in 1997 were £250,000 (1996 £236,000). Also absorbed in our trading figures is a charge of about two months overheads for each new Furniture Village store opened, this results from the inevitable time lag between taking orders and delivering the goods to our customers, at which point they are invoiced. These amount to over £100,000 for each new store.

CURRENT TRADING

With the imminent opening of three more stores, Furniture Village will be trading from 18 stores by Easter 1998, including two stand-alone London Bedding Company stores. The order intake to the end of March 1998 is in line with budget and well ahead of 1997 on a like-for-like basis. Our outstanding order book at the 29 March 1998 is over £13m.

Great emphasis is placed upon the selection of new store locations and prime positions in affluent areas are normally best. Most of our stores are in South East England and we are now expanding into other areas. Several new stores, including some in the Midlands, are under active negotiation for opening next year.

Furniture Village PLC

CHAIRMAN'S STATEMENT

COLLEAGUES

On behalf of my colleagues and myself I am pleased to welcome Helena Mountford to the board of Furniture Village as Finance Director. Helena has considerable retail experience particularly in departmental stores and we look forward to the contribution she will make to the administration and management of our business.

Furniture Village takes great care in the selection and training of all the able people who work with us and we encourage them by providing a good working environment, whether it be in the office, the showroom or back of store areas. We continue to seek and obtain top quality people who willingly respond to the challenges of our business, people who are capable of clear thinking and initiative, who are appreciated by and appreciate the business they are creating.

SUPPLIERS

We are very fortunate in our relationship with our suppliers and contractors who so willingly respond to the needs of our customers, many of whom as a consequence return to us time and again. We continue to build together a business from which our customers and both of us benefit because we jointly appreciate that customer satisfaction is the foundation upon which our respective businesses are constructed.

CHAIRMANSHIP

I feel privileged to have been chairman of Furniture Village plc from its inception in 1989 and I am pleased with what has been achieved in a little more than eight years; all of which is due to the very able people with whom I have the pleasure of working. I especially appreciate the great contribution made by our Managing and Trading Directors, Peter Harrison and David Imrie, whom I joined at the start to help found the company. It has also been a pleasure to work with our financial backers Cadogan Estates and, in particular, their two representatives on our board, my colleagues Peter Grant and Stuart Corbyn.

In November 1997 John Padovan joined the board. His experience includes both merchant banking and directorships of companies in the retail sector, several of which are household names. In the few months he has been with us he has proved to be a man of considerable ability. It is therefore my intention to give up the chair at the conclusion of the forthcoming Annual General Meeting and John has agreed to succeed me as chairman of this company. I wish him well in this appointment and look forward to working with him to achieve our goals.



J G Rose
Chairman

7 April 1998

Furniture Village PLC

DIRECTORS REPORT

The directors present their report and financial statements for the year ended 31 December 1997.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,478k (1996: £527k).

The directors do not recommend the payment of an ordinary dividend. Preference dividends of £168k were paid in the year.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company continues to be the sale of quality furnishings in the retail market.

The 1997 turnover has increased by 61% to £53,255k and the operating profit has more than doubled. Four new stores were opened in the last quarter of the year and after the closure of one store at the end of December 1997 the number of trading outlets was fifteen.

FUTURE DEVELOPMENTS

The directors are confident that the policy of providing the highest quality home furnishings with excellent customer service, along with the continuing investment in employees, will ensure that the company will enjoy solid growth during 1998. Further new store openings are planned for 1998 of which three will start to trade before Easter.

DIRECTORS AND THEIR INTERESTS

The directors at 31 December 1997 and their interests in the share capital of the company were as follows:

	1997		1996	
	Shares of £1 each		Shares of £1 each	
	"A"	"B"	"A"	"B"
	Ordinary	Ordinary	Ordinary	Ordinary
J G Rose (Chairman)	30,000	-	30,000	-
P J Harrison	60,000	-	60,000	-
D J G Imrie	60,000	-	60,000	-
P A Grant	-	12,000	-	12,000
S A Corbyn	-	-	-	-
J M F Padovan (appointed 28 November 1997)	-	3,400	-	-

No director held any beneficial interest in the preference shares of the company at 31 December 1996, at date of appointment, or at 31 December 1997.

In addition, H M Mountford was appointed a director on 16 February 1998.

DISABLED EMPLOYEES

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

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

DIRECTORS REPORT

CREDITOR PAYMENT POLICY AND PRACTICE

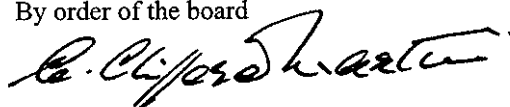
It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, providing that all trading terms and conditions have been complied with.

At 31 December 1997, the company had an average of 30 days purchases outstanding in trade creditors.

AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board



G C Martin
Secretary

7 April 1998

Furniture Village PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which 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 those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. 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.

REPORT OF THE AUDITORS
to the members of Furniture Village PLC

We have audited the accounts on pages 9 to 20, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 12.

Respective responsibilities of directors and auditors

As described on page 7 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

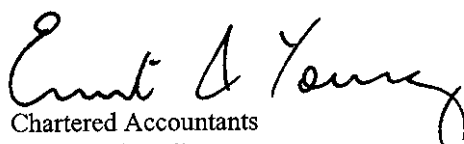
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants
Registered Auditor
Reading

7 April 1998

Furniture Village PLC

PROFIT AND LOSS ACCOUNT for the year ended 31 December 1997

	Notes	1997 £'000	1996 £'000
TURNOVER	2	53,255	33,145
Cost of sales		(34,889)	(21,696)
GROSS PROFIT		18,366	11,449
Distribution costs		(8,093)	(5,142)
Administrative expenses		(8,496)	(5,431)
PROFIT BEFORE COST OF NEW STORE OPENINGS		1,777	876
New store pre-trading costs		(250)	(236)
OPERATING PROFIT	3	1,527	640
Exceptional items	4	477	-
PROFIT BEFORE INTEREST AND TAX		2,004	640
Interest receivable		126	58
Interest payable	7	(205)	(92)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,925	606
Tax on profit on ordinary activities	8	(447)	(79)
PROFIT FOR THE FINANCIAL YEAR		1,478	527
Dividends on non-equity shares	9	(168)	(115)
PROFIT RETAINED FOR THE FINANCIAL YEAR	19	1,310	412

STATEMENT OF RECOGNISED GAINS AND LOSSES

There are no recognised gains and losses other than the profit for the year ended 31 December 1997.

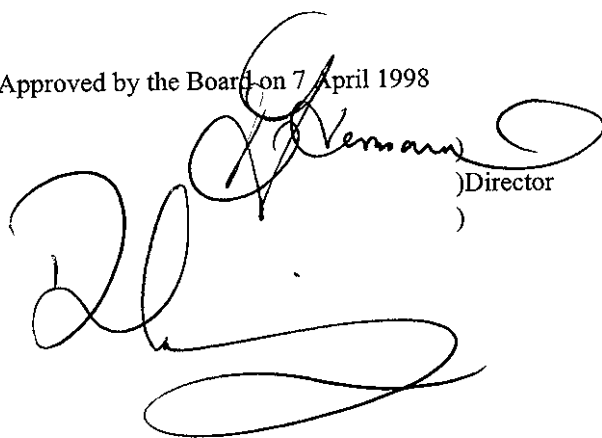
Furniture Village PLC

BALANCE SHEET

at 31 December 1997

	Notes	1997 £'000	1996 £'000
FIXED ASSETS			
Tangible assets	10	8,389	6,562
CURRENT ASSETS			
Stocks	12	5,870	3,939
Debtors	13	4,503	2,722
Cash at bank and in hand		11	15
		<u>10,384</u>	<u>6,676</u>
CREDITORS: amounts falling due within one year	14	(10,540)	(5,832)
		<u>(156)</u>	<u>844</u>
NET CURRENT (LIABILITIES)/ASSETS			
		<u>8,233</u>	<u>7,406</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS: amounts falling due after more than one year	15	(1,500)	(2,000)
		<u>6,733</u>	<u>5,406</u>
		<u><u>6,733</u></u>	<u><u>5,406</u></u>
CAPITAL AND RESERVES			
Called up share capital	18	3,028	3,024
Share premium account	19	13	-
Profit and loss account	19	3,692	2,382
		<u>6,733</u>	<u>5,406</u>
SHAREHOLDERS' FUNDS (including non-equity interest)	19	<u><u>6,733</u></u>	<u><u>5,406</u></u>

Approved by the Board on 7 April 1998


)Director

Furniture Village PLC

STATEMENT OF CASH FLOWS for the year ended 31 December 1997

	<i>Notes</i>	<i>1997 £'000</i>	<i>1996 £'000</i>
NET CASH INFLOW FROM OPERATING ACTIVITIES	20(a)	2,360	196
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	20(b)	(266)	(123)
TAXATION	20(b)	(22)	(24)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	20(b)	(2,860)	(2,990)
FINANCING	20(b)	17	2,000
DECREASE IN CASH		<u>(771)</u>	<u>(941)</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
		<i>1997 £'000</i>	<i>1996 £'000</i>
Decrease in cash		(771)	(941)
Cash used to repay bank loan		-	1,000
Cash inflow from increase in bank loan		-	(2,000)
MOVEMENT IN NET DEBT		<u>(771)</u>	<u>(1,941)</u>
NET DEBT AT 1 JANUARY	20(c)	(1,985)	(44)
NET DEBT AT 31 DECEMBER	20(c)	<u>(2,756)</u>	<u>(1,985)</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1997

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Turnover

Sales are recognised when goods are delivered and accepted by customers.

Depreciation

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

Short leasehold property	-	over the lease term
Fixtures, fittings and equipment	-	over 4-10 years
Motor vehicles	-	over 3-5 years

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first in, first out basis and net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Deferred taxation

Deferred taxation is provided using the liability method on all material timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Pension costs

The company contributes to personal pension schemes of eligible employees. Eligibility is defined by length of service. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

New stores pre-trading costs

The costs associated with the pre-trading period of new stores are written off in the year in which they are incurred.

Rent free periods

During the course of opening new stores operating leases are negotiated which may include rent free periods.

Where this is the case such rent free periods are amortised from the date of trading on a straight line basis over the period to the next open market rent review.

Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Furniture Village PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1997

2 TURNOVER

Turnover, which is stated net of value added tax, represents the amount invoiced to customers. All turnover relates to household furniture retailing within the United Kingdom.

3 OPERATING PROFIT

This is stated after charging:

	1997 £'000	1996 £'000
Auditors' remuneration		
- as auditors	17	11
- as advisors	6	3
Depreciation	712	469
Operating lease rentals - property	3,404	2,172
	<u> </u>	<u> </u>

4 EXCEPTIONAL ITEMS

	1997 £'000	1996 £'000
Net profit on sale and closure of a store operation	920	-
Loss on disposal of associated fixed assets	(443)	-
	<u> </u>	<u> </u>
	477	-
	<u> </u>	<u> </u>

The capital gain on the disposal of the lease of £920k (tax £285k) can be held over into qualifying capital expenditure and therefore no tax provision has been made in respect of this item.

5 DIRECTORS EMOLUMENTS

	1997 £'000	1996 £'000
Emoluments	345	276
	<u> </u>	<u> </u>
Company contributions paid to pension schemes	12	11
	<u> </u>	<u> </u>
The amounts in respect of the highest paid director are as follows:		
Emoluments	155	129
	<u> </u>	<u> </u>
Company contributions paid to pension schemes	3	3
	<u> </u>	<u> </u>

During the year consultancy fees amounting to £20k (1996: £20k) were paid to Beatzone Limited, a company in which the chairman has an interest.

In addition £20k was paid to a fellow group company in respect of the services of two of the company's directors (1996: £20k).

Furniture Village PLC

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1997

6 STAFF COSTS

	1997 £'000	1996 £'000
Wages and salaries	4,521	3,068
Social security costs	460	323
Pension costs	84	55
	<u>5,065</u>	<u>3,446</u>

The average monthly number of employees during the period:

	1997 No.	1996 No.
Office and management	21	16
Retailing and distribution	167	120
	<u>188</u>	<u>136</u>

7 INTEREST PAYABLE

	1997 £'000	1996 £'000
Bank loan and overdrafts	163	88
Other interest	42	4
	<u>205</u>	<u>92</u>

8 TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997 £'000	1996 £'000
UK corporation tax	485	85
Deferred taxation (note 17)	-	-
	<u>485</u>	<u>85</u>
Corporation tax over provided in previous years	(38)	(6)
	<u>447</u>	<u>79</u>

9 DIVIDENDS

	1997 £'000	1996 £'000
Dividends paid on non-equity preference shares	<u>168</u>	<u>115</u>

Furniture Village PLC

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1997

10 TANGIBLE FIXED ASSETS

	<i>Short leasehold property £'000</i>	<i>Fixtures, fittings equipment and vehicles £'000</i>	<i>Total £'000</i>
Cost:			
At 1 January 1997	5,625	2,244	7,869
Additions	2,246	936	3,182
Disposals	(709)	(99)	(808)
At 31 December 1997	7,162	3,081	10,243
Depreciation:			
At 1 January 1997	517	790	1,307
Provided during the year	339	373	712
Disposals	(90)	(75)	(165)
At 31 December 1997	766	1,088	1,854
Net book value:			
At 31 December 1997	6,396	1,993	8,389
At 1 January 1997	5,108	1,454	6,562

11 INVESTMENT

The company owns 100% of the share capital of London Bedding Company Limited, a dormant subsidiary which is registered in England and Wales. The aggregate capital and reserves of the company at 31 December 1996 and 31 December 1997 was £2.

12 STOCKS

	<i>1997 £'000</i>	<i>1996 £'000</i>
Goods for resale	5,870	3,939

13 DEBTORS

	<i>1997 £'000</i>	<i>1996 £'000</i>
Trade debtors	252	614
Other debtors	24	21
Prepayments and accrued income	4,227	2,087
	4,503	2,722

Furniture Village PLC

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1997

14 CREDITORS: amounts falling due within one year

	1997 £'000	1996 £'000
Bank overdraft	767	-
Current instalment due on bank loan (note 16)	500	-
Deposits on goods not yet delivered	2,198	1,465
Trade creditors	3,524	2,605
Corporation tax	485	60
Other taxes and social security costs	1,539	446
Other creditors and accruals	1,527	1,189
Dividends	-	67
	<u>10,540</u>	<u>5,832</u>

Included in Other taxes and social security costs is £1,007k (1996: £nil) relating to the Primback case.

15 CREDITORS: amounts falling due after more than one year

	1997 £'000	1996 £'000
Bank loans	<u>1,500</u>	<u>2,000</u>

16 BANK LOANS

	1997 £'000	1996 £'000
Within one year	500	-
Between 1 and 2 years	500	500
Between 2 and 5 years	1,000	1,500
	<u>2,000</u>	<u>2,000</u>

The loan is secured by a fixed and floating charge over the company's assets and is repayable by quarterly instalments commencing in February 1998.

Furniture Village PLC

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1997

17 PROVISION FOR LIABILITIES AND CHARGES

Deferred taxation provided in the financial statements and the amounts not provided are as follows:

	Potential Liability 1997 £'000	Provided 1997 £'000	Potential Liability 1996 £'000	Provided 1996 £'000
Capital allowances in advance of depreciation	538	-	411	-
Short term timing differences	(11)	-	(3)	-
Capital gains rolled over	785	-	500	-
	<u>1,312</u>	<u>-</u>	<u>908</u>	<u>-</u>

No provision has been made in respect of the corporation tax due on the capital gain as the directors intend to roll over the gain into future non wasting qualifying capital expenditure.

18 SHARE CAPITAL

	1997 £'000	1996 £'000
Authorised:		
"A" Ordinary shares of £1 each	150	150
"B" Ordinary shares of £1 each	550	550
"C" Ordinary shares of £1 each	400	400
9.6% Cumulative preference shares of £1 each	1,000	1,000
7.2% Cumulative Redeemable preference shares of £1 each	3,000	3,000
	<u>5,100</u>	<u>5,100</u>
Allotted, called up and fully paid:		
"A" Ordinary shares of £1 each	150	150
"B" Ordinary shares of £1 each	478	474
"C" Ordinary shares of £1 each	400	400
9.6% Cumulative preference shares of £1 each	1,000	1,000
7.2% Cumulative Redeemable preference shares of £1 each	1,000	1,000
	<u>3,028</u>	<u>3,024</u>

During the year 3,400 ordinary £1 shares were issued fully paid for cash of £17k.

The "C" Ordinary shares can be converted into cumulative preference shares subject to certain conditions applying, on the basis of one 9.6% Cumulative preference share for every one "C" share.

All of the ordinary shares rank *pari passu*. The Cumulative Redeemable preference shares are to be redeemed by 31 December 2003. Dividends on preference shares are payable quarterly in arrears.

Furniture Village PLC

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1997

19 RECONCILIATION OF SHAREHOLDERS FUNDS AND MOVEMENT ON RESERVES

	Share Capital £'000	Share Premium £'000	Profit & Loss Account £'000	Total £'000
At 1 January 1996	2,024	-	1,970	3,994
Retained profit for the year	-	-	412	412
Issue of shares	1,000	-	-	1,000
At 31 December 1996	3,024	-	2,382	5,406
Retained profit for the year	-	-	1,310	1,310
Issue of shares	4	13	-	17
At 31 December 1997	3,028	13	3,692	6,733

20 NOTES TO THE STATEMENT OF CASH FLOWS

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

	1997 £'000	1996 £'000
Operating profit	1,527	639
Depreciation	712	469
Profit on disposal of fixed assets	(5)	-
Increase in stocks	(1,930)	(1,467)
Increase in debtors	(631)	(1,582)
Increase in creditors	2,687	2,137
Net cash inflow from operating activities	2,360	196

b) Analysis of cash flows for headings netted in the statement of cash flows

Returns on investments and services of finance:

	1997 £'000	1996 £'000
Interest received	126	58
Interest paid	(157)	(85)
Preference dividend paid	(235)	(96)
	(266)	(123)

Taxation:

	1997 £'000	1996 £'000
Corporation tax paid	(22)	(24)

Furniture Village PLC

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1997

20 NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)

Capital expenditure and financial investment:

	1997 £'000	1996 £'000
Receipts from sale of tangible fixed assets	55	36
Payments to acquire tangible fixed assets	(2,915)	(3,026)
	<u>(2,860)</u>	<u>(2,990)</u>

Financing:

	1997 £'000	1996 £'000
Issue of ordinary shares	17	1,000
Repayment of bank loan	-	(1,000)
Bank loan	-	2,000
	<u>17</u>	<u>2,000</u>

The increase in debtors and the receipt from the sale of tangible fixed assets do not include amounts in respect of the short leasehold disposal, as at 31 December 1997 payment had not fallen due (see exceptional item note 4).

c) Analysis of changes in net debt

	At 1 January 1997 £'000	Cash Flow £'000	Other Movement £'000	At 31 December 1997 £'000
Cash at bank and in hand	15	(4)	-	11
Bank overdraft	-	(767)	-	(767)
Debt due within one year	-	-	(500)	(500)
Debt due after one year	(2,000)	-	500	(1,500)
	<u>(1,985)</u>	<u>(771)</u>	<u>-</u>	<u>(2,756)</u>

21 CAPITAL COMMITMENTS

Future capital expenditure not otherwise included in these financial statements

	1997 £'000	1996 £'000
Authorised by the directors and contracted for	<u>755</u>	<u>236</u>

Furniture Village PLC

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1997

22 OTHER FINANCIAL COMMITMENTS

In respect of leases the following annual commitments existed at 31 December 1997 in respect of non-cancellable operating leases which are all property leases:

	1997 £'000	1996 £'000
Operating leases which expire: In more than 5 years	4,127	2,999

23 RELATED PARTIES

During the year the company purchased goods in the normal course of business from Peter Guild Ltd, a fellow subsidiary, for £579k (1996: £366k). The price charged was the normal market price in the case of each individual purchase. At the balance sheet date the amount due to Peter Guild Ltd was £1k (1996: £8k).

Payments were made to Cadogan Estates Limited, a fellow subsidiary, totalling £85k (1996: £38k) relating to rent guarantees for some of the stores.

As part of their employment the directors and senior employees can purchase goods from the company at a discount. The amount of goods purchased are not considered to be material either to the company or to the individuals.

24 PARENT UNDERTAKING

The holding company for all operational purposes is Cadogan Group Limited and the ultimate holding company is Cadogan Settled Estates Limited, both of which are registered in England and Wales.

The ultimate ownership of Cadogan Settled Estates Limited is vested in the eighth Earl Cadogan's 6 December 1961 Settlement.

Group accounts are prepared by Cadogan Settled Estates Limited and Cadogan Group Limited and can be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF4 3UZ.