Registration number: 05692476

Howden Kitchens Properties Limited

Annual Report and Financial Statements

for the Period from 29 December 2019 to 26 December 2020

Howden Kitchens Properties Limited

Contents

Company Information	1
Strategic Report	2 to 3
Directors' Report	4 to 5
Statement of Directors' Responsibilities	6
Independent Auditor's Report	7 to 10
Profit and Loss Account	11
Statement of Comprehensive Income	12
Balance Sheet	13
Statement of Changes in Equity	14
Notes to the Financial Statements	15 to 28

Howden Kitchens Properties Limited

Company Information

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

Howden Kitchens Properties Limited

Strategic Report for the Period from 29 December 2019 to 26 December 2020

The directors present their strategic report for the period from 29 December 2019 to 26 December 2020.

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 12 - 37)
- Description of the principal risks and uncertainties facing the Group and its subsidiary undertakings (pgs 38 - 47)
- Financial and non-financial KPIs (pgs 30 - 32)
- Future developments (pgs 11, 28 - 29, 36)
- Information about environmental matters, social, community and human rights issues (pgs 48-62)
- Description of culture, purpose, market, business model and strategy (pgs 12-21)
- Information in relation to Group employees, including gender statistics, employee involvement and Group policy on the employment of disabled persons (pgs 97 - 101, 135)

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 29 December 2019 to 26 December 2020

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 on pages 78 and 79 within Howden Joinery Group Plc's Annual Report and Accounts for the year ended 26 December 2020 (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 21 September 2021 and signed on its behalf by:

F. McNaughton

.....

Forbes McNaughton
Company secretary

Howden Kitchens Properties Limited

Directors' Report for the Period from 29 December 2019 to 26 December 2020

The directors present their annual report and the audited financial statements for the period from 29 December 2019 to 26 December 2020.

Directors' of the company
The directors who held office during the period were as follows:

Theresa Keating

Mark Robson (resigned 26 December 2020)

Chantal Cable

Julian Lee (appointed 23 July 2020)

Rob Fenwick (resigned 23 July 2020)

Jim McManus

The following director was appointed after the period end:

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 2020 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 29 December 2019 to 26 December 2020

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 Half-Yearly Report, dated 22 July 2021, 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.

Reappointment of auditors

Deloitte LLP have indicated their willingness to be reappointed for another term and will be deemed to be reappointed in accordance with s485 - 488 of the Companies Act 2006.

Adoption of IFRS 16

The Company adopted IFRS 16 for the first time in the current year. The effects of adoption are described in note 2 to the financial statements, together with our revised accounting policies and the relevant transition disclosures. Information on the depreciation of lease right-of-use assets is given in the operating profit note. Interest on lease liabilities is given in the interest payable note. Right-of-use assets and current and non-current lease liabilities are shown on the balance sheet, together with cross-references to their respective financial statement notes which give additional detail.

Approved by the Board on 21 September 2021 and signed on its behalf by:

F. McNaughton

.....

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.

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 26 December 2020 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 17.

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.

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.

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

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.

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. This description forms part of our auditor's report.

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

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 and internal auditabout their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks 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, pensions legislation 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 such as tax, pensions, and IT 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 managementinternal 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.

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.

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
21 September 2021

Howden Kitchens Properties Limited

Profit and Loss Account for the Period from 29 December 2019 to 26 December 2020

	Note	2020 £ 000	2019 £ 000
Turnover	4	30,786	22,063
Cost of sales		(23,948)	(20,682)
Gross profit		6,838	1,381
Administrative expenses		(2,359)	(2,476)
Operating profit/(loss)	5	4,479	(1,095)
Interest payable and similar expenses	6	(4,171)	-
Profit/(loss) before tax		308	(1,095)
Tax on profit/(loss)	8	(471)	(64)
Loss for the period		(163)	(1,159)

The above results were derived from continuing operations.

Howden Kitchens Properties Limited

Statement of Comprehensive Income for the Period from 29 December 2019 to 26 December 2020

	2020 £ 000	2019 £ 000
Loss for the period	(163)	(1,159)
Total comprehensive income for the period	(163)	(1,159)

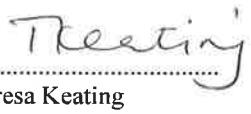
The notes on pages 15 to 28 form an integral part of these financial statements.

Howden Kitchens Properties Limited

(Registration number: 05692476)
Balance Sheet as at 26 December 2020

	Note	26 December 2020 £ 000	28 December 2019 £ 000
Fixed assets			
Tangible assets	9	63,327	48,169
Right of use assets	10	188,299	-
		251,626	48,169
Current assets			
Debtors	11	24,159	27,013
Tax asset	8	332	-
		24,491	27,013
Creditors: Amounts falling due within one year	16, 14	(78,825)	(77,874)
Net current liabilities		(54,334)	(50,861)
Total assets less current liabilities		197,292	(2,692)
Creditors: Amounts falling due after more than one year	14	(203,159)	-
Provisions	15	(2,975)	(1,880)
Deferred tax liabilities	8	(1,656)	(1,505)
Net liabilities		(10,498)	(6,077)
Capital and reserves			
Profit and loss account		(10,498)	(6,077)
Shareholders' deficit		(10,498)	(6,077)

Approved by the Board on 21 September 2021 and signed on its behalf by:



.....
Theresa Keating
Director

Howden Kitchens Properties Limited

Statement of Changes in Equity for the Period from 29 December 2019 to 26 December 2020

	Share capital £ 000	Retained earnings £ 000	Total £ 000
Brought forward	-	(6,077)	(6,077)
Change in accounting policy adoption of IFRS 16	-	(4,258)	(4,258)
Adjusted opening balance after adopting IFRS 16	-	(10,335)	(10,335)
Loss for the period	-	(163)	(163)
Total comprehensive income	-	(163)	(163)
At 26 December 2020	-	(10,498)	(10,498)

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 30 December 2018	-	(4,918)	(4,918)
Loss for the period	-	(1,159)	(1,159)
Total comprehensive income	-	(1,159)	(1,159)
At 28 December 2019	-	(6,077)	(6,077)

The notes on pages 15 to 28 form an integral part of these financial statements.

Howden Kitchens Properties Limited

Notes to the Financial Statements for the Period from 29 December 2019 to 26 December 2020

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 21 September 2021.

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
As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payment, non-current assets held for sale, fair value measurement, financial instruments, revenue, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions.

Where relevant, equivalent disclosures have been given in the group accounts of Howden Joinery Group Plc. These group accounts are available to the public and can be obtained from this company's registered office or at http://www.howdenjoinerygroupplc.com/investors/financial-reporting/reports/index.asp.

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 29 December 2019 have had a material effect on the financial statements, other than IFRS 16 whose effects are described immediately below.

2 Accounting policies (continued)

Changes resulting from adoption of IFRS 16

IFRS 16 Leases became mandatorily effective on 1 January 2019. The company has applied this for the first time in this accounting period which resulted in changes to the accounting policies.

The company recognised lease liabilities in relation to leases that were classified as 'operating leases" under the principles of IAS 17 - Leases. On transition, an additional £181.9m (2019 - £Nil) of right-to-use assets and £183.7m (2019 - £Nil) of lease liabilities were recognised with the difference allocated to retained earnings.

Together with £3.1m of prepayments derecognised on adoption of IFRS 16 and £0.8m of initial direct costs derecognised from Fixed Assets less £1.0m reverse premium also derecognised and £0.4m deferred tax asset recognised on adoption of IFRS 16, the figure above makes up the total of £4.3m shown as an adjustment to opening reserves in the Statement of Changes in Equity.

	Note	As originally reported 28 December 2019 £ 000
Operating lease commitments at 28 December 2019		216,496
Operating lease commitments discounted at the incremental borrowing rate		159,748
Cancellable commitments, excluded under IAS17 but included under IFRS16		23,984
Lease liabilities recognised at 29 December 2019		183,732

These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 29 December 2019. The weighted average rate applied was 2.2%.

2 Accounting policies (continued)

NATURE OF OUR LEASING ACTIVITIES AND EFFECT OF IFRS 16:
The Group has adopted IFRS 16 Leases for the first time in the current period, with a transition date of 29 December 2019. This has replaced the previous lease accounting standard, IAS 17. The previous period has not been restated and is presented under IAS 17.

We lease our depot, warehouse, factory and office properties, as well as other assets such as fork lift trucks, lorries, vans and cars. Under IAS 17 these leases were all classified as operating leases and therefore were not recognised on the balance sheet. Rent payments under IAS 17 were charged to income on a straight-line basis. The Group did not have any leases which were classified as finance leases under IAS 17.

Under IFRS 16 we now recognise these leases on the balance sheet, causing both our gross assets and gross liabilities to increase. The addition to gross assets represents our right to use the leased asset, and the addition to gross liabilities reflects the present value of our obligation to make future lease payments.

IFRS 16 also has a timing effect on the annual lease expense, which is no longer equal to the rent payable for that year. The total income statement charge under IFRS 16 consists of an operating charge, representing straight line depreciation on the leased asset, plus an interest charge, which will vary over the life of the lease. More interest is charged in the early periods of each lease and less interest is charged in the later periods as the outstanding balance reduces, as with interest on a loan.

Rent-free periods and cash lease incentives are recognised under IFRS 16 as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expenses on a straight-line basis.

Under IFRS 16, right-of-use assets will be tested for impairment in accordance with IAS 36 Impairment of Assets. This replaces the previous requirement to recognise a provision for onerous lease contracts.

2 Accounting policies (continued)

ADOPTION AND TRANSITION:
We have adopted IFRS 16 using the modified retrospective approach. Consequently, we have not restated the 2019 comparative figures on adoption, and we have discounted our leases using incremental borrowing rates as at the transition date.

For all our property leases and some of our vehicle leases – representing approximately 90% of our total lease commitments on adoption by value – we measured the leases on adoption as if IFRS 16 had always been applied since the lease commencement date. The remaining leases are measured as if the lease had started on the transition date.

We have elected to use the following permitted practical expedients on transition for some leases, where applicable:

• to apply the portfolio approach, using a single discount rate for a group of leases which have similar characteristics
• to use hindsight when determining the lease term
• to use the existing onerous lease provision on transition to reduce the right of use asset, rather than conducting an impairment review
• to exclude initial direct costs from measurement of the right of use asset
• to use the definition of a lease which existed under the previous accounting standard when determining if a contract contains a lease under IFRS 16
• to treat property leases as short term leases, and to expense their payments, if there is a short period between the old lease ending and the lease renewal being signed. This is explained in more detail in the accounting policy note

We have not elected to use the practical expedient to not recognise low value leases on transition.

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.

2 Accounting policies (continued)

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.

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

Amounts payable and receivable to and from fellow Group subsidiaries

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

2 Accounting policies (continued)

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

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

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.

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.

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:

	2020 £ 000	2019 £ 000
Provision of property services	30,666	22,063
Other revenue	120	-
	30,786	22,063

5 Operating profit/(loss)

Arrived at after charging/(crediting)

	2020 £ 000	2019 £ 000
Depreciation expense - PPE	2,243	2,297
Depreciation on right of use assets - Property	14,794	-
Operating lease expense - property		14,588

6 Interest payable and similar expenses

	2020 £ 000	2019 £ 000
Interest expense on leases - Property	4,171	-

7 Auditor's remuneration

	29 December 2019 to 26 December 2020 £ 000	30 December 2018 to 28 December 2019 £ 000
Audit of the financial statements	24	13

8 Income tax

Tax charged/(credited) in the income statement

	29 December 2019 to 26 December 2020 £ 000	30 December 2018 to 28 December 2019 £ 000
Current taxation		
UK corporation tax	324	99
UK corporation tax adjustment to prior periods	(26)	(8)
	298	91
Deferred taxation		
Current year	185	(26)
Adjustment in respect of previous periods	(12)	(1)
Total deferred taxation	173	(27)
Tax expense in the income statement	471	64

The tax on profit/loss before tax for the period is lower than the standard rate of corporation tax in the UK (2019 - lower than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £ 000	2019 £ 000
Profit/(loss) before tax	308	(1,095)
Corporation tax at standard rate	59	(208)
Increase (decrease) from adjustment for prior periods	(38)	(9)
Increase (decrease) from effect of deferred tax rate changes	177	-
Increase (decrease) from effect of expenses not deductible in determining taxable profit (tax loss)	273	281
Total tax charge	471	64

8 Income tax (continued)

Deferred tax
Deferred tax assets and liabilities

Deferred tax movement during the 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)

Deferred tax movement during the prior period:

	At 30 December 2018 £ 000	Recognised in income £ 000	At 28 December 2019 £ 000
Leases	-	-	-
Accelerated tax depreciation	(1,532)	27	(1,505)
Net tax assets/(liabilities)	(1,532)	27	(1,505)

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.

The deferred tax of £0.4m, shown above as being recognised in equity, forms part of the adjustment to opening reserves on adoption of IFRS 16, as shown in the Statement of Changes in Equity.

The company has capital losses of £0.9m (2019: £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.

9 Property, plant and equipment

	Land and buildings £ 000	Assets under construction £ 000	Total £ 000
Cost or valuation			
At 30 December 2018	53,047	2,389	55,436
Additions	4,457	2,076	6,533
Disposals	(100)	-	(100)
Transfers	147	(147)	-
At 28 December 2019	57,551	4,318	61,869
Adjustment on adopting IFRS 16	(1,818)	-	(1,818)
At 29 December 2019 after adopting IFRS 16	55,733	4,318	60,051
Additions	5,247	610	5,857
Transfers	16,407	(4,107)	12,300
At 26 December 2020	77,387	821	78,208
Depreciation			
At 30 December 2018	11,503	-	11,503
Charge for period	2,297	-	2,297
Eliminated on disposal	(100)	-	(100)
At 28 December 2019	13,700	-	13,700
Adjustment on adopting IFRS 16	(1,062)	-	(1,062)
At 26 December 2020 after adopting IFRS 16	12,638	-	12,638
Charge for the period	2,243	-	2,243
At 26 December 2020	14,881	-	14,881
Carrying amount			
At 26 December 2020	62,506	821	63,327
At 28 December 2019	43,851	4,318	48,169

Included within the net book value of land and buildings above is £30,007,758 (2019 - £31,043,949) in respect of freehold land and buildings and £32,497,735 (2019 - £12,806,914) in respect of short leasehold land and buildings.

10 Right of use assets

	Property £ 000	Total £ 000
Additions	23,153	23,153
Depreciation charge for the period	14,794	14,794
Carrying amount at 26 December 2020	188,299	188,299

11 Trade and other debtors

	26 December 2020 £ 000	28 December 2019 £ 000
Trade debtors	-	97
Debtors from fellow Group companies	22,446	22,057
Prepayments	688	4,067
Other receivables	1,025	792
	24,159	27,013

12 Share capital

Allotted, called up and fully paid shares

	26 December 2020		28 December 2019	
	No.	£	No.	£
Ordinary shares of £1 each	1	1	1	1

13 Obligations under leases and hire purchase contracts

Operating leases

The total future value of minimum lease payments is as follows:

	28 December 2019 £ 000
Within one year	15,220
In two to five years	34,927
In over five years	166,349
	216,496

The amount of non-cancellable operating lease payments recognised as an expense during the period was £Nil (2019 - £14,587,790)

Sublease arrangements

Total future minimum sublease income under non-cancellable operating leases expected to be received is £15,000 (2019 - £154,849).
The amount of income recognised in the period from non-cancellable operating subleases was £255,088 (2019 - £1,127,014).

14 Leases

Leases included in creditors

	26 December 2020 £ 000	28 December 2019 £ 000
Current portion of long term lease liabilities	6,747	-
Long term lease liabilities	203,159	-

14 Leases (continued)

Lease liabilities maturity analysis

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

	26 December 2020 £ 000	28 December 2019 £ 000
Less than one year	11,300	-
One to five years	44,080	-
Over five years	222,290	-
Total lease liabilities (undiscounted)	277,670	-

Total cash outflows related to leases

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

Payments	26 December 2020 £ 000	28 December 2019 £ 000
Capital repayment of lease liabilities	12,165	-
Interest	4,171	-
Total cash outflow	16,336	-

15 Other provisions

	Property provisions £ 000	Total £ 000
At 29 December 2019	1,880	1,880
Additional provisions	1,800	1,800
Provisions used	(588)	(588)
Unused provision reversed	(117)	(117)
At 26 December 2020	2,975	2,975
Non-current liabilities	2,975	2,975

The property provision at covers obligations to make dilapidations payments to landlords of leased properties. The timing of outflows from the provision is variable, and is dependent on the timing of dilapidations assessments and works.

16 Trade and other payables

	26 December 2020 £ 000	28 December 2019 £ 000
Trade creditors	736	130
Accrued expenses	90	829
Amounts due to related parties	71,252	75,880
Current portion of long term lease liabilities	6,747	-
Deferred income	-	1,035
	78,825	77,874

17 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.