

Furniture Village PLC

Report and Accounts

For the year ended 1 April 2001

Registered No. 2307708



DIRECTORS

J M F Padovan (Chairman) * †
J G Rose (Deputy Chairman) * †
S A Corbyn †
P A Grant * †
P J Harrison
D J G Imrie
J M L Clark
H M Mountford (resigned 25 May 2000)

SECRETARY

G C Martin

AUDITORS

Ernst & Young LLP
Apex Plaza
Reading
Berkshire
RG1 1YE

BANKERS

National Westminster Bank
135 Bishopsgate
8th Floor
London
EC2M 3UR

REGISTERED OFFICE

316 Bath Road
Slough
Berkshire
SL1 4DX

* Member of the audit committee and remuneration committee

† Non Executive Director

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CHAIRMAN'S STATEMENT

I am delighted to report a further improvement in the underlying profitability of the business. Profit before tax for the year to 1 April 2001 was £3.544 million against £4.015 million reported for the 15 months to 2 April 2000. Prior to charging new store pre-trading costs of £590,000, the profit reported was £4.364 million, 13.2% higher than the corresponding year to 2 April 2000 (per management accounts).

At 1 April 2001, our order book amounted to £15.9 million, some £4.5 million more than the order book at 2 April 2000. This represents an increase of some 4% over last year on a like for like basis.

The Board recommends the payment of a dividend on ordinary shares of 80p per share (2000: 100p per share for the 15 month period).

TRADING REVIEW

Turnover for the year was £95.0 million compared with £98.0 million in the previous 15 month period.

Following a promising start to the year, trading during the Summer and early Autumn was flat but improved significantly from November onwards.

A combination of the closure of high turnover yet low margin carpets and a degree of initial 'sales cannibalisation' by new stores on adjacent established stores, contributed to a like for like sales decrease for the year of 4.9%.

However, this was compensated for by a further significant increase in gross margin of 1.6 points to 39.7% as a result, amongst other initiatives, of replacing the low margin carpets with higher margin products, many of which are direct imports. Furthermore, the company was successful in its drive to contain operating costs, resulting in a very creditable trading performance, considering the highly competitive conditions within the furniture retail sector.

NEW STORES

During the first half year, 6 new stores were opened in Watford, Exeter, Staines, Telford, Orpington and Wednesbury; and a seventh, in Romford, was opened on Boxing Day. In total, the 7 new stores added some 119,000 sq ft of selling space to the business, an increase of some 35% on existing footage. With the exception of Telford, where initial trading has proved disappointing, all new stores are trading well.

Negotiations are underway, which may see a further 2 new stores being added during the current financial year, and several others thereafter. In addition, opportunities to review and revitalise the existing property portfolio are being pursued. One small bedding store in Bromley has been sold.

SYSTEMS DEVELOPMENT

We are now beginning to secure the substantial benefits available from the integrated merchandise control system, which was introduced during the latter part of 1999, in terms of it's providing better management information and contributing towards a general improvement in overall efficiency levels. This will be further enhanced by the introduction of a new CODA financial accounting system, which was implemented during May/June 2001. Whilst causing a degree of disruption at the outset, these systems will undoubtedly provide the business with additional trading advantages and a stronger capability from a strategic perspective.

CHAIRMAN'S STATEMENT (CONTINUED)

BALANCE SHEET

The company once again finished the year with a strong balance sheet and low gearing, despite the major expansion that was undertaken last year. Full provision has been made for the liabilities expected to arise from the recent Primback judgement in favour of HM Customs & Excise.

MANAGEMENT AND STAFF

Once again the management and staff of Furniture Village have demonstrated how well they can perform even in testing conditions. It gives me great pleasure to thank them all and to congratulate them on the results of last year.

CURRENT TRADING

Trading conditions prior to the May General Election were slow but a steady improvement is now emerging. We have no reason to doubt that 2001/2 will prove to be another year of solid achievement.

Chairman

Furniture Village PLC

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 1 April 2001.

PRINCIPAL ACTIVITY

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

ACCOUNTING REFERENCE DATE AND REPORTING PERIOD

The company changed its accounting reference date to 31 March (or the nearest Sunday thereto) for the purposes of financial reporting during the period ended 2 April 2000, resulting in a 15 month reporting period. The results for the year ended 1 April 2001 are for a 12 month period.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

Seven new stores were opened during the period bringing the number of trading outlets to twenty-eight. Turnover in the year was £95,019,000 compared to £97,961,000 in the 15 months of 2000 and profits before tax decreased from £4,015,000 to £3,544,000. No new stores have been formally committed at this stage.

RESULTS AND DIVIDENDS

The profit for the year, after taxation but before dividends, amounted to £2,298,000 (2000: £2,875,000).

The directors recommend the payment of an ordinary dividend of 80 pence per share (2000: 100 pence per share), being £520,000 (2000: £644,000). Preference dividends of £222,000 (2000: £277,000) were paid in the period.

DIRECTORS AND THEIR INTERESTS

The current directors who are listed on page 2 all served throughout the year covered by this report except Mrs H M Mountford who resigned as Financial Director on 25 May 2000 and Mr J M L Clark who was appointed to the board as Financial Director on 14 June 2000.

The directors at 1 April 2001 and their interests in the share capital of the company were as follows:

	2001		2000	
	Shares of £1 each		Shares of £1 each	
	"A"	"B"	"A"	"B"
	Ordinary	Ordinary	Ordinary	Ordinary
J M F Padovan (Chairman)	-	3,400	-	3,400
J G Rose (Deputy Chairman)	-	-	-	-
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 L Clark (acquired 6,500 "B" shares 17 January 2001)	-	6,500	-	-
H M Mountford (resigned 25 May 2000)	-	-	-	-

No director held any beneficial interest in the preference shares of the company at 27 December 1998, at date of appointment, or at 1 April 2001.

DIRECTORS' REPORT (CONTINUED)

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.

EMPLOYEE INVOLVEMENT

During the year, the policy of providing employees with information about the group has been continued. Regular meetings are held between local management and employees to allow a free flow of information and ideas. Employees participate directly in the success of the business through the various incentive arrangements which cover everyone employed within the business.

CHARITABLE CONTRIBUTIONS

The company's charitable donations for the period were £25,232 (2000: £22,205).

CREDITOR PAYMENT POLICY AND PRACTICE

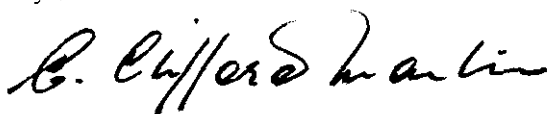
It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, providing that all trading terms and conditions have been complied with.

At 1 April 2001 the company had an average of 33 days (2000: 40 days) purchases outstanding in trade creditors.

AUDITORS

On 28 June 2001, Ernst & Young, the Company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. A resolution to re-appoint Ernst & Young LLP as the Company's auditor and to authorise the directors to fix their remuneration will be put to the forthcoming Annual General Meeting.

By order of the board



Secretary

STATEMENT OF THE DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

Company law requires the directors to prepare accounts for each year which give a true and fair view of the state of affairs of the company and the profit or loss 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 shareholders of Furniture Village PLC

We have audited the accounts on pages 10 to 22, which have been prepared under the historical cost convention and the accounting policies set out on page 13.

Respective responsibilities of directors and auditors

As described on page 8, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

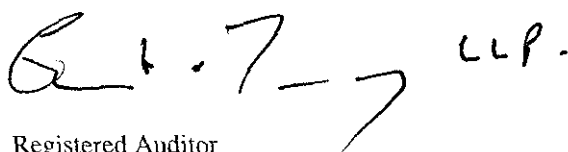
Basis of opinion

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 accounts, 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 accounts 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 accounts give a true and fair view of the state of affairs of the company as at 1 April 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Registered Auditor
Reading

11 July 2001

Furniture Village PLC

PROFIT AND LOSS ACCOUNT

For the year ended 1 April 2001

		<i>12 months ended 1 April 2001 £'000</i>	<i>15 months ended 2 April 2000 £'000</i>
	<i>Notes</i>		
TURNOVER	2	95,019	97,961
Cost of sales		(57,258)	(60,631)
GROSS PROFIT		37,761	37,330
Distribution costs		(16,247)	(16,241)
Administrative expenses		(17,150)	(16,754)
PROFIT BEFORE COST OF NEW STORE OPENINGS		4,364	4,335
New store pre-trading costs		(590)	(178)
PROFIT BEFORE INTEREST AND TAX	3	3,774	4,157
Interest receivable		115	222
Interest payable	6	(345)	(364)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,544	4,015
Tax on profit on ordinary activities	7	(1,246)	(1,140)
PROFIT FOR THE FINANCIAL YEAR		2,298	2,875
Ordinary dividends on equity shares	8	(520)	(644)
Preference dividends on non-equity shares	8	(222)	(277)
PROFIT RETAINED FOR THE FINANCIAL YEAR	19	1,556	1,954

STATEMENT OF RECOGNISED GAINS AND LOSSES

There are no recognised gains and losses other than the profit for the year ended 1 April 2001.

Furniture Village PLC

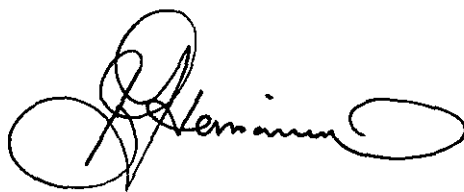
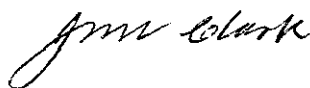
BALANCE SHEET

At 1 April 2001

	Notes	2001 £'000	2000 £'000
FIXED ASSETS			
Tangible assets	9	17,399	13,938
CURRENT ASSETS			
Stocks	11	7,362	7,064
Debtors	12	7,631	6,156
Cash at bank and in hand	20(c)	4,652	3,961
		<u>19,645</u>	<u>17,181</u>
CREDITORS: amounts falling due within one year	13	(21,943)	(19,316)
NET CURRENT LIABILITIES		<u>(2,298)</u>	<u>(2,135)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>15,101</u>	<u>11,803</u>
CREDITORS: amounts falling due after more than one year	14	(2,500)	(791)
		<u>12,601</u>	<u>11,012</u>
CAPITAL AND RESERVES			
Called up share capital (including non-equity capital)	18	3,800	3,794
Share premium account	19	274	247
Profit and loss account	19	8,527	6,971
SHAREHOLDERS' FUNDS (including non-equity interest)	19	<u>12,601</u>	<u>11,012</u>

Approved by the Board on 11th July, 2001

Directors

Furniture Village PLC

STATEMENT OF CASH FLOWS

For the year ended 1 April 2001

		<i>12 months ended 1 April 2001 £'000</i>	<i>15 months ended 2 April 2000 £'000</i>
	<i>Notes</i>		
NET CASH INFLOW FROM CONTINUING OPERATING ACTIVITIES	20(a)	7,180	6,986
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	20(b)	(286)	(261)
TAXATION	20(b)	(1,030)	(1,012)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	20(b)	(5,228)	(4,513)
EQUITY DIVIDENDS PAID		(644)	-
FINANCING	20(b)	699	142
INCREASE IN CASH		<u>691</u>	<u>1,342</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
		<i>12 months ended 1 April 2001 £'000</i>	<i>15 months ended 2 April 2000 £'000</i>
	<i>Notes</i>		
Increase in cash		691	1,342
Cash used to repay bank loan		250	750
Cash from new loan issued		(1,000)	(1,000)
Initial obligation under new finance lease (see note 16)		-	-
Cash used to repay finance leases		81	71
MOVEMENT IN NET DEBT		<u>22</u>	<u>1,163</u>
NET DEBT AT 2 APRIL 2000	20(c)	<u>2,086</u>	<u>923</u>
NET DEBT AT 1 APRIL 2001	20(c)	<u>2,108</u>	<u>2,086</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 1 April 2001

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, which are shown net of VAT, 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 evenly 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 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 operates a defined contribution pension scheme for eligible employees. Eligibility is defined by length of service. Contributions are charged in 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 and reverse premiums

During the course of opening new stores operating leases are negotiated which may include rent free periods and/or reverse premiums.

Rent free periods and net reverse premiums are amortised from the date of trading on a straight line basis over the period to the next open market rent review.

Leasing 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 company, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and represent a constant proportion of the balance of capital repayments outstanding.

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 1 April 2001

2 TURNOVER

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

3 PROFIT BEFORE INTEREST AND TAX

<i>12 months ended 1 April 2001 £'000</i>	<i>15 months ended 2 April 2000 £'000</i>
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This is stated after charging:

Auditors' remuneration

- as auditors

19

25

- as advisors

27

18

Depreciation of owned assets

1,634

1,561

Depreciation of assets held under finance leases

84

19

Operating lease rentals - property

7,671

6,469

- other

402

83

4 DIRECTORS EMOLUMENTS

<i>12 months ended 1 April 2001 £'000</i>	<i>15 months ended 2 April 2000 £'000</i>
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Emoluments

551

806

Company contributions paid to money purchase pension schemes

8

13

<i>12 months ended 1 April 2001 No.</i>	<i>15 months ended 2 April 2000 No.</i>
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Members of money purchase pension scheme

3

3

The amounts in respect of the highest paid director were emoluments of £188,000 (2000: £251,000) and company contributions paid to pension schemes of £4,000 (2000: £4,000).

During the period consultancy fees amounting to £25,248 (2000: £26,250) were paid to Beatzone Limited, a company in which the Deputy Chairman has an interest.

Furniture Village PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 1 April 2001

5 STAFF COSTS

	<i>12 months ended 1 April 2001 £'000</i>	<i>15 months ended 2 April 2000 £'000</i>
Wages and salaries	8,906	9,313
Social security costs	931	978
Pension costs	185	194
	<u>10,022</u>	<u>10,485</u>

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

	<i>12 months ended 1 April 2001 No.</i>	<i>15 months ended 2 April 2000 No.</i>
Office and management	47	42
Retailing and distribution	306	268
	<u>353</u>	<u>310</u>

6 INTEREST PAYABLE

	<i>12 months ended 1 April 2001 £'000</i>	<i>15 months ended 2 April 2000 £'000</i>
Bank loan and overdrafts	169	184
Other interest	166	162
Finance charges payable under finance leases	10	18
	<u>345</u>	<u>364</u>

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

	<i>12 months ended 1 April 2001 £'000</i>	<i>15 months ended 2 April 2000 £'000</i>
UK corporation tax	1,223	1,219
Deferred taxation (note 17)	-	-
	<u>1,223</u>	<u>1,219</u>
Corporation tax under/(over) provided in previous years	23	(79)
	<u>1,246</u>	<u>1,140</u>

Furniture Village PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 1 April 2001

8 DIVIDENDS

	<i>12 months ended 1 April 2001 £'000</i>	<i>15 months ended 2 April 2000 £'000</i>
Dividends proposed on equity ordinary shares	520	644
Dividends paid on non-equity preference shares	222	277
	<u>742</u>	<u>921</u>

9 TANGIBLE FIXED ASSETS

	<i>Short leasehold property £'000</i>	<i>Fixtures, fittings equipment and vehicles £'000</i>	<i>Total £'000</i>
Cost:			
At 2 April 2000	14,239	4,033	18,272
Additions	4,286	943	5,229
Disposals	(77)	(32)	(109)
At 1 April 2001	<u>18,448</u>	<u>4,944</u>	<u>23,392</u>
Depreciation:			
At 2 April 2000	2,432	1,902	4,334
Provided during the year	1,137	581	1,718
Disposals	(38)	(21)	(59)
At 1 April 2001	<u>3,531</u>	<u>2,462</u>	<u>5,993</u>
Net book value:			
At 1 April 2001	<u>14,917</u>	<u>2,482</u>	<u>17,399</u>
At 2 April 2000	<u>11,807</u>	<u>2,131</u>	<u>13,938</u>

The net book value of fixtures, fittings and equipment above includes an amount of £60,000 (2000: £146,000) in respect of assets held under finance leases.

10 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 1 April 2001 was £2 (2 April 2000: £2).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 1 April 2001

11 STOCKS

	2001 £'000	2000 £'000
Goods for resale	7,362	7,064

12 DEBTORS

	2001 £'000	2000 £'000
Trade debtors	1,168	351
Other debtors	2,872	1,139
Prepayments and accrued income	3,591	4,666
	7,631	6,156

13 CREDITORS: amounts falling due within one year

	2001 £'000	2000 £'000
Current instalment due on bank loan (note 15)	-	1,000
Obligations under finance leases (note 16)	44	84
Deposits on goods not yet delivered	4,477	3,817
Trade creditors	5,341	5,374
Corporation tax	1,024	810
Other taxes and social security costs	4,184	2,788
Proposed equity dividend	520	644
Other creditors and accruals	6,353	4,799
	21,943	19,316

14 CREDITORS: amounts falling due after more than one year

	2001 £'000	2000 £'000
Bank loans (note 15)	2,500	750
Obligations under finance leases (note 16)	-	41
	2,500	791

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 1 April 2001

15 BANK LOANS

	2001 £'000	2000 £'000
Within one year	-	1,000
Between 1 and 2 years	-	750
Between 2 and 5 years	2,500	-
	<u>2,500</u>	<u>1,750</u>

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

16 OBLIGATIONS UNDER FINANCE LEASES

The maturity of these amounts is as follows:

	2001 £'000	2000 £'000
Amounts payable		
Within one year	46	96
In two to five years	-	45
	<u>46</u>	<u>141</u>
Less: finance charges allocated to future periods	2	16
	<u>44</u>	<u>125</u>
Finance leases are analysed as follows:		
Current obligations (note 13)	44	84
Non current obligations (note 14)	-	41
	<u>44</u>	<u>125</u>

17 PROVISION FOR LIABILITIES AND CHARGES

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

	Potential Liability 2001 £'000	Provided 2001 £'000	Potential Liability 2000 £'000	Provided 2000 £'000
Capital allowances in advance of depreciation	958	-	830	-
Short term timing differences	(131)	-	(22)	-
Capital gains held over	785	-	785	-
	<u>1,612</u>	<u>-</u>	<u>1,593</u>	<u>-</u>

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

Furniture Village PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 1 April 2001

18 SHARE CAPITAL

	2001 £'000	2000 £'000
<i>Authorised:</i>		
Equity Interest		
“A” Ordinary shares of £1 each	150	150
“B” Ordinary shares of £1 each	550	550
	<u>700</u>	<u>700</u>
Non Equity Interest		
Cumulative preference shares of £1 each (on which a total dividend of £96,000 is payable)	1,400	1,400
7.2% Cumulative Redeemable preference shares of £1 each	3,000	3,000
	<u>5,100</u>	<u>5,100</u>
<i>Allotted, called up and fully paid:</i>		
Equity Interest		
“A” Ordinary shares of £1 each	150	150
“B” Ordinary shares of £1 each	500	494
	<u>650</u>	<u>644</u>
Non Equity Interest		
Cumulative preference shares of £1 each (on which a total dividend of £96,000 is payable)	1,400	1,400
7.2% Cumulative Redeemable preference shares of £1 each	1,750	1,750
	<u>3,800</u>	<u>3,794</u>

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.

On 17 January 2001, 6,500 “B” ordinary shares of £1 each were purchased by J M L Clark, a Director, for a consideration of £32,500.

On 6 July 1998, options were granted to the Employee Benefit Trust to purchase 33,044 “B” ordinary shares at £5 each. These options are exercisable when certain performance criteria have been met. An option has already been exercised for 6,500 shares, leaving unexercised options over 26,544 shares. These remaining options lapse if not exercised within five years from the date at which the original options were granted.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 1 April 2001

19 RECONCILIATION OF SHAREHOLDERS FUNDS AND MOVEMENT ON RESERVES

	<i>Share Capital £'000</i>	<i>Share Premium £'000</i>	<i>Profit & Loss Account £'000</i>	<i>Total £'000</i>
At 27 December 1998	3,794	247	5,017	9,058
Retained profit for the year	-	-	1,954	1,954
At 2 April 2000	3,794	247	6,971	11,012
Retained profit for the year	-	-	1,556	1,556
Issue of shares	6	27	-	33
At 2 April 2001	3,800	274	8,527	12,601

20 NOTES TO THE STATEMENT OF CASH FLOWS

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

	<i>12 months ended 1 April 2001 £'000</i>	<i>15 months ended 2 April 2000 £'000</i>
Profit before taxation	3,774	4,157
Depreciation	1,718	1,580
Loss/Profit on disposal of fixed assets	49	(20)
Increase in stocks	(298)	(1,705)
Increase in debtors	(1,475)	(1,703)
Increase in creditors	3,412	4,677
Net cash inflow from operating activities	7,180	6,986

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

Returns on investments and servicing of finance:

	<i>12 months ended 1 April 2001 £'000</i>	<i>15 months ended 2 April 2000 £'000</i>
Interest received	116	222
Interest paid	(170)	(188)
Preference dividend paid	(222)	(277)
Interest element on finance lease rental payments	(10)	(18)
	(286)	(261)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 1 April 2001

20 NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)

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

	<i>12 months ended 1 April 2001 £'000</i>	<i>15 months ended 2 April 2000 £'000</i>
Taxation:		
Corporation Tax paid	(1,030)	(1,012)
Capital expenditure and financial investment:		
Receipts from disposal of property in prior years	-	-
Receipts from sale of tangible fixed assets	1	28
Payments to acquire tangible fixed assets	(5,229)	(4,541)
	(5,228)	(4,513)
Financing:		
Issue of shares	33	-
Repayment of bank loan	(250)	(750)
Issue of bank loan	1,000	1,000
Capital element of finance lease rental payments	(84)	(108)
	699	142

c) Analysis of changes in net debt

	<i>At 2 April 2000 £'000</i>	<i>Cash Flow £'000</i>	<i>At 1 April 2001 £'000</i>
Cash at bank and in hand	3,961	691	4,652
Debt due within one year	(1,084)	1,040	(44)
Debt due after one year	(791)	(1,709)	(2,500)
	2,086	22	2,108

21 CAPITAL COMMITMENTS

Future capital expenditure not otherwise included in these financial statements

	<i>2001 £'000</i>	<i>2000 £'000</i>
Authorised by the directors and contracted for	99	1,746
Authorised by the directors but not yet contracted for	1,049	-
	1,148	1,746

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 1 April 2001

22 OTHER FINANCIAL COMMITMENTS

In respect of leases the following annual commitments existed at 1 April 2001 in respect of non-cancellable operating leases:

	<i>Land & Buildings 2001</i>	<i>Land & Buildings 2000</i>	<i>Other 2001</i>	<i>Other 2000</i>
Operating leases which expire:				
Within one year	-	-	150	-
In two to five years	30	-	299	104
In over five years	8,035	6,550	-	-
	<u>8,065</u>	<u>6,550</u>	<u>449</u>	<u>104</u>

23 RELATED PARTIES

Payments were made to Cadogan Estates Limited, a fellow subsidiary, totalling £33,000 (2000: £41,000) 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.