Registration number: 05799085

# Howden Joinery People Services Ltd.

Annual Report and Financial Statements

for the Period from 26 December 2021 to 24 December 2022

# Howden Joinery People Services Ltd.

## Contents

# Howden Joinery People Services Ltd.

## Strategic Report for the Period from 26 December 2021 to 24 December 2022

The directors present their strategic report for the period from 26 December 2021 to 24 December 2022.

The Company's principal activity is described in the Directors' Report, which is located immediately below this Strategic Report. The Company's financial Key Performance Indicators are as shown in the Profit and Loss Account and Balance Sheet. We do not consider there to be any non-financial Key Performance Indicators relevant to the Company, other than those listed in the Group annual report, as detailed in the paragraph immediately below.

The Group manages its operations on a Group basis and therefore prepares a consolidated group annual report and accounts, including a consolidated strategic report. Pursuant to Section 414(A) (4) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, which provides that a group strategic report may give greater emphasis to the matters that are significant to the undertakings included in the consolidation when taken as a whole, the following information in relation to the Company can be found in the Group annual report on the pages listed:

• Fair review of the business (pgs 2 - 35)
• Description of the principal risks and uncertainties facing the Group and its subsidiary undertakings (pgs 36 - 45)
• Financial and non-financial KPIs (pgs 28 - 29)
• Future developments (pgs 18, 26, 34)
• Information about environmental matters, social, community and human rights issues (pgs 46-70)
• Description of culture, purpose, market, business model and strategy (pgs 8-15)
• Information in relation to Group employees, including gender statistics, employee involvement and Group policy on the employment of disabled persons (pgs 105 - 106, 147)

This report is available as part of the Group's Annual Report which is available at http://www.howdenjoinerygroupplc.com/ and which does not form part of this report.

## Strategic Report for the Period from 26 December 2021 to 24 December 2022

**Section 172 statement**

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this section 172 requires a director to have regard, amongst other matters, to the:

• likely consequences of any decisions in the long-term;
• interests of the company's employees;
• need to foster the company's business relationships with suppliers, customers and others;
• impact of the company's operations on the community and environment;
• desirability of the company maintaining a reputation for high standards of business conduct, and
• need to act fairly as between members of the company.

In discharging their section 172 duties the directors of the Company have regard to the factors set out above. They also have regard to other factors which they consider relevant to the decision being made. The directors acknowledge that every decision they make will not necessarily result in a positive outcome for all of the Company's stakeholders. By considering the Company's purpose, vision and values together with its strategic priorities and having a process in place for decision-making, the directors do, however, aim to make sure that their decisions are consistent and predictable.

As is normal for large companies, the directors delegate authority for day-to-day management of the Company to executives engaged in setting, approving and overseeing execution of the business strategy and related policies of the Group. How the Group's key stakeholders have been identified and interests taken into consideration, in accordance with the directors' section 172 duties of the Companies Act 2006 and the 2018 UK Corporate Governance Code, is noted in detail in Howden Joinery Group Plc's Annual Report and Accounts for the year ended 24 December 2022 (www.howdenjoinerygroupplc.com/investors/financial-reports/annual-reports). As the Company forms part of the Group, the framework adopted by the ultimate parent has been disseminated and applied by the subsidiary Company.

Approved by the board on 7 August 2023 and signed on its behalf by:

F. McNaughton
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Forbes McNaughton
Company secretary

# Howden Joinery People Services Ltd.

## Directors' Report for the Period from 26 December 2021 to 24 December 2022

The directors present their annual report and the audited financial statements for the period from 26 December 2021 to 24 December 2022.

**Directors**
The directors who held office during the period, were as follows:

George Julian Lee (resigned 3 May 2022)

Kirsty Homer (resigned 3 May 2022)

Paul Hayes

Theresa Keating

**Dividends**
No dividend was proposed or paid during the current or prior period.

**Financial instruments**

***Objectives and policies, price risk, credit risk, liquidity risk and cash flow risk***

These are managed on a Group basis. Further information can be found on pages 34-35 of the Howden Joinery Group Plc 2022 Annual Report and accounts, which is available at
https://www.howdenjoinerygroupplc.com/investors/financial-reports/annual-reports

**Political donations**
The Company did not make any political donations in the current or prior period.

**Going concern**
After making enquiries and taking into consideration the profitability and financial position of the Company, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

This judgement is based on a written commitment of financial support from its ultimate parent company, Howden Joinery Group Plc. In assessing the quality of the commitment of support from its ultimate parent company, the directors noted the parent company's assessment of the Howden Joinery Group's going concern in its 2022 Consolidated Annual Report, dated 6 March 2023, which includes a description of how the parent company has concluded that it was appropriate for the consolidated Group results to be prepared on a going concern basis.

The directors continue to adopt the going concern basis in preparing the financial statements.

**Disclosure of information to the auditors**
Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

**Principal activity**
The principal activity of the Company, throughout the periods under review, is providing and managing employees for other Group companies.

On 1 April 2022, all this Company's employees were transferred to a fellow 100%-owned Howden Joinery Group subsidiary.

## Directors' Report for the Period from 26 December 2021 to 24 December 2022

**Employees**
On April 1st 2022, all employees were transferred to a fellow subsidiary which is 100% owned Group. Details of the Company's employee numbers and staff costs up to the transfer date are in Note 5.

**Engagement with employees**
The Company has limited direct engagement with its employees as these activities are undertaken at Group level. Details of the Howden Joinery Group's employee engagement are set out in the Annual Report and Accounts for Howden Joinery Group Plc for the year ended 24 December 2022 (www.howdenjoinerygroupplc.com/investors/financial-reports/annual-reports). This includes the information relating to paragraphs 11, 11A, 11B and 11C, Part 4, Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 in respect of the Company.

**Engagement with suppliers, customers and other relationships**
The Company has limited direct dealings with external business partners as these activities are undertaken at Group level. Details of the Howden Joinery Group's business relationships at Group level are set out in the Annual Report and Accounts for Howden Joinery Group Plc for the year ended 24 December 2022 (www.howdenjoinerygroupplc.com/investors/financial-reports/annual-reports).

Approved by the Board on 7 August 2023 and signed on its behalf by:

F. McNaughton
.........................................
Forbes McNaughton
Company secretary

## Howden Joinery People Services Ltd.

## 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 year. 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), including FRS 101 'Reduced Disclosure Framework'. 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and

  • use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

# Independent Auditor's Report to the Members of Howden Joinery People Services Ltd.

## Opinion

We have audited the financial statements of Howden Joinery People Services Ltd. (the 'Company') for the period from 26 December 2021 to 24 December 2022, which comprise the Profit and Loss Account,Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, and related notes, including the accounting policies in note 2.

In our opinion the financial statements of Howden Joinery People Services Ltd. (the "Company"):

- give a true and fair view of the state of the Company's affairs as at 24 December 2022 and of its loss for the period then ended;
- have been properly prepared in accordance with UK Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

· we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;

· we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

## Independent Auditor's Report to the Members of Howden Joinery People Services Ltd.

**Fraud and breaches of laws and regulations – ability to detect**

*Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

• Enquiring of directors, the audit committee, internal audit and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
• Reading Board, audit committee and remuneration committee minutes.
• Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because of the nature, lack of complexity and limited opportunity and ability of management to manipulate the results to a material degree despite the potential for incentive to do so.

We did not identify any additional fraud risks.

We also performed procedures including:

• Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by users outside of their expected business area and those posted to unusual accounts.

*Identifying and responding to risks of material misstatement related to compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

## Independent Auditor's Report to the Members of Howden Joinery People Services Ltd.

*Context of the ability of the audit to detect fraud or breaches of law or regulation.*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

**Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

## Howden Joinery People Services Ltd.

## Independent Auditor's Report to the Members of Howden Joinery People Services Ltd.

**Directors' responsibilities**

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities.

**The purpose of our audit work and to whom we owe our responsibilities**

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.

R Brent

Robert Brent (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
15 Canada Square
London
E14 5GL
United Kingdom

9 August 2023

## Profit and Loss Account for the Period from 26 December 2021 to 24 December 2022

| | Note | 26 December 2021 to 24 December 2022 £ 000 | (As restated - see note 15) 27 December 2020 to 25 December 2021 £ 000 |
|---|---|---|---|
| Turnover | 4 | 26,713 | 113,865 |
| Cost of sales | | (26,414) | (111,706) |
| Gross profit | | 299 | 2,159 |
| Administrative expenses | | 96 | (2,470) |
| Operating profit/(loss) | | 395 | (311) |
| Profit/(loss) before tax | | 395 | (311) |
| Tax on profit/(loss) | 8 | (467) | (136) |
| Loss for the period | | (72) | (447) |

The above results were derived from continuing operations.

## Howden Joinery People Services Ltd.

## Statement of Comprehensive Income for the Period from 26 December 2021 to 24 December 2022

| | 2022<br>£ 000 | (As restated - see note 15)<br>2021<br>£ 000 |
|---|---|---|
| Loss for the period | (72) | (447) |
| Total comprehensive income for the period | (72) | (447) |

The notes on pages 14 to 25 form an integral part of these financial statements.

## Howden Joinery People Services Ltd.

## (Registration number: 05799085)
## Balance Sheet as at 24 December 2022

| | Note | 24 December 2022 £ 000 | (As restated - see note 15) 25 December 2021 £ 000 |
|---|---|---|---|
| **Current assets** | | | |
| Debtors | 9 | 26,737 | 374,804 |
| Deferred tax asset | 8 | - | 712 |
| | | 26,737 | 375,516 |
| **Creditors: Amounts falling due within one year** | | | |
| Trade and other payables | | (26,809) | (375,257) |
| Net (liabilities)/assets | | (72) | 259 |
| **Capital and reserves** | | | |
| Share capital | 10 | - | - |
| ESOP Reserve | | 5,144 | 5,090 |
| Retained earnings | | (5,216) | (4,831) |
| Shareholders' (deficit)/funds | | (72) | 259 |

Approved by the board on 7 August 2023 and signed on its behalf by:

.........................................
Theresa Keating
Director

# Howden Joinery People Services Ltd.

## Statement of Changes in Equity for the Period from 26 December 2021 to 24 December 2022

| | Share capital £ 000 | ESOP Reserve £ 000 | Retained earnings £ 000 | Total £ 000 |
|---|---|---|---|---|
| At 26 December 2021 , restated - note 15 | - | 5,090 | (4,831) | 259 |
| Loss for the period | - | - | (72) | (72) |
| Deferred tax on share schemes | - | - | (313) | (313) |
| Share based payment transactions | - | 54 | - | 54 |
| At 24 December 2022 | - | 5,144 | (5,216) | (72) |

| | Share capital £ 000 | ESOP reserve £ 000 | Retained earnings £ 000 | Total £ 000 |
|---|---|---|---|---|
| At 27 December 2020, as previously reported - note 15 | - | 4,499 | (2,789) | 1,710 |
| Effect of restatement - see note 15 | - | - | (1,867) | (1,867) |
| Adjusted balances at 27 December 2020 | - | 4,499 | (4,656) | (157) |
| Loss for the period restated - note 15 | - | - | (447) | (447) |
| Total comprehensive income restated - note 15 | - | - | (447) | (447) |
| Current tax on share schemes | - | - | 28 | 28 |
| Deferred tax on share schemes | - | - | 244 | 244 |
| Share based payment transactions | - | 591 | - | 591 |
| At 25 December 2021 restated - note 15 | - | 5,090 | (4,831) | 259 |

"Share based payment transactions" is the net of the share based payment charge for the year and any cash received from employees on exercising share options.

# Notes to the Financial Statements for the Period from 26 December 2021 to 24 December 2022

## 1 General information

The company is a private company limited by share capital, incorporated and domiciled in England.

The address of its registered office is:
40 Portman Square
London
W1H 6LT
England

These financial statements were authorised for issue by the board on 7 August 2023.

## 2 Accounting policies

**Summary of significant accounting policies and key accounting estimates**
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

**Basis of preparation**
These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. They are prepared on the historical cost basis.

**Summary of disclosure exemptions**
In these financial statements, the company has taken advantage of the disclosure exemptions available under FRS 101 in relation to share-based payment, business combinations, non-current assets held for sale, financial instruments, fair value measurements, capital management, revenue from contracts with customers, presentation of comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment property, presentation of a cash-flow statement, the effects of new standards not yet effective, impairment of assets and disclosures in respect of the compensation of key management personnel and of transactions with a management entity that provides key management personnel services to the company.

**Going concern**
The financial statements have been prepared on a going concern basis. No material uncertainties were identified. Further information about the process and basis of the going concern assessment can be found in the "Going concern" section of the Directors' Report, which details how the assessment of going concern relates to continued support from the ultimate parent company and how the Directors have assessed the quality of the commitment of that support.

**Changes in accounting policy**
None of the standards, interpretations and amendments effective for the first time from 26 December 2021 have had a material effect on the financial statements.

## 2 Accounting policies (continued)

### Revenue recognition

*Recognition*

The Company earns revenue from the provision of services relating to providing and managing employees for other Group companies. This revenue is recognised in the accounting period when the services are rendered at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

The principles in IFRS are applied to revenue recognition criteria using the following 5 step model:

1. Identify the contracts with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

Revenue is measured at the fair value of the consideration received or receivable for goods and services provided to customers outside the Company, excluding sales taxes and discounts. Revenue is recognised on despatch.

### Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or in equity is also recognised directly in other comprehensive income or equity.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

### Amounts payable and receivable to and from fellow Group subsidiaries

Howden Joinery Group plc has ultimate control of 100% of both this Company and a number of other wholly-owned subsidiaries (together, called "the Howden Joinery Group"). Debtors and creditors between this Company, Howden Joinery Group plc and any other Howden Joinery Group company do not bear interest and are repayable on demand.

## 2 Accounting policies (continued)

**Trade payables**
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

**Dividends payable**
Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

**Financial instruments**
Financial assets and financial liabilities comprise all assets and liabilities reflected in the balance sheet, although excluding Tangible assets, investment properties, intangible assets, deferred tax assets, prepayments, deferred tax liabilities and employee benefits plan.

The company recognises financial assets and financial liabilities in the statement of financial position when, and only when, the company becomes party to the contractual provisions of the financial instrument.

Financial assets and liabilities are initially recognised at fair value and subsequently measured at amortised cost.

**Share capital**
Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

**Defined contribution pension obligation**
A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

## 2 Accounting policies (continued)

**Share based payments**

The company operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the entity's ultimate parent company. The fair value of the employee services received is measured by reference to the estimated fair value at the grant date of equity instruments granted and is recognised as an expense over the vesting period. The estimated fair value of the option granted is calculated using a binomial option pricing model. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

## 3 Critical accounting judgements and key sources of estimation uncertainty

There are no critical accounting judgements or key sources of estimation uncertainty which affect the application of policies or the amounts reported in these financial statements.

## 4 Revenue

The company's turnover for the period all derives from continuing operations in the UK and is analysed as follows:

| | 2022<br>£ 000 | 2021<br>£ 000 |
|---|---|---|
| Rendering of services | 26,713 | 113,865 |

## 5 Staff costs

On April 1st 2022, all employees were transferred to a fellow subsidiary which is 100% owned Group. All staff costs information shown below is to this date.

The aggregate payroll costs (including Directors' remuneration) were as follows:

| | 2022<br>£ 000 | 2021<br>£ 000 |
|---|---|---|
| Wages and salaries | 21,676 | 92,173 |
| Social security costs | 2,391 | 10,218 |
| Pension costs, defined contribution scheme | 1,886 | 6,847 |
| Pension costs, defined benefit scheme | - | 6 |
| Share-based payment expenses | 53 | 591 |
| | 26,006 | 109,835 |

### 5 Staff costs (continued)

The average number of persons employed by the company (including directors) during the period, analysed by category was as follows:

| | 2022<br>No. | 2021<br>No. |
|---|---|---|
| Production | 1,929 | 1,806 |
| Administration and support | 284 | 282 |
| | 2,213 | 2,088 |

### 6 Directors' remuneration

The directors' remuneration for the period was as follows:

| | 26 December 2021 to 24 December 2022<br>£ 000 | 27 December 2020 to 25 December 2021<br>£ 000 |
|---|---|---|
| Remuneration | 503 | 529 |
| Pension costs, defined benefit scheme | - | 6 |
| | 503 | 535 |

During the period the number of Directors who were receiving benefits and share incentives was as follows:

| | 2022<br>No. | 2021<br>No. |
|---|---|---|
| Received or were entitled to receive shares under long term incentive schemes | 1 | 1 |
| Exercised share options | 1 | 1 |
| Accruing benefits under money purchase pension scheme | 1 | 1 |

## 6 Directors' remuneration (continued)

In respect of the highest paid Director:

| | 26 December 2021 to 24 December 2022 £ 000 | 27 December 2020 to 25 December 2021 £ 000 |
|---|---|---|
| Remuneration | 502 | 530 |
| Company contributions to money purchase pension schemes | - | 6 |
| Defined benefit accrued pension entitlement at the end of the period | - | 29 |

During the period the highest paid Director exercised share options and also received or was entitled to receive shares under a long term incentive scheme.

## 7 Auditor's remuneration

| | 26 December 2021 to 24 December 2022 £ 000 | 27 December 2020 to 25 December 2021 £ 000 |
|---|---|---|
| Audit of the financial statements | - | 20 |

This Company's audit fees in the current year have been paid by a fellow wholly-owned subsidiary of this Company's ultimate parent.

## 8 Income tax

Tax charged/(credited) in the profit and loss account

| | 2022<br>£ 000 | 2021<br>£ 000 |
|---|---|---|
| **Current taxation** | | |
| UK corporation tax | 72 | 480 |
| UK corporation tax adjustment to prior periods | (3) | 1 |
| | 69 | 481 |
| **Deferred taxation** | | |
| Arising from origination and reversal of temporary differences | 398 | (345) |
| Tax expense in the profit and loss account | 467 | 136 |

The tax on profit before tax for the period is the same as the standard rate of corporation tax in the UK (2021 - lower than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

| | 2022<br>£ 000 | 2021<br>£ 000, as restated - note 15 |
|---|---|---|
| Profit/(loss) before tax | 395 | (311) |
| Corporation tax at standard rate | 75 | (59) |
| Increase in current tax from adjustment for prior periods | - | 1 |
| Increase from effect of expenses not deductible in determining taxable profit (tax loss) | 392 | 477 |
| Decrease from effect of exercise employee share options | - | (244) |
| Deferred tax credit relating to changes in tax rates or laws | - | (39) |
| Total tax charge | 467 | 136 |

## 9 Trade and other debtors

| | 24 December 2022 | (As restated - see note 15) 25 December 2021 |
|---|---|---|
| **Trade and other debtors falling due within one year** | **£ 000** | **£ 000** |
| Trade debtors from related parties | 26,737 | 374,804 |

## 10 Share capital

The Company's share capital at the current and prior period end consisted of 1 £1 ordinary share.

## 11 Creditors: amounts falling due within one year

| | 24 December 2022 £ 000 | 25 December 2021 £ 000 |
|---|---|---|
| Amounts due to fellow Group subsidiaries | 26,809 | 375,257 |

## 12 Share-based payments

The ultimate parent company, Howden Joinery Group Plc ("the Group") operates various share-based payment schemes for employees in its subsidiary companies, all of which relate to shares in the Group. There are no share-based payment schemes relating to the shares in the Company. The various Group schemes are described below.

**12 Share-based payments (continued)**

**Share Incentive Plan ("SIP")**

**Scheme description**

This is a UK tax-advantaged 'all-employee' share plan under which the Company may grant the following types of awards to eligible UK employees:
(i) Free Shares, the vesting and forfeiture period for which is three years commencing on the date of grant and subject to continued employment. The shares are not subject to any performance conditions. Dividends are payable on the Free Shares during the vesting period. Voting rights are attached to Free Shares during the vesting period.
(ii) Partnership Shares, which do not have a vesting period as they are purchased using deductions from the gross pay of participating employees. The shares are not subject to any performance conditions. Dividends are payable on the Partnership Shares from grant. Voting rights are attached to Partnership Shares from grant.
(iii) Matching Shares, the vesting and forfeiture period for which is three years commencing on the date of grant and subject to continued employment and retention of the associated Partnership Shares in the SIP trust. Matching Shares are granted to participants in a ratio determined by the Company up to a maximum of two free Matching Shares for each Partnership Share purchased. Matching Shares are not subject to any performance conditions. Dividends are payable on the Matching Shares during the vesting period. Voting rights are attached to Matching Shares during the vesting period.
(iv) Dividend Shares, which do not have a vesting period as they are purchased using dividend monies payable on existing SIP shares held in the SIP trust. The shares are not subject to any performance conditions. Dividends are payable on the Dividend Shares from grant. Voting rights are attached to Dividend Shares from grant.
Free Shares, Partnership Shares, and Matching Shares must be kept in the SIP trust for five years from the date of grant to be capable of being sold or transferred out of the SIP trust free of income tax and National Insurance contributions (exceptions apply for 'good leaver' scenarios). Dividend Shares must be held in the SIP trust for three years from the date of grant to be capable of being sold or transferred out of the SIP trust free of income tax liability.

## 12 Share-based payments (continued)

**Howden Joinery Group Long Term Incentive Plan ("LTIP")**

**Scheme description**

This is a discretionary plan under which the Group may grant different types of awards including options, conditional awards, and restricted share awards. With the exception of (iv) below, neither dividends nor dividend equivalents are payable during the vesting period. The different types of awards are as follows:

(i) Conditional Share Awards, the vesting period for which is three years commencing on the date of grant and subject to continued employment. The shares are not subject to any other performance conditions.

(ii) Market value options, the vesting period for which was three years commencing from the date of grant with an exercise period of seven years (i.e. a total life of ten years). The vesting conditions for these options were as follows:
Date of award (a) 2012 (b) 2013 (c) 2014
Vesting based on growth in profits - from year ended December (a) 2011 (b) 2012 (c) 2013
for the three-year period ending with the year ended December (a) 2014 (b) 2015 (c) 2016
Award vests at 15% if profits over the vesting period grow by (a) 6% (b) 6% (c) 8%
Award vests at 100% if profits over the vesting period grow by (a) 12% (b) 12% (c) 20%

(iii) Performance Share Plan, the vesting period for which was three years commencing from the date of grant. The vesting conditions for these options were as follows:
Date of award (a) 2018 (b) 2019
Vesting based on growth in profits - from year ended December (a) 2017 (b) 2018
for the three-year period ending with the year ended December (a) 2020 (b) 2021
Award vests at 15% if profits over the vesting period grow by (a) 5% (b) 5%
Award vests at 100% if profits over the vesting period grow by (a) 15% (b) 15%

The 2020 award has a performance period from December 2019 to December 2022. 67% of the award is based on TSR, vesting at 15% if the Company performs at median compared to a peer group and 100% if it performs in the upper quartile. 33% of the award is based on growth in profit before tax, and vests at 15% if growth over the performance period is 5%, and vests at 100% if growth is 15%.

The 2021 award has a performance period from December 2020 to December 2023. 33% of the award is based on TSR, vesting at 15% if the Company performs at median compared to a peer group and 100% if it performs in the upper quartile. 67% of the award is based on growth in profit before tax, and vests at 15% if growth over the performance period is 5%, and vests at 100% if growth is 15%.

(iv) Restricted share awards, where the participant receives beneficial entitlement to shares upon grant of the award. The legal interest, however, is not transferred to the participant until the forfeiture provisions and restrictions applicable to the awards cease to apply. The shares are not subject to any performance conditions other than continued employment. Dividends are payable during the vesting period.

## 13 Pension and other schemes

**Defined contribution pension scheme**

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £1,884,991 (2021 - £6,845,785).

**Defined benefit pension schemes**

**Plans that share risks between entities under common control**

The Howden Joinery Group operates a funded pension plan which provides benefits based on the career average pensionable pay of participating employees. This plan was closed to new entrants from April 2013.

The plan shares risks between wholly-owned Group subsidiaries which are each under the control of the ultimate parent company. These risks are shared between this Company and two other wholly-owned Group subsidiaries.

There is no contractual agreement or stated policy for charging the net defined benefit cost between the participating subsidiaries. Howden Joinery Corporate Services Limited is the sponsoring employer, so the entire net defined benefit pension cost, and the entire pension deficit, appears in that company's accounts.

This company and the other participating Group subsidiary company, recognises a management recharge cost in its accounts equal to their contribution for the period.

## 14 Parent and ultimate parent undertaking

The company's immediate parent is Howden Joinery Group Plc.

The ultimate parent is Howden Joinery Group Plc.

The most senior parent entity producing publicly available financial statements is Howden Joinery Group Plc. These financial statements are available upon request from 40 Portman Square, London, W1H 6LT, or http://www.howdenjoinerygroupplc.com/investors/financial-reporting/reports/index.asp

The ultimate controlling party is Howden Joinery Group Plc.

### 15 Prior year restatement

During the current period, the Directors have reassessed the Company's accounting for intercompany receivables. This has led to prior year adjustments to the Company financial statements, as detailed below. There is no impact on the consolidated Group financial statements of this Company's ultimate parent company.

In prior years, the Directors assessed the recoverability of the intercompany receivables based on the viability of the Group as a whole. This approach has been revisited to assess the ability and intent of the individual subsidiary entities to repay the amounts due on demand.

As a result of this review, it has been identified that some intercompany receivables were impaired at 26 December 2020, with a further impairment arising in the period ending 25 December 2021, but these impairments had not been recognised in this Company's previously-published financial statements. The impairments have therefore been recorded as prior year adjustments and their quantum is shown in the table below. Additionally, deferred tax assets, which had previously been presented on the balance sheet as fixed assets, are now presented as current assets. There is no impact on the consolidated Group financial statements of this Company's ultimate parent company.

**Adjustments arising from restatements**

| | Amounts due from fellow Group subsidiaries £ 000 | Net effect of restatements on reserves £ 000 |
|---|---|---|
| **Adjustments to opening balances as at 26 Dec 2020** | | |
| Intercompany receivables - impairment of intercompany debt | (1,867) | (1,867) |
| Effect of restatements on opening balances as at 26 Dec 2020 | (1,867) | (1,867) |
| **Adjustments in year to 25 Dec 2021** | | |
| Intercompany receivables - incremental impairment in 2021 | (2,470) | (2,470) |
| Incremental effect of restatements on year to 25 Dec 2021 figures | (2,470) | (2,470) |

**Adjustments to other comprehensive income - 2021**

| | £ 000 |
|---|---|
| (Increase)/decrease in administrative expenses | (2,470) |
| Increase/(decrease) in other comprehensive income | (2,470) |