

Registration number: 05692476

# Howden Kitchens Properties Limited

Annual Report and Financial Statements

for the Period from 27 December 2020 to 25 December 2021

# **Howden Kitchens Properties Limited**

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# **Howden Kitchens Properties Limited**

## **Company Information**

<b>Registered office</b>	40 Portman Square London W1H 6LT
<b>Auditor</b>	Deloitte LLP 1 New Street Square London United Kingdom EC4A 3HQ

## **Howden Kitchens Properties Limited**

### **Strategic Report for the Period from 27 December 2020 to 25 December 2021**

The directors present their strategic report for the period from 27 December 2020 to 25 December 2021.

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 - 37)
- Description of the principal risks and uncertainties facing the Group and its subsidiary undertakings (pgs 38 - 45)
- Financial and non-financial KPIs (pgs 29 - 31)
- Future developments (pgs 19, 27 - 28, 36)
- Information about environmental matters, social, community and human rights issues (pgs 46-66)
- 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 99 - 100, 145)

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.

## Howden Kitchens Properties Limited

### Strategic Report for the Period from 27 December 2020 to 25 December 2021

#### 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 25 December 2021

([www.howdenjoinerygroupplc.com/investors/financial-reports/annual-reports](http://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 3 May 2022 and signed on its behalf by:



Forbes McNaughton  
Company secretary

## **Howden Kitchens Properties Limited**

### **Directors' Report for the Period from 27 December 2020 to 25 December 2021**

The directors present their annual report and the audited financial statements for the period from 27 December 2020 to 25 December 2021.

#### **Directors' of the company**

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

Theresa Keating

Chantal Cable

George Julian Lee

Jim McManus

Paul Hayes (appointed 27 December 2020)

#### **Principal activity and employees**

The principal activity of the company is to manage properties occupied by other Group companies. The Company had no employees during the current period and staff costs amounted to nil.

#### **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 36-37 of the Howden Joinery Group Plc 2021 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.

#### **Charitable donations**

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

## **Howden Kitchens Properties Limited**

### **Directors' Report for the Period from 27 December 2020 to 25 December 2021**

#### **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 2021 Consolidated Annual Report, dated 24 February 2022, which includes a description of how the parent company has considered and modelled possible effects of COVID 19 and Brexit on consolidated Group trading, and 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.

Approved by the Board on 3 May 2022 and signed on its behalf by:



Forbes McNaughton  
Company secretary

## **Howden Kitchens Properties 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## **Howden Kitchen Properties Limited**

### **Independent auditor's report to the members of Howden Kitchens Properties Limited**

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements of Howden Kitchens Properties Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 25 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Howden Kitchen Properties Limited**

### **Independent auditor's report to the members of Howden Kitchens Properties Limited**

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **Howden Kitchen Properties Limited**

### **Independent auditor's report to the members of Howden Kitchens Properties Limited**

#### **Auditor's responsibilities for the audit of the financial statements**

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC.

## **Howden Kitchen Properties Limited**

### **Independent auditor's report to the members of Howden Kitchens Properties Limited**

#### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

#### **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.

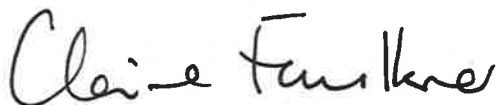
We have nothing to report in respect of these matters.

## **Howden Kitchen Properties Limited**

### **Independent auditor's report to the members of Howden Kitchens Properties Limited**

#### **Use of our report**

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.



Claire Faulkner (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom

6 May 2022

## Howden Kitchens Properties Limited

### Profit and Loss Account for the Period from 27 December 2020 to 25 December 2021

	Note	2021 £ 000	2020 £ 000
Turnover	4	21,643	30,786
Cost of sales		<u>(13,698)</u>	<u>(23,948)</u>
Gross profit		7,945	6,838
Administrative expenses		<u>(3,149)</u>	<u>(2,359)</u>
Operating profit	5	4,796	4,479
Interest payable and similar expenses	6	<u>(4,553)</u>	<u>(4,171)</u>
Profit before tax		243	308
Tax on profit	8	<u>(750)</u>	<u>(471)</u>
Loss for the period		<u><u>(507)</u></u>	<u><u>(163)</u></u>

The above results were derived from continuing operations.

## Howden Kitchens Properties Limited

### Statement of Comprehensive Income for the Period from 27 December 2020 to 25 December 2021

	2021 £ 000	2020 £ 000
Loss for the period	<u>(507)</u>	<u>(163)</u>
Total comprehensive income for the period	<u><u>(507)</u></u>	<u><u>(163)</u></u>

# Howden Kitchens Properties Limited

(Registration number: 05692476)  
Balance Sheet as at 25 December 2021

	Note	25 December 2021 £ 000	26 December 2020 £ 000
<b>Fixed assets</b>			
Tangible assets	9	63,041	63,327
Right of use assets	10	<u>180,542</u>	<u>188,299</u>
		<u>243,583</u>	<u>251,626</u>
<b>Current assets</b>			
Debtors	11	45,442	24,159
Tax asset	8	<u>402</u>	<u>332</u>
		45,844	24,491
<b>Creditors:</b> Amounts falling due within one year	15, 12	<u>(96,796)</u>	<u>(78,825)</u>
<b>Net current liabilities</b>		<u>(50,952)</u>	<u>(54,334)</u>
<b>Total assets less current liabilities</b>		192,631	197,292
<b>Creditors:</b> Amounts falling due after more than one year	12	(199,238)	(203,159)
Provisions	13	(2,347)	(2,975)
Deferred tax liabilities	8	<u>(2,051)</u>	<u>(1,656)</u>
<b>Net liabilities</b>		<u>(11,005)</u>	<u>(10,498)</u>
<b>Capital and reserves</b>			
Retained earnings		<u>(11,005)</u>	<u>(10,498)</u>
Shareholders' deficit		<u>(11,005)</u>	<u>(10,498)</u>

Approved by the Board on 3 May 2022 and signed on its behalf by:

  
Theresa Keating  
Director



## Howden Kitchens Properties Limited

### Statement of Changes in Equity for the Period from 27 December 2020 to 25 December 2021

	Share capital £ 000	Retained earnings £ 000	Total £ 000
Brought forward	-	(10,498)	(10,498)
Loss for the period	-	(507)	(507)
Total comprehensive income	-	(507)	(507)
At 25 December 2021	-	(11,005)	(11,005)
	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 29 December 2019	-	(10,335)	(10,335)
Loss for the period	-	(163)	(163)
Total comprehensive income	-	(163)	(163)
At 26 December 2020	-	(10,498)	(10,498)

## **Howden Kitchens Properties Limited**

### **Notes to the Financial Statements for the Period from 27 December 2020 to 25 December 2021**

#### **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 3 May 2022.

#### **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 27 December 2020 have had a material effect on the financial statements.

## **Howden Kitchens Properties Limited**

### **Notes to the Financial Statements for the Period from 27 December 2020 to 25 December 2021**

#### **2 Accounting policies (continued)**

##### **Revenue recognition**

###### *Recognition*

The company earns revenue from the provision of services relating to managing properties occupied by 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, excluding sales taxes and discounts.

##### **Finance income and costs policy**

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

##### **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 is also recognised directly in other comprehensive income.

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.

##### **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.

## Howden Kitchens Properties Limited

### Notes to the Financial Statements for the Period from 27 December 2020 to 25 December 2021

#### 2 Accounting policies (continued)

##### Depreciation

Depreciation is charged on a straight line basis so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold property	the period of the lease, or the individual asset's life if shorter
Freehold buildings	50 years
<b>Amounts payable and receivable to and from fellow Group subsidiaries</b>	

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.

##### Financial instruments

###### Initial recognition

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 are 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.

## Howden Kitchens Properties Limited

### Notes to the Financial Statements for the Period from 27 December 2020 to 25 December 2021

#### 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.

## Howden Kitchens Properties Limited

### Notes to the Financial Statements for the Period from 27 December 2020 to 25 December 2021

#### 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.

## Howden Kitchens Properties Limited

### Notes to the Financial Statements for the Period from 27 December 2020 to 25 December 2021

#### 2 Accounting policies (continued)

##### 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.

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

There are no critical accounting judgements or sources of estimation uncertainty which have a significant effect on the amounts recognised in these financial statements.

#### 4 Turnover

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

	<b>2021</b>	<b>2020</b>
	<b>£ 000</b>	<b>£ 000</b>
Provision of property services	21,643	30,666
Other revenue	-	120
	<u>21,643</u>	<u>30,786</u>

#### 5 Operating profit

Arrived at after charging

	<b>2021</b>	<b>2020</b>
	<b>£ 000</b>	<b>£ 000</b>
Depreciation expense	2,786	2,243
Depreciation on right of use assets - Property	7,828	14,794
Loss on disposal of property, plant and equipment	4	-
Expense of variable lease payments not included in lease liabilities	<u>80</u>	<u>-</u>

#### 6 Interest payable and similar expenses

	<b>2021</b>	<b>2020</b>
	<b>£ 000</b>	<b>£ 000</b>
Interest expense on leases - Property	<u>4,553</u>	<u>4,171</u>

## Howden Kitchens Properties Limited

### Notes to the Financial Statements for the Period from 27 December 2020 to 25 December 2021

#### 7 Auditor's remuneration

	27 December 2020 to 25 December 2021 £ 000	29 December 2019 to 26 December 2020 £ 000
Audit of the financial statements	<u>30</u>	<u>24</u>

#### 8 Income tax

Tax charged/(credited) in the income statement

	27 December 2020 to 25 December 2021 £ 000	29 December 2019 to 26 December 2020 £ 000
<b>Current taxation</b>		
UK corporation tax	438	324
UK corporation tax adjustment to prior periods	<u>(13)</u>	<u>(26)</u>
	<u>425</u>	<u>298</u>
<b>Deferred taxation</b>		
Current year	217	185
Adjustment in respect of previous periods	<u>108</u>	<u>(12)</u>
Total deferred taxation	<u>325</u>	<u>173</u>
Tax expense in the income statement	<u>750</u>	<u>471</u>

The tax on profit/loss before tax for the period is higher than the standard rate of corporation tax in the UK (2020 - higher than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:



## Howden Kitchens Properties Limited

### Notes to the Financial Statements for the Period from 27 December 2020 to 25 December 2021

#### 8 Income tax (continued)

	2021 £ 000	2020 £ 000
Profit before tax	243	308
Corporation tax at standard rate	46	59
Increase/(decrease) in current tax from adjustment for prior periods	95	(38)
Increase from effect of different UK tax rates on some earnings	344	177
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	265	273
Total tax charge	750	471

#### Deferred tax

Deferred tax assets and liabilities

Deferred tax movement during the period:

	At 27 December 2020 £ 000	Recognised in income £ 000	At 25 December 2021 £ 000
Leases	332	70	402
Accelerated tax depreciation	(1,656)	(395)	(2,051)
Net tax assets/(liabilities)	(1,324)	(325)	(1,649)

Deferred tax movement during the prior period:

	At 29 December 2019 £ 000	Recognised in income £ 000	Recognised in equity £ 000	At 26 December 2020 £ 000
Leases	-	(22)	354	332
Accelerated tax depreciation	(1,505)	(151)	-	(1,656)
Net tax assets/(liabilities)	(1,505)	(173)	354	(1,324)

The Finance Act 2021 increased the corporation tax rate to 25% with effect from 1 April 2023. The changes announced during the Budget were granted Royal Assent on 10 June 2021 and so the changes were substantively enacted as at the 2021 balance sheet date. 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 with the adjustment recognised in the 2021 total tax charge.

The company has capital losses of £0.9m (2020: £0.9m). These losses are available indefinitely for offset against future UK chargeable gains. No deferred tax asset has been recognised in respect of these losses as no further utilisation is currently anticipated.

## Howden Kitchens Properties Limited

### Notes to the Financial Statements for the Period from 27 December 2020 to 25 December 2021

#### 9 Property, plant and equipment

	Land and buildings £ 000	Assets under construction £ 000	Total £ 000
<b>Cost or valuation</b>			
At 29 December 2019	55,733	4,318	60,051
Additions	5,247	610	5,857
Transfers	16,407	(4,107)	12,300
	<u>77,387</u>	<u>821</u>	<u>78,208</u>
At 26 December 2020	77,387	821	78,208
At 27 December 2020	77,387	821	78,208
Additions	2,334	171	2,505
Disposals	(2,545)	-	(2,545)
Transfers	597	(597)	-
	<u>77,773</u>	<u>395</u>	<u>78,168</u>
At 25 December 2021	77,773	395	78,168
<b>Depreciation</b>			
At 29 December 2019	12,638	-	12,638
Charge for period	2,243	-	2,243
	<u>14,881</u>	<u>-</u>	<u>14,881</u>
At 26 December 2020	14,881	-	14,881
At 27 December 2020	14,881	-	14,881
Charge for the period	2,786	-	2,786
Eliminated on disposal	(2,540)	-	(2,540)
	<u>15,127</u>	<u>-</u>	<u>15,127</u>
At 25 December 2021	15,127	-	15,127
<b>Carrying amount</b>			
At 25 December 2021	<u>62,646</u>	<u>395</u>	<u>63,041</u>
At 26 December 2020	<u>62,506</u>	<u>821</u>	<u>63,327</u>

Included within the net book value of land and buildings above is £30,827,059 (2020 - £30,007,758) in respect of freehold land and buildings and £31,819,414 (2020 - £32,497,735) in respect of short leasehold land and buildings.

## Howden Kitchens Properties Limited

### Notes to the Financial Statements for the Period from 27 December 2020 to 25 December 2021

#### 10 Right of use assets

	Property £ 000	Total £ 000
<b>2021</b>		
Additions	70	70
Depreciation charge for the period	7,829	7,829
Carrying amount at year end	<u>180,541</u>	<u>180,541</u>
	<b>Property £ 000</b>	<b>Total £ 000</b>
<b>2020</b>		
Additions	23,153	23,153
Depreciation charge for the period	14,794	14,794
Carrying amount at year end	<u>188,299</u>	<u>188,299</u>

#### 11 Trade and other debtors

	25 December 2021 £ 000	26 December 2020 £ 000
Trade debtors	12	-
Debtors from fellow Group companies	44,323	22,445
Prepayments	78	688
Other receivables	<u>1,029</u>	<u>1,026</u>
	<u>45,442</u>	<u>24,159</u>

#### 12 Leases

##### Leases included in creditors

	25 December 2021 £ 000	26 December 2020 £ 000
Current portion of long term lease liabilities	3,921	6,747
Long term lease liabilities	<u>199,238</u>	<u>203,159</u>

## Howden Kitchens Properties Limited

### Notes to the Financial Statements for the Period from 27 December 2020 to 25 December 2021

#### 12 Leases (continued)

##### Lease liabilities maturity analysis

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

	25 December 2021 £ 000	26 December 2020 £ 000
Less than one year	8,330	11,300
One to five years	46,091	44,080
Over five years	211,950	222,290
Total lease liabilities (undiscounted)	<u>266,371</u>	<u>277,670</u>

##### Total cash outflows related to leases

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

	25 December 2021 £ 000	26 December 2020 £ 000
<b>Payments</b>		
Capital repayment of lease liabilities	6,817	12,165
Interest	4,553	4,171
Total cash outflow	<u>11,370</u>	<u>16,336</u>

#### 13 Other provisions

	Property provisions £ 000	Total £ 000
At 27 December 2020	2,975	2,975
Additional provisions	400	400
Provisions used	<u>(1,028)</u>	<u>(1,028)</u>
At 25 December 2021	<u>2,347</u>	<u>2,347</u>
Non-current liabilities	<u>2,347</u>	<u>2,347</u>

## Howden Kitchens Properties Limited

### Notes to the Financial Statements for the Period from 27 December 2020 to 25 December 2021

#### 13 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.

#### 14 Share capital

##### Allotted, called up and fully paid shares

	25 December 2021		26 December 2020	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

#### 15 Trade and other payables

	25 December 2021 £ 000	26 December 2020 £ 000
Trade creditors	199	736
Accrued expenses	342	90
Amounts due to related parties	92,334	71,252
Current portion of long term lease liabilities	<u>3,921</u>	<u>6,747</u>
	<u>96,796</u>	<u>78,825</u>

## **Howden Kitchens Properties Limited**

### **Notes to the Financial Statements for the Period from 27 December 2020 to 25 December 2021**

#### **16 Parent and ultimate parent undertaking**

The company's immediate parent is Howden Joinery 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.