Financial Statements

Our financial performance

160 Independent auditor's report
175 Consolidated income statement
175 Consolidated statement of comprehensive income
176 Consolidated balance sheet
177 Consolidated statement of changes in equity
178 Consolidated cash flow statement
179 Notes to the consolidated financial statements
216 Company balance sheet
217 Company statement of changes in equity
218 Notes to the Company financial statements

Revenue
£2.3bn (2023: £2.3bn)

Year	Revenue
2020	£1.5bn
2021	£2.1bn
2022	£2.3bn
2023	£2.3bn
2024	**£2.3bn**

Profit before tax
£328m (2023: £328m)

Year	Profit before tax
2020	£185m
2021	£390m
2022	£406m
2023	£328m
2024	**£328m**

Net cash
£344m (2023: £283m)

Year	Net cash
2020	£431m
2021	£515m
2022	£308m
2023	£283m
2024	**£344m**

Operating profit
£339m (2023: £340m)

Year	Operating profit
2020	£196m
2021	£402m
2022	£415m
2023	£340m
2024	**£339m**

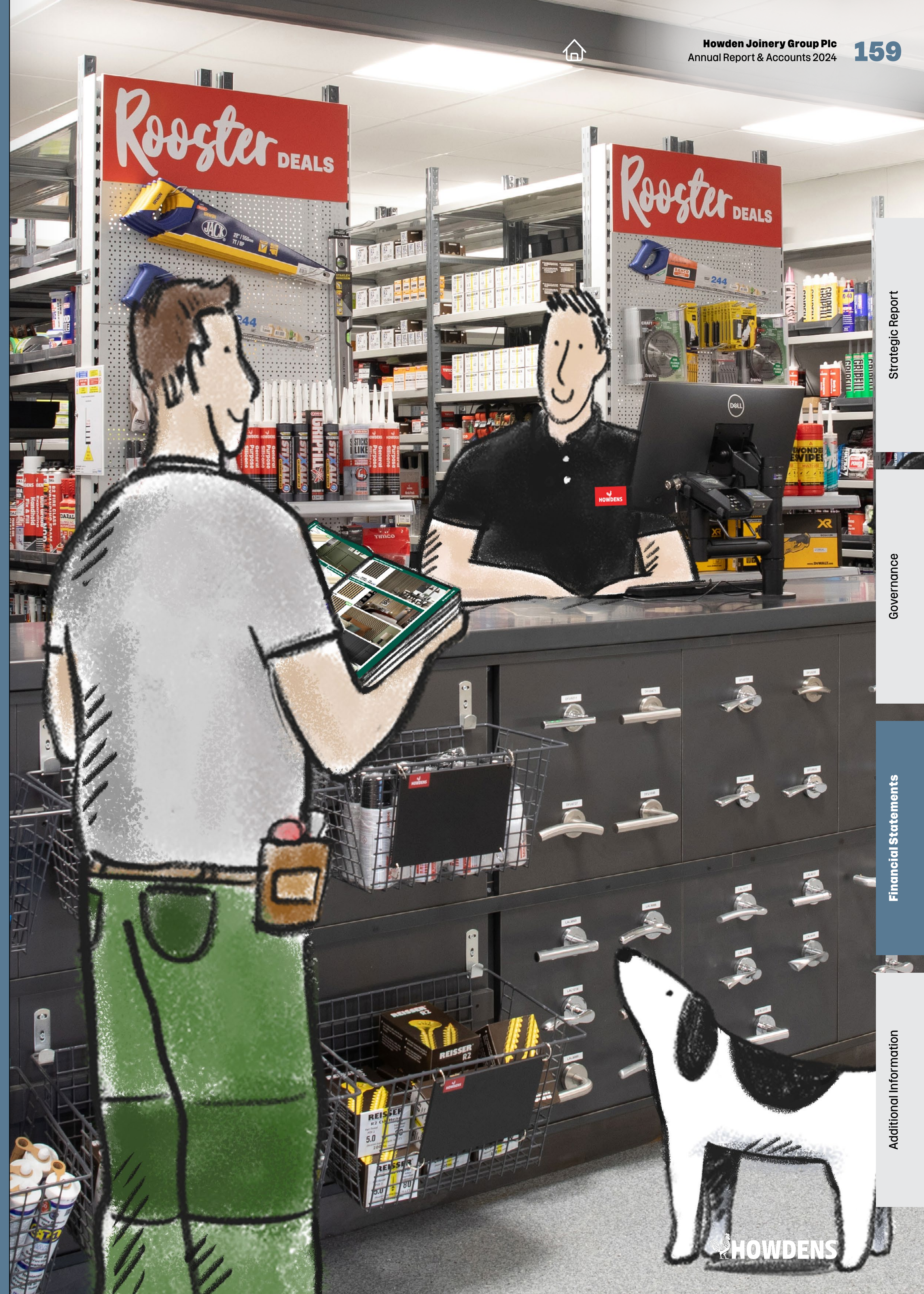
EPS
45.6p (2023: 46.5p)

Year	EPS
2020	24.9p
2021	53.2p
2022	65.8p
+2023	46.5p
2024	**45.6p**

Dividends paid
£115.9m paid in 2024

Year	Dividends paid
2020	£0.0m
2021 (inc. £54.1m special dividend)	£133.6m
2022	£115.0m
2023	£114.1m
2024	**£115.9m**

HOWDENS



Financial Statements

Independent auditor's report

To the members of Howden Joinery Group Plc

1. Our opinion is unmodified

In our opinion:

- the financial statements of Howden Joinery Group Plc give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 28 December 2024, and of the Group's profit for the 52 week period then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the Group and Parent Company financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

What our opinion covers

We have audited the Group and Parent Company financial statements of Howden Joinery Group Plc ("the Company") for the 52 week period ended 28 December 2024 (FY24) included in the Annual Report and Accounts, which comprise:

Group (Howden Joinery Group Plc and its subsidiaries)

- Consolidated income statement
- Consolidated statement of comprehensive income
- Consolidated balance sheet
- Consolidated statement of changes in equity
- Consolidated cash flow statement
- Notes 1 to 25 to the Group financial statements, which include the accounting policies.

Parent Company (Howden Joinery Group Plc)

- Company balance sheet
- Company statement of changes in equity
- Notes 1 to 7 to the Parent Company financial statements, which include the accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion and matters included in this report are consistent with those discussed and included in our reporting to the Audit Committee ("AC").

We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities.

2. Overview of our audit

Factors driving our view of risks

We have undertaken a risk assessment to identify those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. We have considered the sector in which the Company operates and the external factors that drives the key underlying risks.

Our risk assessment also considers the Group's operations, the macro-economic and other relevant external factors which impact the judgements and estimates made by the Group. Having considered these external factors, we have identified the same key audit matters and level of risk in relation to these, as in the prior year.

We have determined that accounting for inventory is of significance to our audit given the scale of the Group's product range which means there is significant judgement in determining the adequacy and completeness of the inventory obsolescence provision. Inventory provisioning includes estimation based on both historic usage and forward-looking demand assumptions, and as a result, the continued uncertainty in the macro-economic environment during FY24 is not considered to have a significant impact on the already high estimation uncertainty associated with this key audit matter. Inventory quantity and cost is also included within this audit matter due to the effect it has on our audit effort.

We have identified the defined benefit plan obligation as a key audit matter given the significant level of estimation required to determine the valuation of the gross defined benefit liability. The sensitivity of this estimation is heightened when there is volatility in macro-economic conditions, as experienced in the UK in FY23 and FY24. The risk has therefore not moved significantly from the prior year.

The recoverability of the Parent Company's investments in subsidiaries is not at a high risk of significant misstatement, however is identified due to its materiality in the context of the Parent Company financial statements.

Key Audit Matters	Vs FY23	Item
Accounting for inventory (Group)	<>	4.1
Defined benefit pension obligation (Group)	<>	4.2
Recoverability of Parent Company's investments in subsidiaries (Parent Company)	<>	4.3

Audit committee interaction

During the year, the AC met 5 times. KPMG are invited to attend all AC meetings and are provided with an opportunity to meet with the AC in private sessions without the Executive Directors being present. For each Key Audit Matter, we have set out communications with the AC in section 4, including matters that required particular judgement for each.

The matters included in the Audit Committee report on page 144 are materially consistent with our observations of those meetings.

Our independence

We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities.

We have not performed any non-audit services during FY24 or subsequently which are prohibited by the FRC Ethical Standard.

We were first appointed as auditor by the shareholders for the 52 week period ended 24 December 2022. The period of total uninterrupted engagement is for the three financial years ended 28 December 2024.

The Group engagement partner is required to rotate every 5 years. As these are the first set of the Group's financial statements signed by Zulfikar Walji, he will be required to rotate off after the FY28 audit.

Total audit fee	£1.4m
Audit-related fees (including interim review)	£0.1m
Other services	£0.1m
Non-audit fee as a % of total audit and audit related fee %	6.7%
Date first appointed	12 May 2022
Uninterrupted audit tenure	3 years
Next financial period which requires a tender	2032
Tenure of Group engagement partner	1 year

Financial Statements

Independent auditor's report continued

To the members of Howden Joinery Group Plc

Materiality (item 6 below)

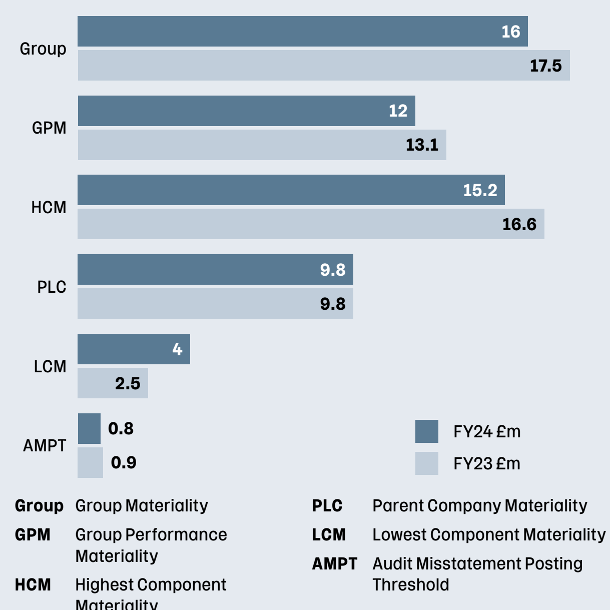
The scope of our work is influenced by our view of materiality and our assessed risk of material misstatement.

We have determined overall materiality for the Group financial statements as a whole at £16.0m (FY23: £17.5m) and for the Parent Company financial statements as a whole at £9.8m (FY23: £9.8m).

Consistent with FY23, we determined that profit before tax remains the benchmark for the Group. As such, we based our Group materiality on profit before tax, of which it represents 4.9% (FY23 5.3%).

Materiality for the Parent Company financial statements was determined with reference to a benchmark of Parent Company total assets of which it represents 1% (FY23: 1%).

Materiality levels used in our audit



Group scope (item 7 below)

We have performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements, what audit procedures to perform at these components and the extent of involvement required from our component auditors around the world.

We performed procedures at 4 components. We determined which components are likely to include risks of material misstatements to the Group financial statements. We identified 4 quantitatively significant components as those contributing at least 10% of total revenue or total assets. We selected these because these are the most representative of the relative size of the components.

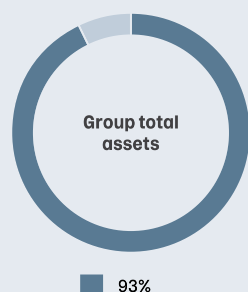
In addition, for the remaining components for which we performed no audit procedures, we performed analysis at an aggregated Group level to re-examine our assessment that there is not a reasonable possibility of a material misstatement in these components.

Our audit of the Group was undertaken to the materiality levels specified above and was performed by a single audit team.

We consider the scope of our audit, as communicated to the Audit Committee, to be an appropriate basis for our audit opinion.

Our audit procedures covered 97% of Group revenue:

We performed audit procedures in relation to components that accounted for the following percentages:



Quantitatively significant components

The impact of climate change on our audit

We have considered the potential impacts of climate change on the financial statements as part of planning our audit.

On page 41, the Group has explained that climate change is an emerging risk. It identifies this both in terms of transitional risks as the world moves towards a zero-carbon economy, and the physical risks presented as climate change. The Group has set its own targets to reduce emissions, as described on page 47.

Climate change impacts the Group in a variety of ways, and pages 61 to 66 describe the associated risks and opportunities identified by the Directors. These include the impact of climate risk on the reputation of the Group. However, the Group has not identified any risks which have a material impact on the preparation of the financial statements.

We performed a risk assessment, taking into account climate change risks and commitments made by the Group, of how climate change may impact the financial statements and our audit. This included enquiries of management, consideration of the Group's processes for assessing the potential impact of climate change risk on the financial statements and assessing the TCFD scenario analysis performed by the Group.

We held discussions with our own climate change professionals to challenge our risk assessment.

Based on our risk assessment we determined that the climate related risks to the Group's business, strategy and financial planning do not have a significant impact on balances in the financial statements or on our key audit matters.

We have read the Group's disclosure of climate related information in the front half of the annual report as set out on pages 57 to 68, and considered consistency with the financial statements and our audit knowledge.

3. Going concern, viability and principal risks and uncertainties

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

Going concern

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to adversely affect the Group's and Company's available financial resources over this period was:

- Customer confidence in light of the current cost of living challenges, and the possibility of this negatively impacting the Group's sales.

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

We assessed the completeness of the going concern disclosure in note 1 to the financial statements.

Accordingly, based on those procedures, we found the Directors' use of the going concern basis of accounting without any material uncertainty for the Group and Parent Company to be acceptable.

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

Our conclusions

- We consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- We have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Parent Company's ability to continue as a going concern for the going concern period;
- We have nothing material to add or draw attention to in relation to the Directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Parent Company's use of that basis for the going concern period, and we found the going concern disclosure in note 1 to be acceptable; and
- The related statement under the Listing Rules set out on page 69 is materially consistent with the financial statements and our audit knowledge.

Financial Statements

Independent auditor's report continued

To the members of Howden Joinery Group Plc

Disclosures of emerging and principal risks and longer-term viability

Our responsibility

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the Long-term prospects and viability statement that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the 2024 principal risks and uncertainties disclosures describing these risks and how emerging risks are identified and explaining how they are being managed and mitigated; and
- the Directors' explanation in the Long-term prospects and viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the Long-term prospects and viability statement set out on page 70 under the Listing Rules.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Parent Company's longer-term viability.

Our reporting

We have nothing material to add or draw attention to in relation to these disclosures.

We have concluded that these disclosures are materially consistent with the financial statements and our audit knowledge.

4. Key audit matters

What we mean

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on:

- the overall audit strategy;
- the allocation of resources in the audit; and
- directing the efforts of the engagement team.

We include below the Key Audit Matters in decreasing order of audit significance together with our key audit procedures to address those matters and our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, for the purpose of our audit of the financial statements as a whole. We do not provide a separate opinion on these matters.

4.1 Accounting for inventory (Group)

Financial Statement Elements	FY24	FY23	Our assessment of risk vs FY23	Our results
Inventories gross value	£435.6m	£432.4m	<> Our assessment is that the risk is similar to FY23.	**FY24: Acceptable**
Inventory provision	£44.9m	£49.6m		FY23: Acceptable

Description of the Key Audit Matter

The Group holds a significant amount of inventory across its large depot network and a number of warehouses. The accounting for inventory is the key audit matter which has the greatest effect on our overall audit strategy. As at 28 December 2024, net inventory, after recognising relevant provisions is £390.7 million (FY23: £382.8 million).

Subjective estimate

The scale of the Group's product range means there is significant judgement in determining the adequacy and completeness of the inventory obsolescence provision, in particular the provision applied to discontinued and slow-moving product lines. Given the judgement required in determining this provisioning, we have identified this as an area at higher risk of fraud or error.

The continued uncertainty in the macro-economic environment during FY24 is not considered to have a significant impact on the already high estimation uncertainty associated with this key audit matter.

The effect of these matters is that, as part of our risk assessment, we determined that the inventory obsolescence provision has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole.

Accounting for inventory (quantities and cost)

The Group's inventory is composed of a wide product range, typically held in large quantities. The Group conducts periodic inventory counts at its warehouses and at each of its depots, which are performed throughout the year. It updates its inventory records to reflect the results of the counts.

Cost of inventory is based on a standard cost which is updated annually. Variances to standard cost are analysed and apportioned to inventory at the period end.

Whilst the quantities and cost of inventory is not considered to represent a significant risk of material misstatement, it is one of the matters that has the greatest effect on our overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team in order to conclude.

Our response to the risk

Our procedures to address the risk included:

- **Count attendance:** for the Group's depots and warehouses we tested the operating effectiveness of the inventory cycle counts control. We counted a sample of inventory lines and assessed the accuracy of the Group's inventory quantities through comparing the results to the Group's inventory records.
- **Tests of detail:** we assessed the accuracy of the cost of inventory through testing a sample of inventory lines to relevant source data.
- **Our sector experience:** we assessed the Directors' methodology and key assumptions supporting the inventory provision, including the provision percentages applied to discontinued and slow-moving products, the expected level of inventory that may not be in demand and its respective sales price, against our knowledge of the business and industry.
- **Historical comparisons:** we assessed the Directors' assumptions made in the inventory obsolescence provision by comparing to the historical utilisation.
- **Test of detail:** we evaluated the appropriateness of each of the key assumptions within the provision which are supported by data elements back to relevant source data and challenged the level of provision applied by the Directors to discontinued items.
- **Test of detail:** we evaluated the completeness of the provision by testing a sample of current inventory lines for slow moving items or sales prices below cost to evaluate whether additional provisioning is required.
- **Assessing transparency:** we assessed the adequacy of the financial statement disclosures about the degree of estimation uncertainty in arriving at the net realisable value.

We performed the detailed tests above over inventory provisioning rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

Communications with the Howden Joinery Group Plc's Audit Committee

Our discussions with and reporting to the Audit Committee included:

- Our approach to the audit of inventory including details of our planned substantive procedures and the extent of our control reliance; and
- Our conclusions on the appropriateness of the Group's inventory provisioning methodology and disclosures.

Areas of particular auditor judgement

We identified the following as the areas of particular auditor judgement:

- Subjective auditor judgement was required in assessing the adequacy of the inventory obsolescence provision, in particular the provision percentages applied to the discontinued and slow-moving inventory lines.

Our results

We found the carrying value of inventory, including the level of inventory obsolescence provisioning, to be acceptable (FY23: Acceptable).

Further information in the Annual Report and Accounts: See the Audit Committee Report on page 144 for details on how the Audit Committee considered inventory obsolescence provisioning as an area of significant attention, page 193 for the accounting policy on inventory obsolescence provisioning, and note 12 for the financial disclosures.

Independent auditor's report continued

To the members of Howden Joinery Group Plc

4.2 Defined benefit pension obligation (Group)

Financial Statement Elements	FY24	FY23	Our assessment of risk vs FY23	Our results
Gross defined benefit liability	£808.0m	£913.6m	Our assessment is that the risk is similar to FY23.	**FY24: Acceptable** FY23: Acceptable

Description of the Key Audit Matter

Subjective estimate

A significant level of estimation is required in order to determine the valuation of the gross defined benefit liability. Small changes in the key assumptions (in particular, discount rates, inflation and mortality rates) can have a material impact on the amount recognised in the financial statements.

The sensitivity of this estimation is heightened when there is volatility in macro-economic conditions, as experienced in the UK in FY23 and FY24. The risk has therefore not moved significantly from the prior year.

The effect of these matters is that, as part of our risk assessment, we determined that valuation of the gross defined benefit obligation has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (note 22) disclose the sensitivities estimated by the Group.

Our response to the risk

Our procedures to address the risk included:

- **Benchmarking assumptions:** we challenged, with the support of our own actuarial specialists, the key assumptions applied in the estimation of the pension liability, being the discount rate, inflation rate and mortality/life expectancy, by comparing to externally derived data.
- **Actuary's credentials:** we assessed the competence, capabilities and objectivity of the Group's actuarial expert.
- **Assessing transparency:** we considered the adequacy of the Group's disclosures in respect of the sensitivity of the pension liability to these assumptions.

We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

Communications with the Howden Joinery Group Plc's Audit Committee

Our discussions with and reporting to the Audit Committee included:

- We discussed our audit response to the Key Audit Matter which included the use of specialists to challenge the key aspects of the actuarial valuation;
- Our conclusions on the appropriateness of the key actuarial assumptions applied to the valuation of the gross defined benefit liability; and
- The adequacy of the disclosures, particularly as it relates to the sensitivities disclosed by the Group.

Areas of particular auditor judgement

We identified the following as the areas of particular auditor judgement:

- Subjective and complex auditor judgement was required in evaluating the key actuarial assumptions used by the Group (including the discount rate, inflation and mortality assumptions).

Our results

We found the valuation of the gross defined benefit pension liability to be acceptable (FY23: Acceptable).

Further information in the Annual Report and Accounts: See the Audit Committee report on page 144 for details on how the Committee considered validity of pension assumptions as an area of significant attention, pages 203 and 204 for the accounting policy on defined benefit pensions, and note 22 for the financial disclosures.

4.3 Recoverability of Parent Company's investments in subsidiaries (Parent Company)

Financial Statement Elements	FY24	FY23	Our assessment of risk vs FY23	Our results
Investments in subsidiaries	£699.0m	£699.0m	Our assessment is that the risk is similar to FY23.	**FY24: Acceptable** FY23: Acceptable

Description of the Key Audit Matter

Low risk, high value

The carrying amount of the Parent Company's investments in subsidiaries balance represents 70% (2023: 71%) of the Parent Company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the Parent Company financial statements, this is considered to be the area that had the greatest effect on our overall Parent Company audit.

Our response to the risk

Our procedures to address the risk included:

- **Tests of detail:** Assessing 100% of the investments in subsidiaries against the net assets of the relevant subsidiary included with the Group consolidation to identify whether the entity net asset value, being an approximation of its minimum recoverable amount, was in excess of the carrying amount. Our procedures also included assessing whether those individual subsidiary entities have historically been profit-making.
- **Comparing valuations:** For the investments where the carrying amount exceeded the net asset value, we compared the carrying amount of the Company's investments to the market capitalisation of the Group as Howden Joinery Holdings Limited either directly or indirectly owns all other subsidiaries of the Group.

We performed the tests above rather than seeking to rely on any of the Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

Communications with the Howden Joinery Group Plc's Audit Committee

Our discussions with and reporting to the Audit Committee included:

- Our approach to the audit of Parent Company investments in subsidiaries including details of our planned substantive procedures and the extent of our control reliance; and
- Our conclusions on the recoverability of the Parent Company's investments in subsidiaries balances.

Areas of particular auditor judgement

Limited auditor judgement was required in relation to the carrying amount of the Parent Company's investments in subsidiaries

Our results

We found the carrying value of investments in subsidiaries balance to be acceptable (FY23: Acceptable)

Further information in the Annual Report and Accounts: See page 218 for the accounting policy on Parent Company investments and note 3 for the financial disclosures.

Financial Statements

Independent auditor's report continued

To the members of Howden Joinery Group Plc

5. Our ability to detect irregularities, and our response

Fraud - identifying and responding to risks of material misstatement due to fraud

Fraud risk assessment

Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

- Enquiring of Directors, the Audit Committee, internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and Audit Committee meeting minutes.
- Considering remuneration incentive schemes and performance targets for management and Directors including the long-term incentive plan for management remuneration.
- Using analytical procedures to identify any unusual or unexpected relationships.

Risk communications

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

Fraud risks

As required by auditing standards, and taking into account possible pressures to meet profit targets and market expectations, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates such as the inventory obsolescence provisions and pension assumptions. On this audit we do not believe there is a fraud risk related to revenue recognition because there are limited opportunities to fraudulently adjust revenue recognition given the high volume and low value nature of purchases.

We identified a fraud risk related to the inventory obsolescence provision in response to possible pressures to meet profit targets or market expectations and the opportunities for bias in the subjective estimate.

Link to KAMs

Further detail in respect of the inventory obsolescence provision is set out in the key audit matter disclosures in section 4 of this report.

Procedures to address fraud risks

We performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by users outside of their expected business area and those posted to unusual accounts.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Laws and regulations - identifying and responding to risks of material misstatement relating to compliance with laws and regulations

Laws and regulations risk assessment

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

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Directors (as required by auditing standards), and discussed with the Directors the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

Risk communications

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

Direct laws context and link to audit

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

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

Most significant indirect law/regulation areas

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

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

Context

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

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Independent auditor's report continued

To the members of Howden Joinery Group Plc

6. Our determination of materiality

The scope of our audit was influenced by our application of materiality. We set quantitative thresholds and overlay qualitative considerations to help us determine the scope of our audit and the nature, timing and extent of our procedures, and in evaluating the effect of misstatements, both individually and in the aggregate, on the financial statements as a whole.

£16.0m (FY23: £17.5m)
Materiality for the Group financial statements as a whole

What we mean	Basis for determining materiality and judgements applied
A quantitative reference for the purpose of planning and performing our audit.	Materiality for the Group financial statements as a whole was set at £16.0m (FY23: £17.5m). This was determined with reference to a benchmark of Group profit before tax. Consistent with FY23, we determined that Group profit before tax remains the benchmark for the Group as this is the primary measure by which stakeholders and the market assess the performance of the Group. Our Group materiality of £16.0m was determined by applying a percentage to the Group profit before tax. When using a benchmark of Group profit before tax to determine overall materiality, KPMG's approach for public interest entities considers a guideline range 3% - 5% of the measure. In setting overall Group materiality, we applied a percentage of 4.9% (FY23: 5.3%) to the benchmark. Materiality for the Parent Company financial statements as a whole was set at £9.8m (FY23: £9.8m), determined with reference to a benchmark of Parent Company total assets, of which it represents 1% (FY23: 1%).

£12.0m (FY23: £13.1m)
Performance materiality

What we mean	Basis for determining performance materiality and judgements applied
Our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.	We have considered performance materiality at a level of 75% (FY23: 75%) of materiality for Howden Joinery Group Plc Group financial statements as a whole to be appropriate. The Parent Company performance materiality was set at £7.4m (FY23: £7.4m), which equates to 75% (FY23: 75%) of materiality for the Parent Company financial statements as a whole. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk in FY24 following our reassessment of aggregation risk.

£0.8m (FY23: £0.9m)
Audit misstatement posting threshold

What we mean	Basis for determining the audit misstatement posting threshold and judgements applied
This is the amount below which identified misstatements are considered to be clearly trivial from a quantitative point of view. We may become aware of misstatements below this threshold which could alter the nature, timing and scope of our audit procedures, for example if we identify smaller misstatements which are indicators of fraud. This is also the amount above which all misstatements identified are communicated to Howden Joinery Group Plc's Audit Committee.	We set our audit misstatement posting threshold at 5% (FY23: 5%) of our materiality for the Group financial statements. We also report to the Audit Committee any other identified misstatements that warrant reporting on qualitative grounds.

The overall materiality for the Group financial statements of £16.0m (FY23: £17.5m) compares as follows to the main financial statement caption amounts:

	Total Group Revenue		Group profit before tax		Total Group Assets	
	FY24	FY23	FY24	FY23	FY24	FY23
Financial statement Caption	£2,322.1m	£2,310.9m	£328.1m	£327.6m	£2,237.5m	£2,064.5m
Group Materiality as % of caption	0.7%	0.8%	4.9%	5.3%	0.7%	0.8%

7. The scope of our audit

Group scope

What we mean

How the Group auditor determined the procedures to be performed across the Group.

This year, we applied the revised group auditing standard in our audit of the consolidated financial statements. The revised standard changes how an auditor approaches the identification of components, and how the audit procedures are planned and executed across components.

In particular, the definition of a component has changed, shifting the focus from how the entity prepares financial information to how we, as the group auditor, plan to perform audit procedures to address group risks of material misstatement ("RMMs"). Similarly, the group auditor has an increased role in designing the audit procedures as well as making decisions on where these procedures are performed (centrally and/or at component level) and how these procedures are executed and supervised. As a result, we assess scoping and coverage in a different way and comparisons to prior period coverage figures are not meaningful. In this report we provide an indication of scope coverage on the new basis.

We performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements and which procedures to perform at these components to address those risks.

In total, we identified 15 components, having considered our evaluation of the Group's operational structure, the existence of common risk profile across divisions and the presence of key audit matters and our ability to perform audit procedures centrally.

Of those, we identified quantitatively significant components which contained the largest percentages of either total revenue or total assets of the Group, for which we performed audit procedures.

The below summarises where we performed audit procedures:

Component type	Number of components where we performed audit procedures	Range of materiality applied
Quantitatively significant components	4	£4.0m - £15.2m
Total	4	

We set the component materialities having regard to the mix of size and risk profile of the Group across the components. We also performed the audit of the Parent Company.

Our audit procedures covered 97% of Group revenue.

We performed audit procedures in relation to components that accounted for 95% of total profits and losses that make up Group profit before tax and 93% of Group total assets.

Financial Statements

Independent auditor's report continued

To the members of Howden Joinery Group Plc

7. The scope of our audit continued

Controls approach for group audit

We were able to rely upon the Group's internal control over financial reporting in several areas of our audit, where our controls testing supported this approach, which enabled us to reduce the scope of our substantive audit work; in the other areas the scope of the audit work performed was fully substantive.

The Group relies on a number of IT systems and applications. We identified that the following key IT systems were relevant to our Group audit:

- The ERP system used across all in scope components that is used to record underlying transactions.
- The trade EPOS and stock control system used in all the Group's depots.
- The warehouse management system used to provide operational and stock control processes.

As noted by the Audit Committee on page 148, the Group's control environment is undergoing a programme of review and strengthening of the key controls, including IT. We involved IT specialists and obtained an understanding of the controls related to the three key IT systems identified above, which are integrated with one another.

On this audit we take a predominantly substantive approach, with the exception of inventory, as our belief is that it is more efficient not to rely on controls. We have identified some control findings in relation to the IT environment and manual journal entries, and following incremental risk assessment, we determined that no significant changes were required to our planned approach to journal testing. We adopted a data-oriented approach to auditing revenue by performing data and analytics routines and, given we did not rely on the Group's IT environment, we directly tested the completeness and reliability of the data used in those routines.

For inventory, we tested the operating effectiveness of, and were able to rely on, the Group's manual inventory cycle count controls and therefore were able to reduce the extent of our substantive procedures in this area.

8. Other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

All other information

Our responsibility	Our reporting
Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.	Based solely on that work we have not identified material misstatements or inconsistencies in the other information.

Strategic Report and Directors' Report

Our responsibility and reporting

Based solely on our work on the other information described above we report to you as follows:

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

Directors' Remuneration Report

Our responsibility	Our reporting
We are required to form an opinion as to whether the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.	In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance disclosures

Our responsibility	Our reporting
We are required to perform procedures to identify whether there is a material inconsistency between the financial statements and our audit knowledge, and: • the Directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; • the section of the annual report describing the work of the Audit Committee, including the significant issues that the Audit Committee considered in relation to the financial statements, and how these issues were addressed; and • the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.	Based on those procedures, we have concluded that each of these disclosures is materially consistent with the financial statements and our audit knowledge.
We are also required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.	We have nothing to report in this respect.

Other matters on which we are required to report by exception

Our responsibility	Our reporting
Under the Companies Act 2006, we are required to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited 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 these respects.

Financial Statements

Independent auditor's report continued

To the members of Howden Joinery Group Plc

9. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 156, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Company is required to include these financial statements in an annual financial report prepared under Disclosure Guidance and Transparency Rule 4.1.17R and 4.1.18R. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

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

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Zulfikar Walji (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

26 February 2025

Consolidated income statement

	Notes	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Revenue	2	**2,322.1**	2,310.9
Cost of sales		**(891.0)**	(907.0)
Gross profit		**1,431.1**	1,403.9
Operating expenses		**(1,091.9)**	(1,063.7)
Operating profit	4	**339.2**	340.2
Finance income	5	**9.9**	5.5
Finance costs	6	**(21.0)**	(18.1)
Profit before tax		**328.1**	327.6
Tax on profit	7	**(78.8)**	(73.0)
Profit for the period attributable to the equity holders of the parent		**249.3**	254.6
Earnings per share:			
Basic earnings per 10p share	8	**45.6p**	46.5p
Diluted earnings per 10p share	8	**45.4p**	46.3p

Consolidated statement of comprehensive income

	Notes	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Profit for the period		**249.3**	254.6
Items of other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gains/(losses) on defined benefit pension scheme	22	**12.7**	13.3
Deferred tax on actuarial gains and losses on defined benefit pension scheme	7	**(3.2)**	(2.9)
Change of tax rate on deferred tax	7	**-**	(0.4)
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		**(3.1)**	(0.5)
Other comprehensive income for the period		**6.4**	9.5
Total comprehensive income for the period attributable to equity holders of the parent		**255.7**	264.1

Financial Statements

Consolidated balance sheet

	Notes	28 December 2024 £m	30 December 2023 £m
Non-current assets			
Intangible assets	9	**58.1**	43.5
Property, plant and equipment	10	**500.6**	456.9
Lease right-of-use assets	11	**642.3**	647.9
Deferred tax asset	7	**10.5**	15.6
Long-term prepayments		**1.4**	0.8
		1,212.9	1,164.7
Current assets			
Inventories	12	**390.7**	382.8
Corporation tax	7	**25.7**	39.7
Trade and other receivables	13	**264.6**	194.5
Cash and cash equivalents	20	**343.6**	282.8
		1,024.6	899.8
Total assets		**2,237.5**	2,064.5
Current liabilities			
Lease liabilities	11	**(89.3)**	(85.3)
Trade and other payables	14	**(386.8)**	(373.2)
Provisions	15	**(8.3)**	(9.5)
		(484.4)	(468.0)
Non-current liabilities			
Pension liability	22	**(2.1)**	(12.6)
Lease liabilities	11	**(591.7)**	(599.2)
Deferred tax liability	7	**(26.4)**	(3.3)
Provisions	15	**(4.2)**	(3.0)
		(624.4)	(618.1)
Total liabilities		**(1,108.8)**	(1,086.1)
Net assets		**1,128.7**	978.4
Equity			
Share capital	16	**55.4**	55.4
Capital redemption reserve	16	**9.8**	9.8
Share premium	16	**87.5**	87.5
ESOP and share-based payments	16	**21.3**	16.6
Treasury shares	16	**(18.8)**	(24.0)
Retained earnings	16	**973.5**	833.1
Total equity		**1,128.7**	978.4

The financial statements were approved by the Board and authorised for issue on 26 February 2025 and were signed on its behalf by

Paul Hayes
Chief Financial Officer

Consolidated statement of changes in equity

	Share capital £m	Capital redemption reserve £m	Share premium account £m	ESOP and share-based payments £m	Treasury shares £m	Retained earnings £m	Total £m
At 24 December 2022	56.1	9.1	87.5	11.7	(25.5)	732.8	871.7
Accumulated profit for the period	-	-	-	-	-	254.6	254.6
Other comprehensive income for the period	-	-	-	-	-	9.5	9.5
Total comprehensive income for the period	-	-	-	-	-	264.1	264.1
Current tax on share schemes	-	-	-	-	-	0.3	0.3
Movement in ESOP	-	-	-	6.4	-	-	6.4
Buyback and cancellation of shares	(0.7)	0.7	-	-	-	(50.0)	(50.0)
Transfer of shares from treasury into share trust	-	-	-	(1.5)	1.5	-	-
Dividends	-	-	-	-	-	(114.1)	(114.1)
At 30 December 2023	55.4	9.8	87.5	16.6	(24.0)	833.1	978.4
Accumulated profit for the period	-	-	-	-	-	249.3	249.3
Other comprehensive income for the period	-	-	-	-	-	6.4	6.4
Total comprehensive income for the period	-	-	-	-	-	255.7	255.7
Current tax on share schemes	-	-	-	-	-	0.5	0.5
Deferred tax on share schemes	-	-	-	-	-	0.1	0.1
Movement in ESOP	-	-	-	9.9	-	-	9.9
Transfer of shares from treasury into share trust	-	-	-	(5.2)	5.2	-	-
Dividends	-	-	-	-	-	(115.9)	(115.9)
At 28 December 2024	**55.4**	**9.8**	**87.5**	**21.3**	**(18.8)**	**973.5**	**1,128.7**

The item "Movement in ESOP" consists of the share-based payment charge in the year, together with any receipts of cash from employees on exercise of share options.

At the current period end there were 3,844,331 ordinary shares held in treasury, each with a nominal value of 10p (2023: 4,918,375 shares of 10p each).

We present a description of the nature and purpose of each reserve at note 16.

Financial Statements

Consolidated cash flow statement

	Notes	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Profit before tax		**328.1**	327.6
Adjustments for:			
Finance income		**(9.9)**	(5.5)
Finance costs		**21.0**	18.1
Depreciation and amortisation of owned assets	9, 10	**57.1**	50.8
Depreciation, impairment and loss on termination of leased assets	11	**97.0**	90.1
Share-based payments charge		**9.6**	6.0
(Increase)/decrease in long-term prepayments		**(0.6)**	0.3
Difference between pension operating charge and cash paid		**1.9**	(16.9)
Loss on disposal of property, plant and equipment and intangible assets		**0.4**	0.3
Operating cash flows before movements in working capital		**504.6**	470.8
Movements in working capital			
Increase in inventories		**(7.9)**	(9.5)
(Increase)/decrease in trade and other receivables		**(70.1)**	38.8
Increase/(decrease) in trade and other payables and provisions		**12.7**	(64.3)
		(65.3)	(35.0)
Cash generated from operations		**439.3**	435.8
Tax paid		**(39.2)**	(63.5)
Net cash flow from operating activities		**400.1**	372.3
Cash flows used in investing activities			
Payments to acquire property, plant and equipment and intangible assets		**(122.0)**	(118.9)
Receipts from sale of property, plant and equipment and intangible assets		**0.1**	0.0
Interest received		**9.8**	4.7
Net cash used in investing activities		**(112.1)**	(114.2)
Cash flows used in financing activities			
Payments to acquire own shares		**-**	(50.0)
Receipts from release of shares from share trust		**0.4**	0.5
Dividends paid to Group shareholders		**(115.9)**	(114.1)
Interest paid - including on lease liabilities		**(20.7)**	(16.8)
Repayment of capital on lease liabilities		**(92.7)**	(105.0)
Net cash used in financing activities		**(228.9)**	(285.4)
Net increase/(decrease) in cash and cash equivalents		**59.1**	(27.3)
Cash and cash equivalents at beginning of period		**282.8**	308.0
Effect of movements in exchange rates on cash held		**1.7**	**2.1**
Cash and cash equivalents at end of period		**343.6**	282.8

We present an analysis of cash and non-cash changes in liabilities due to financing activities in note 18.

Notes to the consolidated financial statements

The order of the notes is set out below. Significant accounting policies and, where applicable, information relating to significant judgements and sources of estimation uncertainty are presented as part of the related note.

General information

1 General information
Company and currency details
Foreign currency transactions
Foreign operations
Accounting period
Impairment of assets
Statement of compliance and basis of preparation
Going concern
Standards in issue but not yet effective

Earnings

2 Revenue
3 Segmental reporting
4 Operating profit
5 Finance income
6 Finance costs
7 Current and deferred tax
8 Earnings per share

Operating assets and liabilities

9 Intangible assets
10 Property, plant and equipment
11 Lease right-of-use assets and lease liabilities
12 Inventories
13 Other financial assets
14 Other financial liabilities
15 Provisions

Capital structure and risk

16 Share capital and reserves
17 Dividends
18 Notes to the cash flow statement
19 Borrowing facility
20 Financial risk management

Employees

21 Staff costs and number of employees
22 Retirement benefit obligations
23 Share-based payments

Other supporting notes

24 Financial commitments
25 Related party transactions

Financial Statements

Notes to the consolidated financial statements continued

General Information

Company and currency details

Howden Joinery Group Plc ("the Company") is a company incorporated in the United Kingdom under the Companies Act 2006. Its registered office address is 105 Wigmore Street, London W1U 1QY. The nature of the Group's operations and principal activities are set out in the Strategic Report.

These financial statements are presented in pounds sterling, the currency of the primary economic environment in which the Group operates. Foreign operations are included on the basis set out below.

Foreign currency transactions

Transactions in foreign currency are translated at the exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rate at the balance sheet date. Foreign exchange gains and losses are recognised in the income statement.

Foreign operations

The assets and liabilities of foreign operations are translated into sterling at foreign exchange rate at the balance sheet date. The results and cash flows of overseas subsidiaries are translated into sterling on an average exchange rate basis, weighted by the actual results of each month.

Exchange differences arising from the translation of the results and net assets of overseas subsidiaries are taken to equity via the statement of comprehensive income.

Accounting period

The Group's accounting period covers the 52 weeks to 28 December 2024. The comparative period covered the 53 weeks to 30 December 2023.

Impairment of assets

The carrying amount of the Group's assets is reviewed at least annually to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated.

Apart from in the case of trade and other receivables, and inventories, an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses are recognised in the income statement.

For trade and other receivables and inventories which are considered to be impaired, the carrying amount is reduced through the use of an allowance for estimated irrecoverable amounts. Changes in the carrying value of this allowance are recognised in the income statement.

Statement of compliance and basis of preparation

The Group financial statements have been prepared in accordance with UK-adopted international accounting standards.

The financial statements have been prepared on the historical cost basis, modified for certain items carried at fair value, as stated in the accounting policies.

These consolidated financial statements include the accounts of the Company and all entities controlled by the Company, together referred to as "the Group", from the date control commences until the date that control ceases.

"Control" is defined as the Group having power over the subsidiary, exposure or rights to variable returns from the subsidiary, and the ability to use its power to affect the amount of returns from the subsidiary. Further details of all subsidiaries are given in the "Additional Information" section at the back of this Annual Report. All subsidiaries are 100% owned and the Group considers that it has control over them all.

Going concern

The Directors have undertaken a robust assessment and concluded that it is appropriate to prepare the financial statements on the going concern basis. They have not identified any material uncertainties and there were no significant judgements involved in coming to this conclusion. Full details are set out in the strategic review, starting on page 69.

Standards in issue but not yet effective

At the date of authorisation of these financial statements, the following standards, amendments to standards, and interpretations, were in issue but not yet effective for the Group in these financial statements:

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

Amendments to IAS 1 - Classification of liabilities as Current or Non-Current

Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements

Amendments to IAS 21: Lack of Exchangeability

Amendments to IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments

Annual Improvements to IFRS Accounting Standards–Volume 11

IFRS 18 - Presentation and disclosure in financial statements

IFRS 19 - Subsidiaries without Public Accountability-Disclosures

Significant accounting judgements and major sources of estimation uncertainty

The Group recognises significant judgement and estimation uncertainty in connection with its defined benefit pension. It also recognises estimation uncertainty over making allowances against the carrying value of inventory. More details are given in the relevant notes.

Other significant accounting policies

These are presented as part of the related notes to these financial statements.

Earnings

2 Revenue

Accounting policy

The Group recognises revenue when it has satisfied its performance obligations to the customer and the customer has obtained control of the goods or services being transferred. Revenue from sales of goods will typically account for more than 95% of total revenue, and is recognised on collection or delivery of the goods. Revenue from services is a small percentage of total revenue, and is recognised when the customer confirms that the services are complete.

We measure revenue at the fair value of the consideration received or receivable, excluding sales taxes and discounts. We recognise interest income as it accrues and measure it using the effective interest rate method.

3 Segmental reporting

(a) Basis of segmentation, and other general information

Information reported to the Group's Executive Committee, which is regarded as the chief operating decision maker, is focused on one operating segment, Howden Joinery. Thus, the information required in respect of profit or loss, assets and liabilities, can all be found in the relevant primary statements and notes of these consolidated financial statements.

The Howden Joinery business derives its revenue from the sale of kitchens and joinery products and related services.

(b) Geographical information

The Group's operations are mainly located in the UK, with a smaller presence in France, Belgium and the Republic of Ireland. The Group has depots in each of these locations. The number of depots in each location at the current and prior period ends is shown in the five year record which is located towards the back of this Annual Report. The Group's manufacturing and sourcing operations are located in the UK.

Notes to the consolidated financial statements continued

Earnings continued

The following table analyses the Group's revenues from external customers by geographical market, irrespective of the origin of the goods:

Revenues from external customers	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
UK	**2,247.4**	2,241.1
France, Belgium and Ireland	**74.7**	69.8
	2,322.1	2,310.9

The following is an analysis of the carrying amount of assets, and additions to property, plant and equipment and intangible assets, analysed by the geographical area in which the assets are located.

Carrying amount of assets	28 December 2024 £m	30 December 2023 £m
UK	**2,119.6**	1,935.6
France, Belgium and Ireland	**117.9**	128.9
	2,237.5	2,064.5

Non-current assets (excluding non-current deferred tax)	28 December 2024 £m	30 December 2023 £m
UK	**1,129.4**	1,068.3
France, Belgium and Ireland	**73.0**	80.8
	1,202.4	1,149.1

Additions to property plant and equipment and intangible assets	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
UK	**114.2**	108.3
France, Belgium and Ireland	**3.3**	9.1
	117.5	117.4

4 Operating profit

Operating profit has been arrived at after (charging)/crediting:

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Cost of inventories recognised as an expense	**(889.5)**	(900.9)
Write down of inventories	**(1.5)**	(6.1)
Loss on disposal of fixed assets	**(0.4)**	(0.3)
Auditor's remuneration for audit services	**(1.4)**	(1.3)

All of the items above relate to continuing operations.

A more detailed analysis of auditor's total remuneration is given below:

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Audit services:		
Fees paid to the Company's auditor for the audit of the Company's annual financial statements	**(0.3)**	(0.3)
Fees paid to the Company's auditor and their associates for other services to the Group:		
- the audit of the subsidiary companies pursuant to legislation	**(1.1)**	(1.0)
Total audit fees	**(1.4)**	(1.3)
Other services:		
Audit-related assurance services	**(0.1)**	(0.1)
Non-audit-related assurance services	**(0.1)**	-
Total non-audit fees	**(0.2)**	(0.1)

Details of the Group's policy on the use of auditors for non-audit services, the reasons why the auditor was used rather than another supplier and how the auditor's independence and objectivity were safeguarded are set out in the Corporate Governance Report. No services were provided pursuant to contingent fee arrangements.

Financial Statements

Notes to the consolidated financial statements continued

Earnings continued

5 Finance income

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Bank interest receivable	**9.9**	5.5
	9.9	5.5

6 Finance costs

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Interest expense on lease liabilities	**(20.7)**	(16.8)
Other finance expense - pensions	**(0.3)**	(1.3)
Total finance costs	**(21.0)**	(18.1)

7 Current and deferred tax

Accounting policy

Income tax

The tax expense represents the sum of current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax

Current tax is based on taxable profit for the financial period and any adjustments to tax payable or receivable for prior years. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other financial years as well as items that are never taxable or deductible.

It is calculated as the best estimate of the tax expected to be paid or received. It reflects any uncertainty related to income taxes and is measured using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on the temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. It is accounted for using the balance sheet liability method. It is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset realised, based on tax laws and rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction (other than in a business combination) that affects neither the taxable profit nor the accounting profit.

The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Current tax:

(a) Tax in the income statement

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Current tax:		
Current year	**60.5**	64.7
Adjustments in respect of previous periods	**(6.8)**	(8.2)
Total current tax	**53.7**	56.5
Deferred tax:		
Current year	**21.2**	14.9
Adjustments in respect of previous periods	**3.9**	0.9
Effect of changes in tax rate	**-**	0.7
Total deferred tax	**25.1**	16.5
Total tax charged in the income statement	**78.8**	73.0

UK Corporation tax is calculated at 25.0% (2023: 23.5%) of the estimated assessable profit for the period. Tax for other countries is calculated at the rates prevailing in the respective jurisdictions.

(b) Tax relating to items of other comprehensive income or changes in equity

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Deferred tax charge to other comprehensive income on actuarial difference on pension scheme	**3.2**	2.9
Change of rate effect on deferred tax	**-**	0.4
Deferred tax credit to equity on share schemes	**(0.1)**	-
Current tax credit to equity on share schemes	**(0.5)**	(0.3)
Total charge to other comprehensive income or changes in equity	**2.6**	2.9

(c) Reconciliation of the total tax charge

The total tax charge for the period can be reconciled to the result per the income statement as follows:

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Profit before tax	**328.1**	327.6
Tax at the UK corporation tax rate of 25.0% (2023: 23.5%)	**82.0**	77.0
IFRS2 share scheme charge	**0.1**	0.5
Expenses not deductible for tax purposes	**1.7**	2.9
Overseas losses not utilised	**6.3**	6.2
Non-qualifying depreciation	**1.6**	1.0
Rate change	**-**	0.7
Patent box claim	**(10.0)**	(8.0)
Other tax adjustments in respect of previous years	**(2.9)**	(7.3)
Total tax charged in the income statement	**78.8**	73.0

The Group's effective rate of tax is 24.0% (2023: 22.3%).

Financial Statements

Notes to the consolidated financial statements continued

Earnings continued

Deferred tax:

Analysis of deferred tax assets and liabilities, and the movements on them during the period.

	Retirement benefit obligations £m	Accelerated capital allowances £m	Company share schemes £m	Leasing £m	Other temporary differences £m	Total £m
At 24 December 2022	10.6	12.7	2.2	3.5	3.1	32.1
(Charge)/credit to income statement	(4.1)	(11.6)	-	(0.6)	0.5	(15.8)
(Charge) to the income statement - change of rate	-	(0.7)	-	-	-	(0.7)
(Charge) outside the income statement - change of rate	(0.4)	-	-	-	-	(0.4)
Charge outside the income statement	(2.9)	-	-	-	-	(2.9)
At 30 December 2023	3.2	0.4	2.2	2.9	3.6	12.3
Credit/(charge) to income statement	0.5	(25.4)	(1.6)	(0.6)	2.0	(25.1)
(Charge)/credit outside the income statement	(3.2)	-	0.1	-	-	(3.1)
At 28 December 2024	**0.5**	**(25.0)**	**0.7**	**2.3**	**5.6**	**(15.9)**

The year-on-year movement in the deferred tax liability relating to accelerated capital allowances reflects the impact of the first full year of HMRC's "full expensing" rules, and temporary differences on recognition of fixed asset additions.

Deferred tax arising from accelerated capital allowances can be further analysed as a £1.4m asset and a £26.4m liability (2023: £3.5m asset and £3.1m liability).

The presentation in the balance sheet is as follows:

	28 December 2024 £m	30 December 2023 £m
Deferred tax assets	**10.5**	15.6
Deferred tax liabilities	**(26.4)**	(3.3)
	(15.9)	12.3

At the balance sheet date the group had unused tax losses as disclosed below. These losses are carried forward by particular group companies and may only be offset against profits of that particular company. Deferred tax assets are not recognised in relation to these losses as it is not considered probable that suitable future taxable profits will be available in the relevant company against which the unused losses can be utilised. Specifically, in the case of the trading and non-trading losses this is due to the unpredictability of future profit streams in the relevant entities, while for the capital losses it is due to future capital gains not currently being forecast to arise. All unrecognised losses may be carried forward indefinitely and have been valued in GBP at the year end closing exchange rate.

The analysis below does not include any tax losses attributable to our former subsidiaries in the Netherlands and Germany, which have now ceased to trade.

	28 December 2024 £m	30 December 2023 £m
Trading losses	**123**	100
Non-trading losses	**20**	20
Capital losses	**86**	86
Total losses	**229**	206

The losses disclosed above relate to activities both in the UK and in overseas jurisdictions. Of the trading losses, £31m relate to UK activities with the remainder being attributable to Belgium (£1m), Ireland (£5m) and France (£86m). All of the non-trading losses and capital losses are attributable to UK activities.

Global minimum tax Legislation - Pillar Two

The Group is in scope of this Legislation. The assessment of the potential exposure to Pillar Two income taxes is based on the most recent filings, country by country reporting and financial statements for the Group entities. Based on this assessment, the Pillar Two effective rates in most jurisdictions in which the Group operates are above 15%. Consequently, the Pillar two regulation does not materially impact the Group's effective tax rate.

The Group has applied the temporary mandatory relief under IAS12 from accounting for deferred tax that arises under the Pillar Two rules meaning the Group is effectively exempt from providing for and disclosing deferred tax related to top-up tax.

8 Earnings per share

	52 weeks to 28 December 2024			53 weeks to 30 December 2023		
From continuing operations	Earnings £m	Weighted average number of shares m	Earnings per share p	Earnings £m	Weighted average number of shares m	Earnings per share p
Basic earnings per share	**249.3**	**546.7**	**45.6**	254.6	548.1	46.5
Effect of dilutive share options	**-**	**2.1**	**(0.2)**	-	2.1	(0.2)
Diluted earnings per share	**249.3**	**548.8**	**45.4**	254.6	550.2	46.3

The difference between the weighted average number of shares used in the calculation of basic earnings per share and the total number of shares in issue at the period end is due to the net effect of time-apportioned adjustments for shares held in treasury, shares held in trust which are not unconditionally vested, and shares bought back and cancelled in the period.

Operating assets and liabilities

9 Intangible assets

(a) Total amounts recognised in the balance sheet

	28 December 2024 £m	30 December 2023 £m
Goodwill - cost and carrying value	**12.4**	12.4
Software	**45.7**	31.1
	58.1	43.5

(b) Goodwill

Accounting policy

Goodwill arising on a business combination represents the excess of the cost of acquisition over the share of the aggregate fair value of identifiable net assets (including intangible assets) of the acquired business at the date of acquisition. Goodwill is initially recognised as an asset and allocated to cash-generating units that are expected to benefit from the synergies of the business combination. Goodwill is not amortised, but is reviewed at least annually for impairment. Any impairment is recognised immediately in the income statement. Goodwill is stated in the balance sheet at cost less any provisions for impairment, if required.

The goodwill shown above all arose on the acquisition of 100% of Sheridan Fabrications Ltd ("SFL") in 2022. The trading activities of SFL have been integrated into the Howden Joinery UK operations, to which we have allocated all of the related goodwill. The Howden Joinery UK operations is a group of cash-generating units comprising smaller groups of assets (for example, individual depots).

The recoverability of the goodwill is assessed by looking at the value in use of the Howden Joinery UK operations.

The Howden Joinery UK operations, as shown in the geographical analysis at note 3(b) to these financial statements, represent over 95% of the consolidated Group sales. This is reflected in their contribution to total Group profit and cashflow. Given the size and contribution of this cash-generating unit in comparison with the £12.4m cost and carrying value of the allocated goodwill, it has not been considered necessary to look further ahead than the next 12 month forecast to verify that projected cashflows from the Howden Joinery UK operations are significantly in excess of the carrying value of the associated goodwill.

Notes to the consolidated financial statements continued

Operating assets and liabilities continued

(c) Software

Accounting policy

Directly attributable costs incurred for the development of computer software controlled by and for use within the business are capitalised and written off over their estimated useful lives, which are reviewed annually and which range between three and seven years. No amortisation is charged on assets under construction.

Amounts paid to third parties for development of assets not controlled by the Group are expensed over the period where the Group receives the benefit of the use of these assets. Licence fees for using third-party software are expensed over the period the software is in use.

Intangible assets are amortised on a straight line basis over their useful lives, which range from 4 to 10 years.

	Intangible assets in use £m	Assets under construction £m	TOTAL £m
Cost			
At 24 December 2022	45.8	7.8	53.6
Additions	3.0	10.6	13.6
Disposals	(1.4)	-	(1.4)
Reclassifications	4.9	(4.9)	-
At 30 December 2023	52.3	13.5	65.8
Exchange adjustments	(0.1)	-	(0.1)
Additions	9.9	10.7	20.6
Disposals	(1.2)	-	(1.2)
Reclassifications	9.0	(9.0)	-
At 28 December 2024	**69.9**	**15.2**	**85.1**
Accumulated depreciation			
At 24 December 2022	(30.1)	-	(30.1)
Exchange adjustments	-	-	-
Charge for the period	(6.0)	-	(6.0)
Disposals	1.4	-	1.4
At 30 December 2023	(34.7)	-	(34.7)
Charge for the period	(5.8)	-	(5.8)
Disposals	1.1	-	1.1
At 28 December 2024	**(39.4)**	**-**	**(39.4)**
Net book value at 28 December 2024	**30.5**	**15.2**	**45.7**
Net book value at 30 December 2023	17.6	13.5	31.1

10 Property, plant and equipment

Accounting policy

All property, plant and equipment is stated at cost (or deemed cost, as applicable) less accumulated depreciation and any accumulated impairment losses.

Depreciation of property, plant and equipment is provided to write off the difference between their cost and their residual value over their estimated lives on a straight-line basis. The current range of useful lives is as follows:

Freehold property	25 - 50 years
Leasehold property improvements and fittings	the period of the lease, or the individual asset's life, if shorter
Plant, machinery & vehicles	4 - 25 years
Fixtures & fittings	4 - 25 years

Capital work-in-progress and freehold land are not depreciated.

Residual values, remaining useful economic lives and depreciation periods and methods are reviewed regularly and adjusted if appropriate.

Property, plant and equipment is assessed for impairment at least annually, with individual depots considered to be cash-generating units for this purpose.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised in the income statement.

Cost	Freehold property £m	Leasehold property improvements £m	Plant, machinery & vehicles £m	Fixtures & fittings £m	Assets under construction £m	TOTAL £m
At 24 December 2022	73.1	108.1	206.4	264.2	59.7	711.5
Exchange adjustments	-	-	(0.1)	(0.4)	(0.1)	(0.6)
Additions	2.1	12.0	17.6	39.1	33.0	103.8
Disposals	-	(1.7)	(12.2)	(2.3)	-	(16.2)
Reclassifications	1.8	3.4	19.4	6.6	(31.2)	-
At 30 December 2023	77.0	121.8	231.1	307.2	61.4	798.5
Exchange adjustments	-	(0.1)	(0.4)	(1.5)	(0.1)	(2.1)
Additions	3.3	13.9	15.2	42.0	22.5	96.9
Disposals	-	(0.1)	(6.0)	(1.7)	-	(7.8)
Reclassifications	0.8	-	14.1	16.3	(31.2)	-
At 28 December 2024	**81.1**	**135.5**	**254.0**	**362.3**	**52.6**	**885.5**
Accumulated depreciation						
At 24 December 2022	(10.8)	(34.4)	(133.0)	(134.6)	-	(312.8)
Exchange adjustments	-	-	-	0.1	-	0.1
Charge for the period	(1.9)	(6.2)	(13.9)	(22.8)	-	(44.8)
Disposals	-	1.6	12.1	2.2	-	15.9
At 30 December 2023	(12.7)	(39.0)	(134.8)	(155.1)	-	(341.6)
Exchange adjustments	-	-	0.2	0.4	-	0.6
Charge for the period	(2.0)	(6.9)	(16.7)	(25.7)	-	(51.3)
Disposals	-	0.1	5.9	1.4	-	7.4
Reclassifications	-	-	0.5	(0.5)	-	-
At 28 December 2024	**(14.7)**	**(45.8)**	**(144.9)**	**(179.5)**	**-**	**(384.9)**
Net book value at 28 December 2024	**66.4**	**89.7**	**109.1**	**182.8**	**52.6**	**500.6**
Net book value at 30 December 2023	64.3	82.8	96.3	152.1	61.4	456.9

Notes to the consolidated financial statements continued

Operating assets and liabilities continued

11 Lease right-of-use assets and lease liabilities

Accounting policy

We assess whether a lease exists at the inception of the related contract. If a lease exists, we recognise a right-of-use asset and a corresponding lease liability with effect from the date the lease commences.

The lease liability

The lease liability is initially measured at the present value of the lease payments due. As the discount rate inherent in our leases is not readily determinable, we use an estimate of the Group's incremental borrowing rate to discount the payments and arrive at net present value.

The Group does not have a history of borrowing, and therefore it does not have a credit agency credit rating. Therefore, we derive the incremental borrowing rate by a process of:

- discussion with our bankers to estimate a reasonable proxy credit rating for the Group;
- using an independent third-party borrowing rate curve, giving indicative costs of borrowing for companies with a comparable credit rating over various durations, and
- selecting borrowing rates from the appropriate points on that curve to best match the duration of our lease portfolios.

Our leases are on relatively simple terms. Lease payments included in the measurement of the lease liability comprise fixed lease payments, less any lease incentives. We do not have variable lease payments which depend on an index, residual value guarantees, purchase options or termination penalties.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

We remeasure the lease liability (and make a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate; or
- the lease payments have changed as a result of a change in an index, or, as is common with property leases, to reflect changes in market rental rates. In these cases, the lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

In any cases other than those described immediately above, where a lease contract is modified and the lease modification is not accounted for as a separate lease, the lease liability is remeasured by discounting the revised remaining lease payments using a revised discount rate.

The lease liability is presented as a separate item in the balance sheet and is split between current and non-current portions.

The lease right-of-use asset

The right-of-use asset comprises the initial measurement of the corresponding lease liability and any initial direct costs of obtaining the lease. It is subsequently measured at cost less accumulated depreciation and any impairment losses. Whenever we incur an obligation for costs to restore a leased asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37.

Right-of-use assets are depreciated over the lease term as this is always shorter than the useful life of the underlying asset. Depreciation starts at the commencement date of the lease. We do not have any leases that include purchase options or transfer ownership of the underlying asset.

The right-of-use assets are presented as a separate line item in the balance sheet.

Lease term

It is uncommon for any of our leases to have extension options, although in the case of property leases it is common for us to enter into a new lease of the same property when the current lease expires. It is also uncommon for us to exit any leases before the end of their specified maximum term. Therefore we assume on inception that our leases will run to the maximum term in the lease agreement.

Property leases treated as short-term leases when in the process of being renewed

From time to time when renewing a property lease, the new lease may not be formally signed before the end date of the previous lease. In these circumstances, although both we and the landlord will have agreed our willingness to renew the lease in principle, and we may also have protection under property law which grants us the right to renew the lease, our interpretation of IFRS 16 is that there is no enforceable right to renew the lease until the new lease is formally signed.

Therefore, we treat any lease payments made in this period between expiry and renewal as short-term lease payments under IFRS 16 and we expense them, taking advantage of the IFRS16 short-term lease exemption.

Amounts treated as variable lease payments - rent reviews

It is common for property leases to contain a clause whereby the rent is reviewed every five years and adjusted in line with prevailing market rates. The process of agreeing rent reviews can sometimes be a lengthy one, and some reviews are not agreed until after their effective date.

In these cases we will continue to pay rent at the old rate until the rent review is agreed and neither the lease asset nor the lease liability is remeasured. If the new rent is agreed at a higher rate than the old rent, there will be a one-off payment to the lessor, covering the increase in rent for the period between the date from which the rent review was effective and the date on which the rent review was agreed.

This payment is treated as a variable lease payment and is not included in the remeasurement of the lease liability.

The lease asset and liability are remeasured from the rent review agreement date, based on the future agreed cashflows at the new agreed rent.

Nature of the Group's leasing activities

Around 90% of our leases by value are for depot, warehouse, and office properties. A typical depot lease would be for a period of 10 to 15 years, with warehouse and factory leases being for significantly longer and typical office lease periods being shorter. We also lease other smaller assets such as fork lift trucks, lorries, vans and cars, with typical lease periods ranging up to around 5 years.

Amounts recognised in the balance sheet

Right-of-use assets	28 December 2024 £m	30 December 2023 £m
Property	**589.3**	591.7
Vehicles, plant & machinery	**53.0**	56.2
	642.3	647.9
Additions to right-of-use assets in the period	**96.6**	122.9

Lease liabilities	28 December 2024 £m	30 December 2023 £m
Current	**(89.3)**	(85.3)
Non-current	**(591.7)**	(599.2)
	(681.0)	(684.5)

Financial Statements

Notes to the consolidated financial statements continued

Operating assets and liabilities continued

Amounts recognised in the income statement

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Included in net operating expenses		
Depreciation of right-of-use assets:		
- property	**76.5**	72.7
- vehicles, plant & machinery	**20.6**	17.8
Impairment and net gain on lease termination	**(0.1)**	(0.4)
Total - recognised in net operating costs	**97.0**	90.1
Expense relating to short-term leases	**3.4**	4.8
Variable lease payments, not included in the measurement of lease liabilities	**2.7**	2.6
Included in finance costs		
Interest expense on lease liabilities	**20.7**	16.8

Cash flows and maturity analysis of lease liabilities

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Total cash outflow for leases	**113.4**	121.8

	28 December 2024 £m	30 December 2023 £m
Maturity analysis of lease liabilities		
Contractual undiscounted cashflows due		
- within 1 year	**108.4**	102.9
- 1 to 5 years	**329.5**	316.5
- more than 5 years	**371.6**	382.6
	809.5	802.0

Sublettings

From time to time the Group has leases on properties which it no longer requires. The Group will sublease any such properties wherever possible.

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Sublease income recognised in the period	**0.7**	0.7

12 Inventories

! Estimation uncertainty - allowances against the carrying values of inventories

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

Both the gross inventory balance and the amount of the allowance against carrying value are material items and we would expect this to remain the case as the Group grows in size, and as consumer demand for regular introductions of new product continues.

We derive our allowance against carrying value based on specific kitchen ranges and stock items where a decision has been made to discontinue future sales or where our monitoring of current sales indicates that the rate of sales is in decline and the product may be coming to the end of its life cycle. The level of judgement and estimation involved requires assessing the obsolescence risk across a high volume of SKUs, which can have different risk profiles. As such, the allowance is specific in nature and does not lend itself to meaningful sensitivity analysis in the same way as a figure which is derived by a general formula. The potential range of reasonable outcomes could be material. In the analysis of the allowance below, we have separately identified the aggregate gross value of stock against which an allowance has been made.

Once a decision is made to discontinue future sales of a product, it will still be available for sale in depots for a standard period of time, after which any remaining units of that product will be removed from sale. Our stock allowance is calculated so that the carrying value of any unsold units is progressively written down to nil over the period during which they are available for sale. The rate at which the units are written down to nil is based on actual historical experience of realised selling prices for previous similar products, and recognises that higher selling prices are typically achievable at the beginning of the period than at the end of the period. Rates are reviewed regularly against historical experience and are adjusted if necessary.

Accounting policy

Inventories are stated at the lower of cost and net realisable value. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity, calculated using a standard cost which is regularly updated to reflect average actual costs. An allowance is made for obsolete, slow-moving, or defective items where appropriate.

	28 December 2024 £m	30 December 2023 £m
Raw materials	**25.9**	28.0
Work in progress	**9.5**	9.5
Finished goods and goods for resale	**400.2**	394.9
Allowance against carrying value of inventories	**(44.9)**	(49.6)
	390.7	382.8

The aggregate carrying amount of specific inventories against which allowances have been made is given below:

	2024		2023	
	Gross value of stock £m	Allowance against carrying value £m	Gross value of stock £m	Allowance against carrying value £m
Stock with no allowance against it	**351.9**	**-**	338.3	-
Stock with an allowance	**83.7**	**(44.9)**	94.1	(49.6)
	435.6	**(44.9)**	432.4	(49.6)

Financial Statements

Notes to the consolidated financial statements continued

Operating assets and liabilities continued

13 Trade and other receivables

Accounting policy

Trade receivables do not contain a significant financing component and are stated at their nominal value, reduced by an allowance for expected credit losses. This approximates to their fair value.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses. This uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses trade receivables have been grouped based on shared credit risk characteristics and the days past due.

To determine expected credit losses, the Group uses historical observed default rates for these different groups of receivables, adjusted for forward-looking estimates. The default rates and forward-looking estimates are revised at each reporting date.

	28 December 2024 £m	30 December 2023 £m
Trade receivables (net of allowance)	**217.1**	159.5
Prepayments	**39.1**	29.2
Other receivables	**8.4**	5.8
	264.6	194.5

An analysis of the Group's allowance for expected credit losses on debtors is as follows:

	28 December 2024 £m	30 December 2023 £m
Balance at start of period	**18.0**	17.6
(Decrease)/increase in allowance recognised in the income statement	**(1.1)**	0.4
Balance at end of period	**16.9**	18.0

Trade receivables - exposure to credit risk and allowance for expected credit losses

We have no significant concentration of credit risk, as our exposure is spread over a large number of customer accounts. We charge interest at appropriate market rates on balances which are in litigation.

Before accepting any new credit customer, we obtain a credit check from an external agency to assess the potential customer's credit quality, and then we set credit limits on a customer-by-customer basis. We review credit limits regularly, and adjust them if circumstances change. In the case of one-off customers, our policy is to require immediate payment at the point of sale, and not to offer credit terms.

The historical level of customer default is low as a percentage of sales, and we consider the credit quality of period end trade receivables to be high. We regularly review trade receivables which are past due but not impaired, and we make an allowance against them based on any expected credit losses. We base our assessment both on past experience and also on whether there are any other likely significant future factors which might affect recoverability and influence our assessment of expected credit losses. We maintain regular contact with customers with overdue debts and, where necessary, we take legal action to recover the receivable.

We wrote off £9.8m of debts in the period (2023: £10.2m). Included within our aggregate trade receivables balance are specific debtor balances with customers totalling £47.0m before allowance for expected credit losses (2023: £46.1m before allowance) which are past due as at the reporting date. We have assessed these balances for recoverability and we believe that their credit quality remains intact.

An ageing analysis of these past due trade receivables is as follows:

	28 December 2024 £m	30 December 2023 £m
1-30 days past due	**21.7**	21.4
31-60 days past due	**5.9**	6.8
61-90 days past due	**4.0**	3.9
90+ days past due	**15.4**	14.0
Total overdue amounts, excluding allowance for doubtful receivables	**47.0**	46.1

The Group does not renegotiate credit terms.

14 Trade and other payables

Accounting policy

Trade payables are not interest-bearing and are stated at their nominal value, which approximates to their fair value.

Current liabilities	28 December 2024 £m	30 December 2023 £m
Trade payables	**178.6**	174.5
Other tax and social security	**77.4**	70.4
Other payables	**33.3**	29.8
Accruals	**97.5**	98.5
	386.8	373.2

The average credit taken for trade purchases during the period, based on total operations, was 52 days (2023: 53 days).

The Group's policy on payment of creditors is to agree terms of payment prior to commencing trade with a supplier, and to abide by those terms on the timely submission of satisfactory invoices.

Financial Statements

Notes to the consolidated financial statements continued

Operating assets and liabilities continued

15 Provisions

Accounting policy

Provisions are recognised when the Group has a present obligation 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 required to settle the obligation.

Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation, and are discounted to present value where the effect is material.

	Property £m	Warranty £m	Other £m	French post-employment benefits £m	Total £m
At 24 December 2022	5.0	11.2	-	0.3	16.5
Additional provision in the period	1.5	4.0	0.2	-	5.7
Provision released in the period	(1.6)	-	-	-	(1.6)
Utilisation of provision in the period	(1.1)	(7.0)	-	-	(8.1)
At 30 December 2023	3.8	8.2	0.2	0.3	12.5
Additional provision in the period	0.7	7.7	0.1	-	8.5
Provision released in the period	(1.1)	-	-	-	(1.1)
Utilisation of provision in the period	(0.6)	(6.6)	(0.2)	-	(7.4)
At 28 December 2024	**2.8**	**9.3**	**0.1**	**0.3**	**12.5**
Presented as current liabilities	1.6	6.6	0.1	-	8.3
Presented as non-current liabilities	1.2	2.7	-	0.3	4.2
At 28 December 2024	**2.8**	**9.3**	**0.1**	**0.3**	**12.5**

Property provision

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 as we come 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.

For the purposes of allocating this provision between current liabilities and non-current liabilities we have used our best estimate of when we would reasonably expect outflows to occur, based on circumstances at each relevant property.

Warranty provision

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

For the purposes of allocating this provision between current liabilities and non-current liabilities we have used the historical data on timing and amount of claims to estimate the costs for the next 12 months and have classified this as a current liability.

Other

Other miscellaneous small amounts.

French post-employment benefits provision

This provision relates to a benefit which is payable to employees in our French subsidiary under French law on retirement. It is a lump sum payable on retirement, not a recurring pension. There will only be an outflow from this provision if any of the eligible employees are employed by our French subsidiaries immediately before their retirement.

The provision represents our best estimate of the potential liability and it is calculated based on several factors, mainly the age profile and salary details of the current workforce in France, and the current rate of staff turnover. The calculation to arrive at the best estimate of the required provision is revised periodically by third-party specialists and our provision is adjusted in line with the results of this calculation if necessary.

We have assumed that the whole of this provision is non-current.

Capital structure and risk

16 Share capital and reserves

Ordinary shares of 10p each:	28 December 2024 No.	53 weeks to 30 December 2023 No.	28 December 2024 £m	53 weeks to 30 December 2023 No.
Allotted, called up and fully paid				
Balance at the beginning of the period	**553,591,720**	560,916,049	**55.4**	56.1
Bought back and cancelled during the period	-	(7,324,329)	-	(0.7)
Balance at the end of the period	**553,591,720**	553,591,720	**55.4**	55.4

Share capital

The Company has one class of ordinary share that carries no right to fixed income. The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Description of the nature and purpose of the other reserves shown in the balance sheet

The share premium represents the amounts above the nominal value received for shares sold. The capital redemption reserve represents the nominal value of share capital bought back and cancelled. The ESOP reserve relates to share-based payments and is explained at the foot of the consolidated statement of changes in equity. The treasury share reserve represents the cost of shares bought from the market and held in treasury. The retained earnings reserve represents the Group's cumulative results.

Financial Statements

Notes to the consolidated financial statements continued

Capital structure and risk continued

17 Dividends

Amounts recognised as distributions to equity holders in the period:

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Final dividend for the 52 weeks to 24 December 2022 - 15.9p/share	-	87.8
Interim dividend for the 53 weeks to 30 December 2023 - 4.8p/share	-	26.3
Final dividend for the 53 weeks to 30 December 2023 - 16.2p/share	**89.0**	-
Interim dividend for the 52 weeks to 28 December 2024 - 4.9p/share	**26.9**	-
	115.9	114.1

Dividends proposed at the end of the period (but not recognised in the period):

	52 weeks to 28 December 2024 £m
Proposed final dividend for the 52 weeks to 28 December 2024 - (16.3p/share)	**89.2**

The Directors propose a final dividend in respect of the 52 weeks to 28 December 2024 of 16.3p per share, payable to ordinary shareholders who are on the register of shareholders on 11 April 2025, and payable on 23 May 2025.

The proposed final dividend for the current period is subject to the approval of the shareholders at the 2025 Annual General Meeting, and has not been included as a liability in these financial statements.

Dividends have been waived indefinitely on all shares held by the Group's employee share trusts which have not yet been awarded to employees.

18 Cash and cash equivalents and note to the cash flow statement

Cash and cash equivalents

Cash and cash equivalents comprises cash at bank and on hand together with demand deposits. Cash at bank is either in current accounts, or is placed on short term deposit, and is available on demand. The carrying value of these assets approximates to their fair value.

Note to the cash flow statement: changes in liabilities arising from financing activities

The only liabilities which have changed due to financing activities are lease liabilities. The cash and non-cash changes in lease liabilities are analysed below.

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Opening balance	**(684.5)**	(665.3)
Cash movement: repayment of principal on lease liabilities	**92.7**	105.0
Cash movement: lease interest paid	**20.7**	16.8
Non cash movement: net additions to lease liabilities	**(109.9)**	(141.0)
Closing balance	**(681.0)**	(684.5)

19 Borrowing facility

Accounting policy

Fees relating to borrowing facilities are recorded as prepayments and released over the life of the facility.

During the current period, the Group extended the end date of its existing £150m borrowing facility. At 28 December 2024, the Group had a £150m committed multi-currency revolving credit facility due to expire in September 2029. The Group did not use the facility in the year.

As at 28 December 2024, the full £150m of the facility was available in addition to the Group's cash as shown on the Balance Sheet.

If the Group were to use the facility, it would carry interest at a rate of SONIA plus a margin of between 100 and 175 basis points, with the margin being dependent on the ratio of total net debt to EBITDA.

The facility has two covenants, both of which are calculated on a 12 month rolling basis twice each year, at year end and then again at half year end. Under one covenant the ratio of EBITDA to net debt has to be less than 3:1, and under the other covenant the ratio of EBITDA to net finance charges has to be greater than 4:1.

20 Financial risk management

(a) Capital risk management

The Group manages its capital structure to maximise shareholder returns through its debt and equity balance, trading-off the benefits of financial leverage with the expected future costs of financial distress.

The capital structure of the Group consists of cash and short term investments, the committed borrowing facility discussed further in note 19 - if needed - and equity attributable to equity holders of the parent (including issued share capital and reserves as disclosed in the Consolidated Statement of Changes in Equity, and in note 16).

The Board of Directors reviews the capital structure regularly, including at the time of preparing annual budgets, preparing three-year corporate plans, and considering corporate transactions. As part of this review, the Board reviews the costs and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buybacks, taking on or issuing new debt or repaying any existing debt.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are included in the relevant notes to the financial statements. An index to the notes is located between the cash flow statement and note 1.

(c) Categories of financial instruments

	28 December 2024 £m	30 December 2023 £m
Financial assets (current and non-current)		
Trade receivables	**217.1**	159.5
Cash and cash equivalents	**343.6**	282.8
Financial liabilities (current and non-current)		
Trade payables	**178.6**	174.5
Other payables[1]	**21.0**	21.2

[1] These balances are included in the total Other payables balances shown in note 14

Financial Statements

Notes to the consolidated financial statements continued

Capital structure and risk continued

(d) Financial risk management

General

The Group is exposed in varying degrees to a variety of financial instrument related risks. The Board has approved and monitors the risk management processes, including documented treasury policies, counterparty limits, and controlling and reporting structures. The types of risk exposure, the way in which these exposures are managed, and the quantification of the level of exposure in the balance sheet is shown below (subcategorised into credit risk, liquidity risk and market risk). The Group is actively engaged in the management of all of these financial risks in order to minimise their potential adverse impact on the Group's financial performance.

The principles, practices and procedures governing the Group-wide financial risk management process have been approved by the Board and are overseen by the Executive Committee. In turn, the Executive Committee delegates authority to a central treasury function ('Group Treasury') for the practical implementation of the financial risk management process across the Group and for ensuring that the Group's entities adhere to specified financial risk management policies. Group Treasury regularly reassesses and reports on the financial risk environment, identifying and evaluating financial risks. The Group does not take positions on derivative contracts and only enters into contractual bank deposit or lending arrangements with counterparties that have appropriate credit ratings, as detailed in section (e) below.

Cash and cash equivalents

Cash at bank and in hand, which is the term used in the balance sheet, comprises cash on hand together with demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash, and are subject to an insignificant risk of changes in value. Cash and cash equivalents, which is the term used in the cash flow statement, is the same as cash at bank and in hand.

Arrangements are in place to ensure that cash is utilised most efficiently for the ongoing working capital needs of the Group's operating units and to ensure that the Group earns competitive rates of interest. The prime consideration in the investment of cash balances is the security of the asset, followed by liquidity and then yield.

Management of trade receivables is discussed in note 13.

(e) Credit risk

The Group's principal financial assets are cash, and trade and other receivables. We do not consider other receivables to carry any significant credit risk. Our main credit risk is the risk of trade customers defaulting their debts. We have a policy of only dealing with creditworthy counterparties in order to mitigate the risk of defaults.

We describe our policy on dealing with trade customers in note 13. Trade receivables are spread over a large number of customers, and we do not have a significant exposure to any single counterparty.

We limit our exposure to credit risk on liquid funds and investments through adherence to a policy of minimum short-term counterparty credit ratings assigned by international credit-rating agencies (Standard & Poor's A-1 and Moody's P-1). However, when accounts are opened in new territories there may be instances where there is no appropriate partner which meets the Group's credit rating conditions. In such circumstances, arrangements with a counterparty which does not meet the Group's credit rating criteria can be made only at the specific approval of the Board and is subject to a maximum cash holding limit.

In addition, the Group Treasury function monitors counterparty risk through credit agency ratings.

Our maximum exposure to credit risk is presented in the following table:

	28 December 2024 £m	30 December 2023 £m
Trade receivables (net of allowance)	**217.1**	159.5
Cash	**343.6**	282.8
Total credit risk exposure	**560.7**	442.3

(f) Liquidity risk

Liquidity risk is the risk that the we could experience difficulties in meeting our commitments to creditors as financial liabilities fall due for payment. The Group manages its liquidity risk by using reasonable and retrospectively-assessed assumptions to forecast the future cash-generative capabilities and working capital requirements of the businesses it operates and by maintaining sufficient cash and investment reserves, committed borrowing facilities and other credit lines as appropriate. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has agreed an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities as far as is possible. Included in note 19 is a description of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk. In addition, the Strategic Review contains a section describing the interaction of liquidity risk and the going concern review.

Maturity profile of outstanding financial liabilities

Our only outstanding financial liabilities are our trade payables and an element of our other payables as shown in part (c) above. These are capital liabilities, with no associated interest, and are payable within one year.

(g) Market risk

This is the risk that financial instrument fair values will fluctuate owing to changes in market prices. The significant market risks to which we are exposed are foreign exchange risk, and interest rate risk. These are discussed further below:

Foreign exchange risk

We are exposed to foreign exchange risk, principally as a result of costs incurred in foreign currencies, and to a lesser extent, from non-sterling revenues. Our policy is generally not to hedge such exposures. The exposure of the our financial and other assets and liabilities to currency risk is as follows:

	28 December 2024 £m	30 December 2023 £m
Euro		
Trade receivables	**10.2**	8.4
Other receivables	**3.8**	3.1
Cash and cash equivalents	**17.8**	57.7
Trade payables	**(34.5)**	(35.4)
Other payables	**(8.5)**	(4.6)
	(11.2)	29.2
US Dollar		
Other receivables	**0.5**	-
Cash and cash equivalents	**0.4**	19.7
Trade payables	**(0.3)**	(0.8)
	0.6	18.9
TOTAL	**(10.6)**	48.1

Interest rate risk

The Group does not have any significant exposure to interest rate risk.

Financial Statements

Notes to the consolidated financial statements continued

Capital structure and risk continued

(h) Financial instrument sensitivities

Financial instruments affected by market risk include deposits, trade receivables and trade payables. The following analysis, required by IFRS 7, is intended to illustrate the sensitivity of the Group's financial instruments as at its year end to changes in market variables, being exchange rates and interest rates. The sensitivity analysis has been prepared on the basis that the components of net cash and the proportion of financial instruments in foreign currencies are all constant. For floating rate instruments, the analysis is prepared assuming that the amount outstanding at the year end date was outstanding for the whole year. As a consequence, this sensitivity analysis relates to the position as at the balance sheet date. The following assumptions were made in calculating the sensitivity analysis:

- Deposits are carried at amortised cost and therefore carrying value does not change as interest rates move.
- No sensitivity is provided for accrued interest as accruals are based on pre-agreed interest rates and therefore are not susceptible to further rate movements.
- Finance lease interest payments are fixed at the inception of the contract and are not subject to repricing. They have therefore been excluded from this analysis.
- Translation of foreign subsidiaries and operations into the Group's presentation currency have been excluded from the sensitivity.

Using the above assumptions, the following analyses show the illustrative effect on the income statement and equity that would result from reasonably possible changes in the relevant foreign currency or interest rates:

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for floating rate non-derivative instruments at the balance sheet date. The Group holds no derivative financial instruments. Fixed rate instruments are not susceptible to changes in interest rates, and are omitted from the analysis below. For floating rate instruments, the analysis is prepared assuming the amount outstanding at the balance sheet date was outstanding for the whole year. A 50 basis points increase is used as this represents management's assessment of the possible change in interest rates.

At the reporting date, if interest rates had been 50 basis points higher and all other variables were held constant, the Group's net profit and profit and loss reserve would increase by £1.6m (2023: increase by £0.6m).

For a decrease of 50 basis points, the current year figures would decrease by £1.6m (2023: decrease by £0.9m).

Exchange rate sensitivity

As noted above, the Group is mainly exposed to movements in Euro and US dollar exchange rates. The following information details our sensitivity to a 10% weakening or strengthening in Sterling against the Euro and the US Dollar. These percentages are the rates used by management when assessing sensitivities internally and represent management's assessment of the possible change in foreign currency rates. The sensitivity analysis of our exposure to foreign currency risk at the reporting date has been determined based on the change taking place at the end of the financial period, and based on the outstanding foreign currency balances at the period end.

	28 December 2024 £m	30 December 2023 £m
10% weakening of Sterling to Euro	**(1.2)**	3.2
10% strengthening of Sterling to Euro	**1.0**	(2.7)
10% weakening of Sterling to US dollar	**0.1**	2.1
10% strengthening of Sterling to US dollar	**(0.1)**	(1.7)

Employees

21 Staff costs and number of employees

The aggregate payroll costs of employees, including Executive Directors, were:

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Wages and salaries	**(591.1)**	(561.4)
Social security costs	**(51.5)**	(49.8)
Pension operating costs (note 22)	**(45.4)**	(44.8)
	(688.0)	(656.0)

Wages and salaries includes a charge in respect of share-based payments of £9.6m (2023: £6.0m).

The average monthly number of persons (including Executive Directors) employed by the Group during the period was as follows:

	52 weeks to 28 December 2024 No.	53 weeks to 30 December 2023 No.
UK depots, support and administration	**9,382**	9,417
Manufacturing and logistics	**2,481**	2,288
International	**744**	707
	12,607	12,412

22 Retirement benefit obligations

! Significant judgement and source of estimation uncertainty

There is significant judgement involved in selecting appropriate measurement bases for the actuarial assumptions used to measure the pension liability.

There is also estimation uncertainty relating to the assumptions, as reasonable alternative assumptions could have led to measurement at a materially different amount.

The key assumptions within this calculation are discount rate, inflation rates and mortality rates. These are set out below, together with sensitivity analysis that shows the effect that these estimates can have on the carrying value of the pension deficit.

Notes to the consolidated financial statements continued

Employees continued

Accounting policies

Defined contribution pensions

Payments to defined contribution pension schemes are charged to the income statement as they fall due.

Defined benefit pensions

The calculation of the Group's net asset or obligation is performed by a qualified actuary using the projected unit method. When the calculation results in a potential asset, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements. The Group considers that there are no restrictions caused by IFRIC 14 on recognising any pension surplus as the trustee does not have the unilateral power to either enhance member benefits or to wind up the scheme and distribute any surplus to members and therefore any surplus remaining once the final scheme benefits are paid to members would be returned to the Group under scheme rules.

Scheme liabilities are calculated by estimating the amount of future benefit that employees have earned in return for their service. That benefit is then discounted to determine its present value. The discount rate used is selected to closely approximate the yield at the balance sheet date on AA-rated bonds that have maturity dates approximating to the terms of the Group's obligations. This discount rate is also used to calculate the net pension scheme finance charge or credit.

Scheme assets are carried at fair value. More details are given in this note as part of the analysis of plan assets.

The Group determines the net interest on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset). Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

(a) Overview of all retirement benefit arrangements

Defined contribution plans

The Group operates an auto-enrolment defined contribution plan for employees. Under the terms of this scheme, employees make pension contributions out of their salaries, and the Group also makes additional contributions.

There is also a defined contribution plan relating to the defined benefit plan described below. This plan closed at the same time as the defined benefit plan and the company had no further cost obligations after it closed.

The total cost charged to income in respect of defined contribution pensions in the current period was £43.5m (2023: £42.5m) This represents the Group's contributions due and payable in respect of the period, as was also the case in the previous period.

Defined benefit plan

Characteristics and risks of the plan:

The Group operates a funded pension plan which provides benefits based on the career average pensionable pay of participating employees. This plan was closed to new entrants from April 2013, and closed to future accrual on 31 March 2021.

The assets of the plan are held separately from those of the Group, being held in a trustee-administered pension plan and invested with independent fund managers. The trustee directors of the plan comprise three member-elected trustees, two independent trustees, and three Group-appointed trustees. All trustees are required to act in the best interests of the plan beneficiaries.

The plan exposes the Group to actuarial risks, such as longevity risk, interest rate risk, inflation risk and market (investment) risk.

Longevity risk is the risk that members live for longer than is currently expected. That results in pensions being paid for longer than expected, thus costing schemes more money.

Examples of interest rate risk are that a decrease in corporate bond yields increases the present value of the defined benefit obligations, or that a decrease in gilt yields results in a worsening in the Scheme's funding position.

An example of inflation risk is that an increase in inflation results in higher benefit increases for members which in turn increases the Scheme's liabilities.

Investment risk comes from three main sources: risk that the fund will fall in value, risk that the pension fund's returns will not keep pace with inflation (i.e. that real returns are negative), and risk that the pension fund does not perform well enough to keep pace with the growth in the cost of providing pension benefits.

A description of how the plan's asset allocation strategy seeks to address some of these risks is given below in the "Asset allocation" section.

Accounting and actuarial valuation

Contributions are charged to the consolidated income statement so as to spread the cost of pensions over the employees' working lives with the Group. The present value of the defined benefit obligation is determined by a qualified actuary using the projected unit method. The most recent completed actuarial valuation was carried out at 5 April 2023 by the plan actuary. The actuary advising the Group has subsequently rolled forward the results of the 5 April 2023 valuation to 28 December 2024. This roll-forward exercise involves updating all the assumptions which are market-based (i.e. inflation, discount rate, rate of increase in pensions and rate of CARE revaluation) to values as at 28 December 2024. We are using CMI 2023 mortality tables, being the most recent tables available.

Funding and estimated contributions

The Group's contributions in the current and prior periods are shown in the tables below. The Group bears the plan's administration costs. The Group also has an agreement with the pension plan trustees to make additional deficit contributions to the plan of £12m per year until 31 May 2026, if the plan is underfunded on the Technical Provisions ("TP") basis. Under the agreement, the scheme's funding position is monitored on a monthly basis and deficit contributions are suspended if the scheme's funding position is 100% or greater as at the last working day of two consecutive months on a TP basis, and is resumed if the funding position subsequently falls back to below 100% on the last working day of two consecutive months.

No additional benefit contributions were paid in 2024, and the Group's estimated total cash contributions to the defined benefit plan in the 52 weeks ending 27 December 2025 are also nil. As noted in the paragraph above, additional deficit contributions may cease and recommence during the year, depending on the scheme's funding position.

Differences between the defined benefit pension deficit on an IAS 19 basis and on a funding basis

As is mandatory under International Financial Reporting Standards, the Group values its pension deficit in these accounts on an IAS19 basis. As shown below, the IAS 19 deficit at the current period end is £2.1m. On a funding basis (also known as a "Technical Provisions basis", being the basis on which the triennial actuarial valuations are carried out), the funding surplus at the current period end is estimated at £16.4m, this estimate being based on an approximate roll-forward of the 2023 triennial funding valuation, updated for market conditions. The IAS 19 valuation requires 'best estimate' assumptions to be used whereas the funding valuation uses 'prudent' assumptions.

Virgin Media case

In June 2023, the High Court issued a decision in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others, concerning the validity of certain historical pension changes due to the absence of the actuarial confirmation required by law. In July 2024, the Court of Appeal dismissed the appeal brought by Virgin Media Ltd against aspects of the June 2023 decision. The conclusions reached by the court in this case may have implications for other UK defined benefit plans.

The plan's legal advisors are currently carrying out a review to identify any relevant pension changes and, for any such changes identified, to verify whether there is actuarial confirmation. This review is in progress. The defined benefit obligation presented below reflects the plan benefits currently being administered, i.e. it treats all past rule changes as being valid.

Financial Statements

Notes to the consolidated financial statements continued

Employees continued

(b) Total amounts charged in respect of pensions in the period

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Charged to the income statement:		
Defined benefit plan - administration cost	**1.9**	2.3
Defined benefit plan - total service cost	**1.9**	2.3
Defined benefit plan - net finance charge	**0.3**	1.3
Defined contribution plans - total operating charge	**43.5**	42.5
Total net amount charged to profit before tax	**45.7**	46.1
Charged to equity:		
Defined benefit plan - actuarial gains	**(12.7)**	(13.3)
Total charge	**33.0**	32.8

(c) Other information - defined benefit pension plan

Key assumptions used in the valuation of the plan

	52 weeks to 28 December 2024	53 weeks to 30 December 2023
Discount rate	**5.50%**	4.55%
Inflation assumption - RPI	**3.15%**	3.05%
Inflation assumption - CPI	**2.75%**	2.60%
Rate of increase of pensions in deferment capped at lower of CPI and 5%	**2.75%**	2.60%
Rate of CARE revaluation capped at lower of RPI and 3%	**2.30%**	2.40%
Rate of increase of pensions in payment:		
- pensions with increases capped at lower of CPI and 5%	**2.70%**	2.60%
- pensions with increases capped at lower of CPI and 5%, with a 3% minimum	**3.55%**	3.40%
- pensions with increases capped at the lower of LPI and 2.5%	**2.00%**	2.15%
- pensions with increases capped at the lower of CPI and 3%	**2.15%**	2.20%
Life expectancy (years): pensioner aged 65		
- male	**85.7**	85.7
- female	**88.0**	88.0
Life expectancy (years): non-pensioner aged 45		
- male	**86.7**	86.7
- female	**89.6**	89.6

Sensitivities

	Present value of scheme liabilities at 28 December 2024 £m	Projected 2025 pension cost: Total service cost £m	Projected 2025 pension cost: Net interest (credit)/cost £m	Projected 2025 pension cost: Net pension (credit)/expense £m
Assumption				
Current valuation, using the assumptions above	808	2.1	0.1	2.2
0.5% decrease in discount rate	860	2.1	3.0	5.1
0.5% increase in inflation	829	2.1	1.3	3.4
1 year increase in longevity	836	2.1	1.7	3.8

The sensitivities above are applied to the defined benefit obligation at the end of the reporting period, and the projected total service cost for 2025. Whilst the analysis does not take account of the full distribution of cash flows expected under the scheme, it does provide a reasonable approximation. The same amount of movement in the opposite direction would produce a broadly equal and opposite effect.

To address the requirements of both IAS 1 and IAS 19, we note that the effect on the discount rate and inflation sensitivities of flexing them down by 0.25% or up by 1% in a linear manner would give materially correct results.

Analysis of plan assets

	28 December 2024		30 December 2023	
	Quoted market price in an active market £m	No quoted market price in an active market £m	Quoted market price in an active market £m	No quoted market price in an active market £m
LDI*				
- fixed income	**315.8**	**-**	282.9	-
- derivatives	**(38.0)**		20.5	-
- cash	**8.3**		12.7	-
Equities				
- passive equities	**-**	**-**	-	49.8
Alternative growth assets				
- insurance-linked securities	**-**	**78.9**	-	70.8
Corporate bonds	**-**	**-**	0.1	-
Commercial property funds	**-**	**210.2**	-	233.4
Other secure income	**113.9**	**107.0**	60.0	161.9
Asset-backed securities	**0.5**	**-**	0.5	-
Cash and cash equivalents	**9.3**	**-**	8.3	-
Total	**409.8**	**396.1**	385.1	515.9

The plan assets do not include any of the Group's own financial instruments nor any property occupied by, or other assets used by, the Group.

* LDI - Liability Driven Investments - is a portfolio of investments chosen with the aim that its value is expected to move in line with movements in the value of the underlying liabilities. The LDI portfolio can include a variety of investments, the simplest being conventional and index-linked gilts with appropriate maturities. LDI portfolios often use a degree of leverage to achieve the same aim but to allow more return-seeking assets to be invested in at the same time. Derivatives and repurchase agreements are the main tools used to employ leverage.

Notes to the consolidated financial statements continued

Employees continued

Valuation of plan assets

All of the quoted assets have a daily price, and therefore are valued using market prices within one day of our Saturday year end date.

Unquoted investments are stated at values provided by the fund manager in accordance with relevant guidance. Some of the unquoted funds are valued on a monthly basis and others are valued on a quarterly basis. Based on asset values at the current year end, 15% of the unquoted assets are valued based on a valuation from the fund manager within two trading days of our year end date, and a further 23% are valued at 30 November 2024, all of them being adjusted for cash movements and rolled forwards using a suitably-correlated index if one is available. The fund managers' 31 December 2024 valuations for the remaining 62% of unquoted assets, which have a carrying value of £244.6m at the current period end, are not available until after these consolidated financial statements are approved and so the only available valuations for these funds at the current year is the 30 September 2024 valuations from the fund managers, which are adjusted for cash movements and rolled forward to our year end date using a suitably-correlated index where one is available.

Asset allocation

The plan's asset allocation strategy, as set out in the plan's September 2024 Statement of Investment Principles, is set out below:

The Plan's asset allocation strategy was determined with regard to the characteristics of the Plan, in particular the funding level, the liability profile, the security offered by Howden Joinery Group plc to the Plan and the ability of Howden Joinery Group plc to meet the required contributions. The objective is to reduce risk as the funding level improves, using an approach based upon the expected returns (and risk) relative to the Plan's liabilities. This involves considering the Plan's assets as either "return seeking" or "risk-reducing".

"Return-seeking" assets target a higher expected return than that of risk reducing/matching assets and typically have a higher associated volatility, relative to liabilities. These assets would typically involve equities and could possibly include alternative asset classes such as different types of absolute return and hedge funds, infrastructure, property and illiquid credit approaches. Assets used to predominantly manage liquidity and cashflows within the Secure Income portfolio are also deemed "Return-seeking".

"Risk-reducing" (or matching) assets have characteristics that are broadly similar in nature to the liabilities. These assets are predominantly government or corporate bonds and could also include other financial instruments such as interest rate and inflation swaps, credit default swaps and cash.

The Plan will initially have asset allocations as set out below but over time will move towards the target weight (particularly as the Secure Income assets return capital over the coming years).

Asset class

	Target weighting %	Range %
RETURN-SEEKING ASSETS	**55**	**45-65**
- Absolute return	7	2-12
- Multi-asset credit	13	8-18
- Secure income assets	35	25-45
RISK-REDUCING ASSETS	**45**	**35-55**

The Risk-Reducing Assets will be initially structured to target interest rate and inflation hedge ratios of c90% (as a proportion of funded liabilities), measured on the Plan's long term liability basis. This section of the portfolio also provides exposure to credit markets via credit default swaps.

The level of liability hedging will increase over time as the Secure Income assets return capital and the overall liquidity of the portfolio is able to support higher hedging levels.

The Trustee will monitor the actual asset allocation versus the target weightings and the ranges at regular intervals. The Trustee recognises that from time to time the actual asset allocation may move outside the ranges due to market movements and will consider whether to rebalance back to the target weightings, taking into account current market conditions and medium-term market views.

Analysis of plan members, scheme liability split and duration

	2024[1]		
	No. of members	% of total liability	Duration (years)
Deferred members	**5,542**	**52%**	**16**
Pensioners	**4,680**	**48%**	**10**
Total No./average duration	**10,222**	**100%**	**13**

1 The membership figures are as given in the plan accounts and are as at 31 March 2024, the date of the latest audited pension plan accounts. The duration and % of liability figures are as calculated by the Group's actuary as at the Group's current year end.

	2023[2]		
	No. of members	% of total liability	Duration (years)
Deferred members	5,905	52%	17
Pensioners	4,428	48%	11
Total No./average duration	10,333	100%	14

2 The membership figures are as given in the plan accounts and are as at 31 March 2023, the date of the latest audited pension plan accounts. The duration and % of liability figures are as calculated by the Group's actuary as at the Group's current year end.

Financial Statements

Notes to the consolidated financial statements continued

Employees continued

Balance sheet

The amount included in the balance sheet arising from the Group's obligations in respect of defined benefit retirement benefit plan is as follows:

	28 December 2024 £m	30 December 2023 £m
Present value of defined benefit obligations	**(808.0)**	(913.6)
Fair value of scheme assets	**805.9**	901.0
Deficit in the scheme, recognised in the balance sheet	**(2.1)**	(12.6)

Movements in the present value of defined benefit obligations were as follows:

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Present value at start of period	**913.6**	930.5
Administration cost	**1.9**	2.3
Interest on obligation	**40.6**	42.8
Actuarial losses/(gains):		
- changes in financial assumptions	**(102.7)**	14.2
- changes in demographic assumptions	**(1.6)**	(26.5)
- experience	**0.3**	(9.2)
Benefits paid, including expenses	**(44.1)**	(40.5)
Present value at end of period	**808.0**	913.6

Movements in the fair value of the plan's assets is as follows:

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Fair value at start of period	**901.0**	889.0
Interest income on plan assets	**40.3**	41.5
Employer contributions	**-**	19.2
Loss on assets excluding amounts included in net interest	**(91.3)**	(8.2)
Benefits paid, including expenses	**(44.1)**	(40.5)
Fair value at end of period	**805.9**	901.0

Movements in the deficit during the period are as follows:

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Deficit at start of period	**(12.6)**	(41.5)
Administration cost	**(1.9)**	(2.3)
Employer contributions	**-**	19.2
Other finance charge	**(0.3)**	(1.3)
Total remeasurements recognised in other comprehensive income	**12.7**	13.3
Deficit at end of period	**(2.1)**	(12.6)

Income statement

Amounts recognised in the income statement arising from the Group's obligations in respect of the defined benefit plan are shown below.

Amount charged to operating profit:

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Current service cost	**-**	-
Administration cost	**1.9**	2.3
Total pensions cost	**1.9**	2.3

The total pensions cost is included in Staff Costs (note 21).

Amount credited to other finance charges:

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Interest income on plan assets	**(40.3)**	(41.5)
Interest cost on defined benefit obligation	**40.6**	42.8
Net charge	**0.3**	1.3

The actual return on plan assets was a loss of £51.0m (53 weeks to 30 December 2023: gain of £33.5m).

Financial Statements

Notes to the consolidated financial statements continued

Employees continued

Statement of comprehensive income

Amounts taken to equity via the statement of comprehensive income in respect of the Group's defined benefit plan are shown below:

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Actuarial loss on plan assets	(91.3)	(8.2)
Decrease/(Increase) in plan liabilities due to financial assumptions	102.7	(14.2)
(Increase)/decrease in plan liabilities due to experience	(0.3)	9.2
Decrease in plan liabilities due to demographic assumptions	1.6	26.5
Net actuarial gain before associated deferred tax	12.7	13.3

23 Share-based payments

Accounting policy

The Group issues equity-settled share-based payments. They are measured at fair value at the date of grant. The fair value is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

1) Details of each scheme

The Group recognised a charge of £9.6m (2023: charge of £6.0m) in respect of share-based payments during the period. The Group has various share-based payment schemes, which are all equity-settled. The main details of all schemes which existed during the period are given below.

Share Incentive Plan ('SIP')

This is an 'all-employee' share plan. Shares shown below as "SIP (i)" represent free shares. Shares shown as "SIP (ii)" are matching shares which are awarded to employees who choose to take part in the Group's buy as you earn arrangement, which allows employees to purchase Group shares from pre-tax salary. Both of these share awards have no performance conditions other than continued employment and have a three-year vesting period.

Howden Joinery Group Long-Term Incentive Plan ('LTIP')

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

(i) **Conditional Share Awards**, which have a vesting period of three years, and no performance conditions other than continued employment.

(ii) **Market value options**, which have a vesting period of three years, and performance conditions based on growth in Group profits over the three financial years starting with the year during which they are awarded. The vesting conditions provide for a minimum level of performance, below which no shares will be awarded, as well as a maximum level of performance which must be achieved in order for the awards to vest fully.

(iii) **Performance Share Plan awards**, which have a vesting period of three years, and performance conditions based on the three financial years starting with the year during which they are awarded.

The vesting conditions for some of the awards depend solely on growth in Group profit, in the same way as described for the market value options above.

For some other awards, the vesting conditions depend partly on growth in profit and partly on growth in total shareholder returns relative to comparator companies ("TSR").

For some other awards, the vesting conditions depend on a mixture of growth in profit, TSR, return on capital employed, and environmental measures based on carbon emissions reduction targets.

Vesting under the various measures above is determined on a straight-line basis between threshold and maximum payout. Performance below threshold will result in no awards being granted.

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

2) Movements in the period

52 weeks to 28 December 2024	SIP (i) Number	LTIP (i) Number	LTIP (iii) Number	LTIP (iv) Number
In issue at start of period	1,924,596	461,777	2,793,278	12,854
Granted in period	304,980	509,374	778,873	-
Lapsed in period	(81,476)	(16,668)	(70,594)	-
Exercised in period	(456,274)	(164,406)	(858,664)	(5,646)
In issue at end of period	1,691,826	790,077	2,642,893	7,208
Exercisable at end of period	805,491	-	-	-
Number of options in the closing balance granted before 7 November 2002	9,853	-	-	-
Weighted average share price for options exercised during the period (£)	8.80	8.42	8.70	8.24
Weighted average life remaining for options outstanding at the period end (years)	1.6	1.0	1.3	0.0
Weighted average fair value of options granted during the period (£)	9.51	7.94	8.47	N/A
Exercise price for all options (£)	N/A	N/A	N/A	N/A

	LTIP (ii)		SIP (ii)
	Number	WAEP (£)	Number
In issue at beginning of period	100,899	3.79	106,741
Granted in period	-	N/A	48,617
Lapsed in period	-	N/A	(30,438)
Exercised in period	(100,899)	4	(2,948)
In issue at end of period	-	N/A	121,972
Exercisable at end of period	-	N/A	9,269
Number of options in the closing balance granted before 7 November 2002	N/A	-	-
Weighted average share price for options exercised during the period (£)	9	-	9
Weighted average life remaining for options outstanding at the period end (years)	-	-	2
Weighted average fair value of options granted during the period (£)	N/A	-	9
Exercise price for all options (£)	N/A	-	N/A

Financial Statements

Notes to the consolidated financial statements continued

Employees continued

53 weeks to 30 December 2023	SIP (i) Number	LTIP (i) Number	LTIP (iii) Number	LTIP (iv) Number
In issue at start of period	2,073,661	382,200	3,066,207	-
Granted in period	393,295	105,000	953,327	12,854
Lapsed in period	(74,665)	(25,423)	(777,627)	-
Exercised in period	(467,695)	-	(448,629)	-
In issue at end of period	1,924,596	461,777	2,793,278	12,854
Exercisable at end of period	1,009,826	-	67	-
Number of options in the closing balance granted before 7 November 2002	12,692	-	-	-
Weighted average share price for options exercised during the period (£)	6.96	N/A	7.37	N/A
Weighted average life remaining for options outstanding at the period end (years)	1.00	1.80	1.3	0.60
Weighted average fair value of options granted during the period (£)	7.03	6.70	5.70	7.05
Exercise price for all options (£)	0.00	0.00	0.00	0.00

	LTIP (ii)		SIP (iii)
	Number	WAEP[1] (£)	Number
In issue at beginning of period	240,346	3.48	79,271
Granted in period	-	N/A	58,928
Lapsed in period	-	N/A	(29,814)
Exercised in period	(139,447)	3.26	(1,644)
In issue at end of period	100,899	3.79	106,741
Exercisable at end of period	100,899	3.79	-
Number of options in the closing balance granted before 7 November 2002	-	-	-
Weighted average share price for options exercised during the period (£)	7.11	-	6.87
Weighted average life remaining for options outstanding at the period end (years)	-	-	1.90
Weighted average fair value of options granted during the period (£)	N/A	-	7.04
Exercise price for all options (£)	3.79	-	-

3) Fair value of options granted

The fair value of most of the share awards is considered to be the market value of the potential shares awarded, at market close on the day before the grant of the award.

The fair value of the Performance Share Plan ("LTIP (iii) above) awards granted is estimated on the date of grant using a Monte Carlo option valuation model.

The key assumptions used in this model were:

	52 weeks to 28 December 2024	53 weeks to 30 December 2023
Dividend yield (%)	**2.2 - 5.9**	3.4
Expected life of options (years)	**0-3**	3
Expected share price volatility (%)	**24.6-29.5**	30.50

Other supporting notes

24 Financial commitments

Capital commitments

	28 December 2024 £m	30 December 2023 £m
Contracted for, but not provided for in the financial statements:		
- Tangible assets	**16.2**	15.2
- Intangible assets - software	**0.6**	-
	16.8	15.2

25 Related party transactions

Companies which are related parties

Transactions between Group companies, which are related parties, have been eliminated on consolidation and are not disclosed in this note. All transactions between the Group and the Group's pension schemes have been disclosed in note 22.

Remuneration of key management personnel

Key management personnel comprise the Board of Directors (including Non-Executive Directors) and the Executive Committee. Details of the aggregate remuneration to these personnel is set out below. The figure disclosed for share-based payments represents the gain realised on the exercise of share awards in the year, albeit that those options will have been granted in previous periods. All figures include any related employer's National Insurance.

	28 December 2024 £m	30 December 2023 £m
Short-term employment benefits	**6.9**	10.2
Termination benefits	**-**	0.5
Share-based payments	**5.6**	2.3
	12.5	13.0

Other transactions with key management personnel

There were no other transactions with key management personnel.

Other transactions with persons closely related to key management personnel

The Group purchased services on an arms-length, commercial basis from a company run by a close family member of one of the key management personnel. Total spend in the current period was £0.1m (2023: £0.1m). At the current and prior period end, there were no balances owing.

Company balance sheet

	Notes	28 December 2024 £m	30 December 2023 £m
Non-current assets			
Investments in subsidiaries	3	**699.0**	699.0
Property, plant and equipment	4	**36.3**	37.4
Lease right-of-use assets	5	**171.2**	179.1
Amounts owed by wholly-owned subsidiary companies	6	**86.6**	69.4
Deferred tax assets		**0.8**	0.9
Long term prepayments		**0.9**	0.7
		994.8	986.5
Current assets			
Other debtors		**0.3**	0.3
Total assets		**995.1**	986.8
Current liabilities			
Lease liabilities	5	**(6.9)**	(6.8)
Trade and other payables		**-**	(0.4)
		(6.9)	(7.2)
Non-current liabilities			
Lease liabilities	5	**(190.5)**	(197.1)
Deferred tax liabilities		**(0.1)**	
		(190.6)	(197.1)
Total liabilities		**(197.5)**	(204.3)
Net assets		**797.6**	782.5
Equity			
Called up share capital	6	**55.4**	55.4
Capital redemption reserve		**9.8**	9.8
Share premium		**87.5**	87.5
Treasury shares		**(18.8)**	(24.0)
Retained earnings		**663.7**	653.8
Total equity		**797.6**	782.5

The Company profit after tax for the 52 weeks to 28 December 2024 was £125.8m (53 weeks to 30 December 2023: profit after tax of £266.2m).

The financial statements were approved by the Board and authorised for issue on 26 February 2025 and were signed on its behalf by

Paul Hayes
Chief Financial Officer

For and on behalf of Howden Joinery Group Plc, registered number 02128710

Company statement of changes in equity

	Called up share capital £m	Capital redemption reserve £m	Share premium account £m	Treasury shares £m	Retained earnings £m	Total £m
At 24 December 2022	56.1	9.1	87.5	(25.5)	551.6	678.8
Retained profit for the period	-	-	-	-	266.2	266.2
Buyback and cancellation of shares	(0.7)	0.7	-	-	(50.0)	(50.0)
Transfer of shares from treasury into share trust	-	-	-	1.5	-	1.5
Dividends declared and paid	-	-	-	-	(114.1)	(114.1)
At 30 December 2023	55.4	9.8	87.5	(24.0)	653.8	782.5
Retained profit for the period	**-**	**-**	**-**	**-**	**125.8**	**125.8**
Transfer of shares from treasury into share trust	**-**	**-**	**-**	**5.2**	**-**	**5.2**
Dividends declared and paid	**-**	**-**	**-**	**-**	**(115.9)**	**(115.9)**
At 28 December 2024	**55.4**	**9.8**	**87.5**	**(18.8)**	**663.7**	**797.6**

	28 December 2024 £m
The Company's distributable reserves at period end are:	
Retained earnings	663.7
Treasury shares	(18.8)
Distributable reserves	**644.9**

Financial Statements

Notes to the Company financial statements

1 Significant Company Accounting policies

General information

Howden Joinery Group Plc is a company incorporated in the United Kingdom under the Companies Act 2006. The Company's principal activity is being the Parent company of the Howden Joinery Group. More information about the Group structure is given at page 223.

Basis of presentation

The Company's accounting period covers the 52 weeks to 28 December 2024. The comparative period covered the 53 weeks to 30 December 2023.

Basis of accounting

These financial statements have been prepared on the going concern basis and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the UK Companies Act.

The accounts are prepared under the historical cost convention. Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own income statement or statement of comprehensive income.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Statement of Cash Flows and related notes;
- a comparative period reconciliation for share capital;
- disclosures in respect of transactions with wholly owned subsidiaries;
- comparative period reconciliations for tangible fixed assets and intangible assets;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs; and
- disclosures in respect of Key Management Personnel.

As the Group Financial Statements include the equivalent disclosures, the Company has also taken advantage of the exemptions under FRS 101 available in respect of IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instruments.

Going concern

This Company controls, directly or through one of its 100% owned subsidiaries, the operations of the whole Group. Consequently, when assessing the going concern status of this Company, the Directors have made their assessment based on the work done to assess the going concern status of the consolidated Group as a whole.

The Directors have undertaken a robust assessment and concluded that it is appropriate to prepare the financial statements of this Company on the going concern basis. They have not identified any material uncertainties and there were no significant judgements involved in coming to this conclusion. Full details are set out in the strategic report, starting on page 69.

Investments in subsidiaries

These investments are shown at cost less any provision for impairment.

Other accounting policies

The Company's accounting policies are the same as those for the Group, which are disclosed as part of the relevant notes to the Group consolidated financial statements.

2 Profit and loss account information

The Company has no employees (2023: none). The fees payable to the Company's auditor for the audit of the Company's annual accounts, and Directors' emoluments, were paid by another Group company in the current and prior periods.

3 Investments in subsidiaries

	Total £m
Cost and carrying value:	
At 30 December 2023 and 28 December 2024	**699.0**

The investment represents the Company's 100% ownership and control of Howden Joinery Holdings Limited, which in turn holds 100% of all other Group companies - either directly or through one of its own 100%-owned subsidiaries. The combined results and financial position of the subsidiaries and this Company are shown in the consolidated Howden Joinery Group Plc financial statements.

The Company has no income receivable other than from transactions with its 100%-owned subsidiaries. It is therefore considered that the market capitalisation of the Group, which was significantly in excess of the carrying value of the investment in subsidiaries at both the current and prior period end, is a useful proxy for the net present value in use of expected future cashflows from the investment in subsidiaries, and that therefore there is no indicator of any impairment in the Company's investment in subsidiaries.

Details of all Group subsidiaries are given on page 223, which forms part of these financial statements.

4 Property, plant and equipment

	Leasehold property improvements £m	Plant, machinery & vehicles £m	Fixtures & Fittings £m	Assets under construction £m	Total £m
Cost					
At 24 December 2022	-	-	-	-	-
Additions	44.6	-	-	1.7	46.3
At 30 December 2023	44.6	-	-	1.7	46.3
Additions	**0.6**	**-**	**-**	**0.4**	**1.0**
Transfers	**1.6**	**0.1**	**0.2**	**(1.9)**	**-**
At 30 December 2024	**46.8**	**0.1**	**0.2**	**0.2**	**47.3**
Accumulated depreciation					
At 24 December 2022	-	-	-	-	-
Charge for the period	(8.9)	-	-	-	(8.9)
At 30 December 2023	(8.9)	-	-	-	(8.9)
Charge for the period	**(2.0)**	**-**	**(0.1)**	**-**	**(2.1)**
At 30 December 2024	**(10.9)**	**-**	**(0.1)**	**-**	**(11.0)**
Net book value at 28 December 2024	**35.9**	**0.1**	**0.1**	**0.2**	**36.3**
Net book value at 30 December 2023	35.7	-	-	1.7	37.4

Financial Statements

Notes to the Company financial statements continued

5 Lease right-of-use assets and lease liabilities

Nature of the Company's leasing activities

The Company is the signatory for leases relating to factory, warehouse and office properties which are used by other Group companies.

Amounts recognised in the balance sheet

Right-of-use assets	28 December 2024 £m	30 December 2023 £m
Property	**171.2**	179.1
Additions to right-of-use assets in the period	**-**	12.9

	28 December 2024 £m	30 December 2023 £m
Lease liabilities		
Current	**(6.9)**	(6.8)
Non-current	**(190.5)**	(197.1)
	(197.4)	(203.9)

Amounts recognised in the income statement

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Included in net operating expenses		
Depreciation of property right-of-use assets	**7.9**	8.6
Included in finance costs		
Interest expense on lease liabilities	**4.6**	4.6
Variable lease payments, not included in the measurement of lease liabilities	**0.3**	-

Cash flows and maturity analysis of lease liabilities

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Total cash outflow for leases	**11.1**	14.7

Maturity analysis of lease liabilities	28 December 2024 £m	30 December 2023 £m
Contractual undiscounted cashflows due		
- within 1 year	**11.6**	11.1
- 2 to 5 years	**46.8**	46.7
- more than 5 years	**192.8**	204.5
	251.2	262.3

6 Amounts owed by wholly-owned subsidiary companies

These amounts are reviewed at each year end by examination of the subsidiary company financial position. If there is an indication that the counterparty will not be able to repay all or part of the balance on demand, an allowance is made for expected credit losses.

7 Share capital

Ordinary shares of 10p each:	52 weeks to 28 December 2024 No.	53 weeks to 30 December 2023 No.	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Allotted, called up and fully paid				
Balance at the beginning of the period	**553,591,720**	560,916,049	**55.4**	56.1
Bought back and cancelled during the period	**-**	(7,324,329)	**-**	(0.7)
Balance at the end of the period	**553,591,720**	553,591,720	**55.4**	55.4