Registration number: 00526923

Howden Joinery Limited

Annual Report and Financial Statements

for the Period from 26 December 2021 to 24 December 2022

Howden Joinery Limited

Contents

Howden Joinery Limited

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.

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.

The directors have considered the decisions made by the ultimate parent company in the Group during the year and are satisfied that these decisions were in the best interests of the 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 Limited

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:

Andrew Gault - Director (resigned 28 February 2022)

Andrew Livingston

Andrew Witts

David Sturdee - Director (appointed 16 May 2022)

George Julian Lee

Kirsty Homer (resigned 31 December 2022)

Mark Slater (resigned 13 March 2023)

Paul Hayes

Richard Sutcliffe

Theresa Keating

Principal activity
The Company designs, and either sources or manufactures, kitchens and joinery products, and then sells these products to the building trade, predominantly small local builders, via a nationwide network of depots.

Dividends
A dividend of £351.5m was proposed and paid during the current period (prior period: a dividend of £182.4m was proposed and paid).

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

Charitable donations
During the period the Company made charitable donations of £1,133,564. Individual donations were:

	£
Other small cash and stock donations to over 3,000 local causes	917,305
Donating and fitting kitchens for numerous local charities	216,259

Howden Joinery Limited

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

Corporate governance
Howden Joinery Limited is a subsidiary Company of Howden Joinery Group Plc, a company listed on the London Stock Exchange. The corporate governance report for Howden Joinery Group Plc in respect of the financial year ended 24 December 2022 can be accessed at www.howdenjoinerygroupplc.com/investors/financial-reports/annual-reports. This report sets out in detail how the Board of Howden Joinery Group Plc have applied the Principles and Provisions of the 2018 UK Corporate Governance Code or, in the case of Provision 38, provided an explanation of where they have not done so.
Howden Joinery Limited is the sole UK trading company in the Howden Joinery Group and in 2022 accounted for 98% of Group revenue. As outlined above, the corporate governance arrangements at Group level have been clearly identified and disclosed. Given the Company forms part of the Group, the directors acknowledge that the corporate governance arrangements in respect of Howden Joinery Group Plc are relevant to the Company and have been cascaded where appropriate.
All members of the Howden Joinery Group Plc Executive Committee, which has delegated authority for all day-to-day operational matters for the Group (other than those contained in the Schedule of Matters Reserved for the Board) are directors of Howden Joinery Limited. This means that they share the same statutory directors' duties as the directors of Howden Joinery Group Plc.
The directors have assessed whether a subsidiary corporate governance code or the adoption of the Wates Corporate Governance Principles For Large Private Companies would enhance the existing corporate governance framework for the Company and they have concluded that it would not. As such, for the year ended 24 December 2022, under the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, the Company did not apply a formal corporate governance code.

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.

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).

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.

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 Limited

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.

Howden Joinery Limited

Independent Auditor's Report to the Members of Howden Joinery Limited

Opinion

We have audited the financial statements of Howden Joinery Limited (the 'Company') for the period from 26 December 2021 to 24 December 2022, which comprise the Income Statement,Statement of Comprehensive Income, Statement of Financial Position, 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 Limited (the "Company"):

- give a true and fair view of the state of the Company's affairs as at 24 December 2022 and of its profit 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.

Independent Auditor's Report to the Members of Howden Joinery Limited

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").

We used our knowledge of the Company its industry, and the general economic environment to identity the inherent risks to its business model and analysed how those risks might affect Company's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to adversely affect the Company's available financial resources over this period were:
· Customer confidence in light of the current cost of living challenges, and the possibility of this negatively impacting the company's sales;
· The impact of significant inflationary pressures on the company's supply chain.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the degree of downside assumption that, individually and collectively, could result in a liquidity Issue, taking into account the Group's and Company's current and projected cash and facilities (a reverse stress test).

We assessed the completeness of the going concern disclosure in note 2 to the financial statements.

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.

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.

Independent Auditor's Report to the Members of Howden Joinery Limited

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.

The Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of Company's license to operate. We identified the following areas as those most likely to have such an effect: health and safety and employment law recognising the nature of the Company's.

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.

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.

Independent Auditor's Report to the Members of Howden Joinery Limited

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.

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

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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

Howden Joinery Limited

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

	Note	26 December 2021 to 24 December 2022 £ 000	(As restated - see note 28) 27 December 2020 to 25 December 2021 £ 000
Turnover	4	2,266,268	2,057,671
Cost of sales		(918,512)	(833,437)
Gross profit		1,347,756	1,224,234
Administrative expenses		(969,375)	(802,533)
Operating profit		378,381	421,701
Interest payable and similar charges	7	(948)	(730)
Profit before tax		377,433	420,971
Tax on profit	11	(33,871)	(81,109)
Profit for the period		343,562	339,862

The above results were derived from continuing operations.

Howden Joinery Limited

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

	2022 £ 000	(As restated - see note 28) 2021 £ 000
Profit for the period	343,562	339,862
Total comprehensive income for the period	343,562	339,862

Howden Joinery Limited

(Registration number: 00526923)
Statement of Financial Position as at 24 December 2022

	Note	24 December 2022 £ 000	(As restated - see note 28) 25 December 2021 £ 000
Fixed assets			
Intangible assets	14	19,689	19,155
Tangible assets	13	248,191	185,067
Right of use assets	12	52,736	43,279
		320,616	247,501
Current assets			
Stocks	16	354,857	296,177
Debtors	17	562,475	2,800,696
Cash at bank and in hand	19	62,803	72,114
Deferred tax asset	11	16,219	5,272
		996,354	3,174,259
Creditors: Amounts falling due within one year			
Trade and other payables	23	(819,752)	(2,923,946)
Income tax liability		(76,600)	(83,098)
Current portion of long term lease liabilities	26	(16,894)	(13,815)
Provisions	22	(11,205)	-
		(924,451)	(3,020,859)
Net current assets		71,903	153,400
Total assets less current liabilities		392,519	400,901
Creditors: Amounts falling due after more than one year			
Long term lease liabilities	26	(37,239)	(31,140)
Provisions	22	(3,399)	(14,593)
Net assets		351,881	355,168
Capital and reserves			
Called up share capital	18	100,000	100,000
Other reserves		44,366	39,454
Profit and loss account		207,515	215,714
Shareholders' funds		351,881	355,168

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

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Theresa Keating
Director

Howden Joinery Limited

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 28	100,000	39,454	215,714	355,168
Profit for the period	-	-	343,562	343,562
Total comprehensive income	-	-	343,562	343,562
Dividends	-	-	(351,479)	(351,479)
Deferred tax on share schemes	-	-	(282)	(282)
Share based payment transactions	-	4,912	-	4,912
At 24 December 2022	100,000	44,366	207,515	351,881

	Share capital £ 000	ESOP reserve £ 000	Retained earnings £ 000	Total £ 000
At 27 December 2020, as previously reported - note 28	100,000	33,335	149,061	282,396
Effect of restatement - see note 28	-	-	(91,369)	(91,369)
Adjusted balances at 27 December 2020	100,000	33,335	57,692	191,027
Profit for the period restated - note 28	-	-	339,862	339,862
Total comprehensive income restated - note 28	-	-	339,862	339,862
Dividends	-	-	(182,396)	(182,396)
Current tax on share schemes	-	-	556	556
Share based payment transactions	-	6,119	-	6,119
At 25 December 2021 restated - note 28	100,000	39,454	215,714	355,168

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.

Exemption from preparing group accounts
The financial statements contain information about Howden Joinery Limited as an individual company and do not contain consolidated financial information as the parent of a group.
The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, Howden Joinery Group Plc, a company incorporated in England.

2 Accounting policies (continued)

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.

Revenue recognition

Recognition

The Company earns revenue from the sale of kitchens and joinery products to the building trade. This revenue is recognised in the accounting period when control of the product has been transferred, 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.

Dividends receivable

Dividend income from subsidiary companies is recognised when receivable.

Finance income and costs policy

Interest income is recognised in the income statement as it accrues, using the effective interest method.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

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.

2 Accounting policies (continued)

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.

Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than assets under construction - which are not depreciated - over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Plant, machinery and vehicles	3 - 20 years
Leasehold property	the period of the lease, or the individual asset's life if shorter
Fixtures and fittings	2 - 15 years

Intangible assets

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Goodwill is not subject to amortisation but is tested for impairment.

Negative goodwill arising on an acquisition is recognised directly in the income statement. On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss recognised in the income statement on disposal.

Investments

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2 Accounting policies (continued)

Trade receivables
Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

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.

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.

Provisions
Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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. 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.

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.

Impairment of financial assets
For trade receivables, the company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.The company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates.

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)

Leases

Definition

A lease is a contract, or a part of a contract, that conveys the right to use an asset or a physically distinct part of an asset ("the underlying asset") for a period of time in exchange for consideration. Further, the contract must convey the right to the company to control the asset or a physically distinct portion thereof. A contract is deemed to convey the right to control the underlying asset if, throughout the period of use, the company has the right to:

· Obtain substantially all the economic benefits from the use of the underlying asset, and;
· Direct the use of the underlying asset (e.g. direct how and for what purpose the asset is used)

Initial recognition and measurement

The company initially recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.
The lease liability is measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate.
The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the company's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs.

Subsequent measurement

After the commencement date, the company measures the lease liability by:
(a) Increasing the carrying amount to reflect interest on the lease liability;
(b) Reducing the carrying amount to reflect the lease payments made; and
(c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments or on the occurrence of other specific events.
Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are [presented separately as non-operating /included in finance cost] in the income statement, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.
The related right-of-use asset is accounted for using the Cost model in IAS 16 and depreciated and charged in accordance with the depreciation requirements of IAS 16 Property, Plant and Equipment as disclosed in the accounting policy for Property, Plant and Equipment. Adjustments are made to the carrying value of the right of use asset where the lease liability is re-measured in accordance with the above. Right of use assets are tested for impairment in accordance with IAS 36 Impairment of assets as disclosed in the accounting policy in impairment.

2 Accounting policies (continued)

Lease modifications

If a lease is modified, the modified contract is evaluated to determine whether it is or contains a lease. If a lease continues to exist, the lease modification will result in either a separate lease or a change in the accounting for the existing lease.
The modification is accounted for as a separate lease if both:
(a) The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
(b) The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.
If both of these conditions are met, the lease modification results in two separate leases, the unmodified original lease and a separate lease. The company then accounts for these in line with the accounting policy for new leases.
If either of the conditions are not met, the modified lease is not accounted for as a separate lease and the consideration is allocated to the contract and the lease liability is re-measured using the lease term of the modified lease and the discount rate as determined at the effective date of the modification.
For a modification that fully or partially decreases the scope of the lease (e.g., reduces the square footage of leased space), IFRS 16 requires a lessee to decrease the carrying amount of the right-of-use asset to reflect partial or full termination of the lease. Any difference between those adjustments is recognised in profit or loss at the effective date of the modification.
For all other lease modifications which are not accounted for as a separate lease, IFRS 16 requires the lessee to recognise the amount of the re-measurement of the lease liability as an adjustment to the corresponding right-of-use asset without affecting profit or loss.

Short term and low value leases

The company has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e., short-term leases).
Lease payments on short term leases are accounted for on a straight line bases over the term of the lease or other systematic basis if considered more appropriate. Short term lease payments are included in operating expenses in the income statements.
The company recognises low value leases as leases.

Sub leases

If an underlying asset is re-leased by the company to a third party and the company retains the primary obligation under the original lease, the transaction is deemed to be a sublease. The company continues to account for the original lease (the head lease) as a lessee and accounts for the sublease as a lessor (intermediate lessor). When the head lease is a short term lease, the sublease is classified as an operating lease. Otherwise, the sublease is classified using the classification criteria applicable to Lessor Accounting in IFRS 16 by reference to the right-of-use asset in the head lease (and not the underlying asset of the head lease).
After classification lessor accounting is applied to the sublease.

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.

3 Significant accounting judgements and major sources of estimation uncertainty

The Company makes some judgements when applying its accounting policies which can have a significant effect on the amounts recognised in these financial statements. The Company also makes assumptions concerning the future and other major sources of estimation uncertainty that can result in a material adjustment to the carrying amounts of assets and liabilities within the next financial period. We discuss these below.

Allowances against the carrying value of inventories
In order to achieve the accounting policy objective that inventories are stated at the lower of cost and net realisable value, the Company carries an allowance against products which it estimates may not sell at a price above cost, or where we may be holding levels of product in excess of estimated future demand. The Company bases these estimates on a regular review of product lifecycles and selling prices achieved in the market, and in particular on historical sales profiles of products after they have been discontinued. These estimates are updated based on actual experience, but the accuracy of the estimates at any point in time can be affected by the extent to which current products may not follow historical patterns.

Both the gross inventory balance and the amount of the allowance against their carrying value are material items and we would expect this to remain the case as the Company grows in size, and as consumer demand for regular introductions of new product continues. Details of inventories and of the allowances against their carrying amount for the current and prior period end are shown in the inventory note.

4 Turnover

The analysis of the company's turnover for the period from continuing operations in the UK is as follows:

	26 December 2021 to 24 December 2022 £ 000	(As restated) - note 28 27 December 2020 to 25 December 2021 £ 000
Sale of goods	2,266,268	2,057,671

5 Other gains and losses

The analysis of the company's other gains and losses for the period is as follows:

	2022 £ 000	2021 £ 000
Gain (loss) on disposal of tangible assets	(32)	(72)
Gain (loss) on disposal of intangible assets	(174)	(1,793)
	(206)	(1,865)

6 Operating profit

Arrived at after charging/(crediting)

	2022 £ 000	(As restated - see note 28) 2021 £ 000
Depreciation expense - PPE	24,972	22,565
Amortisation expense	5,111	7,260
Impairment loss	60,393	5,030
Write-down of inventory to net realisable value	13,687	19,395
Foreign exchange losses	(5,594)	(15,398)
Loss on disposal of property, plant and equipment	32	72
Expense on short term leases (over one month)	4,364	3,224

7 Interest payable and similar expenses

	26 December 2021 to 24 December 2022 £ 000	(As restated - see note 28)27 December 2020 to 25 December 2021 £ 000
Interest on bank overdrafts and borrowings	2	1
Interest expense on leases	946	729
	948	730

8 Staff costs

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

	2022 £ 000	2021 £ 000
Wages and salaries	458,332	341,931
Social security costs	45,718	31,362
Pension costs, defined contribution scheme	34,702	19,658
Pension costs, defined benefit scheme	(12)	(15)
Redundancy costs	1,029	747
Share-based payment expenses	4,912	6,119
	544,681	399,802

On April 1st 2022 2078 employees were transferred from a fellow subsidiary which is 100% owned by Group.

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

	2022 No.	2021 No.
Production	1,902	-
Administration and support	728	526
Sales	8,521	7,832
	11,151	8,358

9 Directors' remuneration

The directors' remuneration for the period was as follows:

	26 December 2021 to 24 December 2022 £ 000	27 December 2020 to 25 December 2021 £ 000
Remuneration	2,449	1,643
Contributions paid to money purchase schemes	12	9
	2,461	1,652

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

9 Directors' remuneration (continued)

	2022 No.	2021 No.
Received or were entitled to receive shares under long term incentive schemes	6	3
Exercised share options	4	1
Accruing benefits under defined benefit pension scheme	1	1
Accruing benefits under money purchase pension scheme	4	2

In respect of the highest paid Director:

	26 December 2021 to 24 December 2022 £ 000	27 December 2020 to 25 December 2021 £ 000
Remuneration	1,444	927
Company contributions to money purchase pension schemes	-	8

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.

10 Auditor's remuneration

	26 December 2021 to 24 December 2022 £ 000	27 December 2020 to 25 December 2021 £ 000
Audit of the financial statements	-	395

In the current year this Company's audit fees were paid by a fellow 100% owned subsidiary of this Company's ultimate parent.

11 Income tax

Tax charged/(credited) in the income statement

	2022 £ 000	2021 £ 000 restated - note 28
Current taxation		
UK corporation tax	76,781	82,694
UK corporation tax adjustment to prior periods	(31,060)	(84)
	45,721	82,610

11 Income tax (continued)

	2022 £ 000	2021 £ 000 restated - note 28
Deferred taxation		
Arising from origination and reversal of temporary differences	603	(853)
Arising from changes in tax rates and laws	(12,709)	157
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	256	(805)
Total deferred taxation	(11,850)	(1,501)
Tax expense in the income statement	33,871	81,109

The tax on profit before tax for the period is not lower than the standard rate of corporation tax in the UK (2021 - higher than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £ 000	(As restated - see note 28) 2021 £ 000
Profit before tax	377,433	420,971
Corporation tax at standard rate	71,712	79,985
(Decrease)/increase in current tax from adjustment for prior periods	(43,771)	73
Decrease from effect of capital allowances depreciation	(1,814)	(489)
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	12,556	2,087
(Decrease)/increase from effect of exercise employee share options	(68)	258
Deferred tax expense/(credit) relating to changes in tax rates or laws	256	(805)
Decrease from effect of Patent Box deduction	(5,000)	-
Total tax charge	33,871	81,109

The Finance Act 2021 increased the corporation tax rate to 25% with effect from 1 April 2023. Therefore, all deferred tax balances have been recalculated to recognise them at the appropriate tax rate at the point the deferred tax balances are expected to unwind. As such, a blended rate of between 19% and 25% has been used to calculate the deferred tax on the taxable timing differences.

Patent box

As a result of a patent granted in 2021, a tax deduction was taken in relation to the Patent Box legislation for the periods from 2017 to 2021 by resubmitting the relevant tax computations accordingly. This legislation allows the income directly attributable to patented items to be taxed at 10% instead of 19% and the resubmission resulted in a prior year current tax credit of £40.1m.

11 Income tax (continued)

Deferred tax

Deferred tax assets and liabilities for 2021 have been restated - see note 28

Deferred tax movement during the period:

	At 26 December 2021 £ 000 restated - see note 28	Recognised in income £ 000	Recognised in equity £ 000	At 24 December 2022 £ 000
Share-based payment	1,446	237	(463)	1,220
Provisions	2,720	462	-	3,182
Leases	137	(32)	-	106
Accelerated tax depreciation	(439)	12,149	-	11,710
Property provision FRS 12	967	(967)	-	-
Net tax assets/(liabilities)	4,832	11,849	(463)	16,218

Deferred tax movement during the prior period:

	At 27 December 2020 £ 000	Recognised in income £ 000 restated - see note 28	Recognised in equity £ 000	At 25 December 2021 £ 000 restated - see note 28
Share-based payment	161	764	522	1,446
Provisions	1,498	1,222	-	2,720
Leases	144	(6)	-	137
Accelerated tax depreciation	1,009	(1,448)	-	(439)
Property provision FRS 12	-	967	-	967
Net tax assets/(liabilities)	2,811	1,499	522	4,832

The Finance Act 2016 reduced the corporation tax rate to 17% with effect from 1 April 2020 and so this rate was used in the December 2019 deferred tax calculations. In the Budget of 11 March 2020, the Chancellor of the Exchequer announced that the planned rate reduction to 17% would no longer be taking effect. The changes announced during the Budget of 11 March 2020 were substantively enacted as at the 2020 balance sheet date, therefore, all opening deferred taxation balances have been remeasured at 19% with an adjustment recognised in the 2020 total tax charge.

12 Right of use assets

2022	Machinery £ 000	Property £ 000	Total £ 000
Additions	17,349	9,161	26,510
Depreciation charge for the period	15,049	1,656	16,705
Carrying amount at year end	45,231	7,504	52,735

2021 - restated - note 28	Machinery £ 000	Property £ 000	Total £ 000
Additions	11,592	-	11,592
Depreciation charge for the period	14,070	69	14,139
Carrying amount at year end	43,279	-	43,279

13 Property, plant and equipment

	Land and buildings £ 000	Furniture, fittings and equipment £ 000	Assets under construction £ 000	Other property, plant and equipment £ 000	Total £ 000
Cost or valuation					
At 27 December 2020	3,329	172,251	16,578	103,708	295,866
Additions	6,644	24,325	20,884	6,913	58,766
Disposals	-	(4,351)	-	(3,833)	(8,184)
Transfers	-	619	(7,226)	5,984	(623)
At 25 December 2021	9,973	192,844	30,236	112,772	345,825
Additions	11,966	34,145	35,200	7,102	88,413
Disposals	-	(908)	-	(4,011)	(4,919)
Transfers	1,663	3,612	(11,637)	6,355	(7)
At 24 December 2022	23,602	229,693	53,799	122,218	429,312
Depreciation					
At 27 December 2020	40	97,823	-	48,421	146,284
Charge for period	121	12,531	-	9,913	22,565
Eliminated on disposal	-	(4,331)	-	(3,760)	(8,091)
At 25 December 2021	161	106,023	-	54,574	160,758
Charge for the period	434	15,071	-	9,466	24,971
Eliminated on disposal	-	(888)	-	(3,720)	(4,608)

13 Property, plant and equipment (continued)

	Land and buildings £ 000	Furniture, fittings and equipment £ 000	Assets under construction £ 000	Other property, plant and equipment £ 000	Total £ 000
At 24 December 2022	595	120,206	-	60,320	181,121
Carrying amount					
At 24 December 2022	23,007	109,487	53,799	61,898	248,191
At 25 December 2021	9,812	86,821	30,236	58,198	185,067

Included within the net book value of land and buildings above is £23,007,092 (2021 - £9,812,140) in respect of freehold land and buildings

14 Intangible assets

	Assets under construction £ 000	Other intangible assets £ 000	Total £ 000
Cost or valuation			
At 27 December 2020	2,626	33,723	36,349
Additions	3,058	3,358	6,416
Disposals	-	(9,204)	(9,204)
Transfers	(2,567)	3,191	624
At 25 December 2021	3,117	31,068	34,185
At 26 December 2021	3,117	31,068	34,185
Additions	4,730	1,082	5,812
Disposals	-	(4,724)	(4,724)
Transfers	(2,193)	2,200	7
At 24 December 2022	5,654	29,626	35,280
Amortisation			
At 27 December 2020	-	15,180	15,180
Amortisation charge	-	7,260	7,260
Amortisation eliminated on disposals	-	(7,410)	(7,410)
At 25 December 2021	-	15,030	15,030
At 26 December 2021	-	15,030	15,030
Amortisation charge	-	5,111	5,111
Amortisation eliminated on disposals	-	(4,550)	(4,550)
At 24 December 2022	-	15,591	15,591
Carrying amount			
At 24 December 2022	5,654	14,035	19,689
At 25 December 2021	3,117	16,038	19,155
At 27 December 2020	2,626	18,543	21,169

15 Investments

The Company directly holds one £1 ordinary share in two subsidiary companies. This holding represents 100% of the issued share capital and voting rights of both of the subsidiary companies.

15 Investments (continued)

Details of the subsidiaries as at 24 December 2022 are given below. The registered office for all subsidiaries is 40 Portman Square, London W1H 6LT.

Name of subsidiary	Principal activity	Country of incorporation	Holding	Proportion of ownership interest and voting rights held 2022	2021
Howden Joinery Properties Limited	Managing properties for fellow Group subsidiaries	England & Wales	Ordinary shares	100%	100%
Howden Kitchens Properties Limited	Managing properties for fellow Group subsidiaries	England & Wales	Ordinary shares	100%	100%

16 Inventories

	24 December 2022 £ 000	25 December 2021 £ 000
Raw materials and consumables	18,064	15,007
Work in progress	5,892	5,553
Finished goods and goods for resale	330,901	275,617
	354,857	296,177

The cost of inventories recognised as an expense in the period amounted to £812,112,198 (2021 - £750,085,893). This is included within cost of sales.

17 Trade and other receivables

	24 December 2022 £ 000	(As restated - note 28) 25 December 2021 £ 000
Trade receivables	163,857	159,754
Amounts receivable from fellow Group companies	373,369	2,617,401
Prepayments	23,276	21,683
Other receivables	1,973	1,858
	562,475	2,800,696

18 Share capital

Allotted, called up and fully paid shares

	24 December 2022 No.	24 December 2022 £	25 December 2021 No.	25 December 2021 £
Ordinary shares of 1 each	100,000,000	100,000,000	100,000,000	100,000,000

19 Cash and cash equivalents

	24 December 2022 £ 000	25 December 2021 £ 000
Cash on hand	190	564
Cash at bank	62,613	71,550
	62,803	72,114

20 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.

20 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.

20 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%.

The 2022 award has a performance period from December 2021 to December 2024. 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.

21 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 £34,701,478 (2021 - £19,657,446).

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 cost in its accounts equal to their contribution for the period.

22 Other provisions

	Warranties £ 000	Properties £ 000	Total £ 000
At 26 December 2021	10,724	3,869	14,593
Additional provisions	6,863	1,280	8,143
Provisions used	(6,672)	(976)	(7,648)
Unused provision reversed	-	(484)	(484)
At 24 December 2022	10,915	3,689	14,604
Non-current liabilities	3,399	-	3,399
Current liabilities	7,516	3,689	11,205

22 Other provisions (continued)

The property provision covers obligations to make dilapidation payments to landlords of leased properties. Following the guidance in the IFRSs governing leases and provisions, our assessment is that, in general, the likelihood of a cash outflow for dilapidations at the time of signing a lease is remote, and therefore it would be unusual for us to recognise any costs relating to dilapidations at that time.

In these cases, the event which changes our assessment of the likelihood of a cash outflow for dilapidations from being remote to being probable, and which therefore triggers our recognition of a provision for that probable outflow, typically occurs either (i) if the landlord serves an interim schedule of dilapidations part-way through a lease, or (ii) as we draw towards the end of a lease and we can assess the condition of the leased property and the likelihood of dilapidations being payable.

The timing of any outflows from the provision is variable, and is dependent on the timing of dilapidations assessments and works. Although circumstances will differ from property to property, a typical pattern would be that the outflow would occur within 1-3 years of the provision being made. The amounts provided are specific to each property and are based on our best estimate of the cost of performing any required works or, in cases where we will not be directly contracting for the works to be done, our best estimate of the outflow required to settle any claim from the landlord. Where the amounts involved are significant, we would typically take advice on the likely costs from third-party property maintenance specialists.

The warranty provision relates to the estimated costs of product warranties. As products are sold, the Group makes provision for claims under warranties. As claims are made, the Group utilises the provision and then uses the historical data on the rate and amount of claims to periodically revise our expectations of the amount of future warranty outflows and therefore the rate at which it is appropriate to provide for warranty costs on each sale in the future.

Utilisation of the provision depends on the timing and amount of any warranty claims. As such, it can be variable from year to year.

23 Trade and other payables

	24 December 2022 £ 000	25 December 2021 £ 000
Trade payables	168,427	165,001
Accrued expenses	86,650	73,385
Amounts due to related parties	419,822	2,564,756
Social security and other taxes	104,728	99,237
Other payables	40,125	21,567
	819,752	2,923,946

24 Dividends

	24 December 2022 £ 000	25 December 2021 £ 000
Final dividend of £3,514.79 (2021 - £1,823.96) per ordinary share	351,479	182,396

25 Commitments

Capital commitments
Purchases of tangible and intangible non-current assets:

The total amount contracted for but not provided in the financial statements was £13,406,554 (2021 - £18,073,275).

26 Leases

Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	24 December 2022 £ 000	25 December 2021 £ 000 - restated, see note 28
Less than one year	17,807	15,846
One to five years	32,420	34,453
Over five years	6,772	3,899
Total lease liabilities (undiscounted)	56,999	54,198

Total cash outflows related to leases

Total cash outflows related to leases are presented in the table below:

Payment	24 December 2022 £ 000	25 December 2021 £ 000 - restated, see note 28
Capital repayments	16,309	14,383
Interest	943	721
Total cash outflow	17,252	15,104

27 Parent and ultimate parent undertaking

The company's immediate parent is Howden Joinery Holdings Limited.

The ultimate parent, who produces consolidated financial statements which include this company, is Howden Joinery Group Plc.

The most senior parent entity producing publicly available financial statements, and the only other entity who produces consolidated financial statements which include this company 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.

28 Prior year restatement

During the current period, the Directors have reassessed the Company's accounting for leases and 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.

Property lease accounting
On adoption of IFRS16: Leases, the Directors determined that the companies who actively manage and operate the leased properties should record the lease liabilities and right-of-use lease assets. This approach has been revisited and the revised conclusion was that leases should be accounted for in the financial statements of the company who is the signatory to the lease.

A review of the Group's leases identified that there were six leases where this Company was signatory to the lease, but which were managed and accounted for in a fellow 100%-owned Group subsidiary. Accordingly, an adjustment has been made to remove these leases from the financial statements of the fellow Group subsidiary company in which they had previously been reported, and to record these leases on the Company balance sheet. There is no impact on the consolidated Group financial statements of this Company's ultimate parent.

Intercompany receivables
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. There is no impact on the consolidated Group financial statements of this Company's ultimate parent.

28 Prior year restatement (continued)

Adjustments arising from restatements

	Lease right-of-use assets £ 000	Current lease liabilities £ 000	Amounts due from fellow Group subsidiaries £ 000	Deferred tax £ 000	Net effect of restatements on reserves £ 000
Adjustments to opening balances as at 26 Dec 2020					
Property lease accounting - transfer leases between fellow subsidiaries	69	(85)	-	-	(16)
Intercompany receivables - impairment of intercompany debt	-	-	(91,353)	-	(91,353)
Effect of restatements on opening balances as at 26 Dec 2020	69	(85)	(91,353)	-	(91,369)
Adjustments in year to 25 Dec 2021					
Property lease accounting - incremental effect in 2021	(69)	85	70	-	86
Intercompany receivables - incremental impairment in 2021	-	-	(5,030)	-	(5,030)
Tax effect of 2021 restatements	-	-	-	2	2
Incremental effect of restatements on year to 25 Dec 2021 figures	(69)	85	(4,960)	2	(4,942)

28 Prior year restatement (continued)

Adjustments arising from restatements (continued)

Adjustments to other comprehensive income - 2021

	£ 000
Increase/(decrease) in turnover	140
(Increase)/decrease in administrative expenses	(5,083)
(Increase)/decrease in interest payable and similar charges	(1)
(Increase)/decrease in tax on profit	2
Profit before tax for the year to 25 December 2021 - restated	(4,942)