

Registration number: 01767386

# Howden Joinery Corporate Services Limited

Annual Report and Financial Statements

for the Period from 25 December 2022 to 30 December 2023

# Howden Joinery Corporate Services Limited

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## **Howden Joinery Corporate Services Limited**

### **Strategic Report for the Period from 25 December 2022 to 30 December 2023**

The directors present their strategic report for the period from 25 December 2022 to 30 December 2023.

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

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

- Fair review of the business (pgs 2 - 35)
- Description of the principal risks and uncertainties facing the Group and its subsidiary undertakings (pgs 36 - 41)
- Financial and non-financial KPIs (pgs 28 - 29)
- Future developments (pgs 18, 24, 33)
- Information about environmental matters, social, community and human rights issues (pgs 42-68)
- Description of culture, purpose, market, business model and strategy (pgs 8-15)
- Information in relation to Group employees, including gender statistics, employee involvement and Group policy on the employment of disabled persons (pgs 98 - 107, 145)

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

## Howden Joinery Corporate Services Limited

### Strategic Report for the Period from 25 December 2022 to 30 December 2023

#### Section 172 statement

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

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

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

As is normal for large companies, the directors delegate authority for day-to-day management of the Company to executives engaged in setting, approving and overseeing execution of the business strategy and related policies of the Group. How the Group's key stakeholders have been identified and interests taken into consideration, in accordance with the directors' section 172 duties of the Companies Act 2006 and the 2018 UK Corporate Governance Code, is noted in detail in Howden Joinery Group Plc's Annual Report and Accounts for the year ended 30 December 2023

([www.howdenjoinerygroupplc.com/investors/financial-reports/annual-reports](http://www.howdenjoinerygroupplc.com/investors/financial-reports/annual-reports)). As the Company forms part of the Group, the framework adopted by the ultimate parent has been disseminated and applied by the subsidiary Company.

Approved by the board on 29 April 2024 and signed on its behalf by:



Forbes McNaughton  
Company secretary

## Howden Joinery Corporate Services Limited

### Directors' Report for the Period from 25 December 2022 to 30 December 2023

The directors present their annual report and the audited financial statements for the period from 25 December 2022 to 30 December 2023.

#### **Directors' of the Company**

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

Theresa Keating

Paul Hayes

#### **Financial instruments**

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

These are managed on a Group basis. Further information can be found on pages 34-35 of the Howden Joinery Group Plc 2023 Annual Report and Accounts, which is available at <https://www.howdenjoinerygroupplc.com/investors/financial-reports/annual-reports>

#### **Going concern**

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

This judgement is based on a written commitment of financial support from its ultimate parent company, Howden Joinery Group Plc. In assessing the quality of the commitment of support from its ultimate parent company, the directors noted the parent company's assessment of the Howden Joinery Group's going concern in its 2023 Annual Report and Accounts, dated 28 February 2024, which includes a description of how the parent company has concluded that it was appropriate for the consolidated Group results to be prepared on a going concern basis.

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

#### **Disclosure of information to the auditors**

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

#### **Principal activity**

The principal activity of the company is providing and managing employees, professional fees and IT services for other Group companies. There has been no change in the Company's principal activities during the period.

#### **Engagement with suppliers, customers and other relationships**

The Company has limited direct dealings with external business partners as these activities are undertaken at Group level. Details of the Howden Joinery Group's business relationships at Group level are set out in the Annual Report and Accounts for Howden Joinery Group Plc for the year ended 30 December 2023 ([www.howdenjoinerygroupplc.com/investors/financial-reports/annual-reports](http://www.howdenjoinerygroupplc.com/investors/financial-reports/annual-reports)).

Approved by the board on 29 April 2024 and signed on its behalf by:



Forbes McNaughton  
Company secretary

## Howden Joinery Corporate Services Limited

### Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
  - make judgements and accounting estimates that are reasonable and prudent;
  - state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
  - assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## Howden Joinery Corporate Services Limited

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

#### Opinion

We have audited the financial statements of Howden Joinery Corporate Services Limited (the 'Company') for the period from 25 December 2022 to 30 December 2023, which comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 December 2023 and of its loss for the period then ended;
- have been properly prepared in accordance with UK Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### Going concern

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

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

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

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

## Howden Joinery Corporate Services Limited

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

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

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

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

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

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

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

We did not identify any additional fraud risks.

We also performed procedures including:

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



## Howden Joinery Corporate Services Limited

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

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

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

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

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements

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

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

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

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

#### **Strategic report and directors' report**

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

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

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

## Howden Joinery Corporate Services Limited

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

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

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

#### Directors' responsibilities

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

#### Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

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

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



Robert Brent (Senior Statutory Auditor)  
For and on behalf of KPMG LLP, Statutory Auditor  
15 Canada Square  
London  
E14 5GL  
United Kingdom  
30 April 2024

## Howden Joinery Corporate Services Limited

### Income Statement for the Period from 25 December 2022 to 30 December 2023

	Note	52 weeks to 30 December 2023 £ 000	52 weeks to 24 December 2022 £ 000
Turnover	4	26,403	53,005
Administrative expenses		<u>(23,756)</u>	<u>(95,945)</u>
Operating profit/(loss)	5	2,647	(42,940)
Interest payable and similar expenses	6	<u>(1,302)</u>	<u>2,692</u>
Profit/(loss) before tax		1,345	(40,248)
Tax on profit/(loss)	10	<u>(5,466)</u>	<u>644</u>
Loss for the period		<u><u>(4,121)</u></u>	<u><u>(39,604)</u></u>

The above results were derived from continuing operations.

The notes on pages 14 to 38 form an integral part of these financial statements.

## Howden Joinery Corporate Services Limited

### Statement of Comprehensive Income for the Period from 25 December 2022 to 30 December 2023

		52 weeks to 30 December 2023 £ 000	52 weeks to 24 December 2022 £ 000
Loss for the period		(4,121)	(39,604)
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Actuarial gain/(loss) on pension scheme, and associated deferred tax	22	<u>9,975</u>	<u>(137,262)</u>
Total comprehensive income for the period		<u>5,854</u>	<u>(176,866)</u>

The notes on pages 14 to 38 form an integral part of these financial statements.

## Howden Joinery Corporate Services Limited

### (Registration number: 01767386) Statement of Financial Position as at 30 December 2023

	Note	30 December 2023 £ 000	24 December 2022 £ 000
<b>Fixed assets</b>			
Intangible assets	11	-	3,990
Property, plant and equipment	12	-	6,509
Right of use assets	19	-	199
Investment in shares of ultimate parent company	13	77,613	76,520
		<u>77,613</u>	<u>87,218</u>
<b>Current assets</b>			
Debtors	14	5,064	93,998
Deferred tax asset	10	4,094	15,324
Cash at bank and in hand	15	-	70
		<u>9,158</u>	<u>109,392</u>
<b>Creditors: Amounts falling due within one year</b>			
Trade and other payables	17	(360,275)	(448,240)
Current portion of long term lease liabilities	20	-	(80)
		<u>(360,275)</u>	<u>(448,320)</u>
Creditors: Amounts falling due within one year		<u>(360,275)</u>	<u>(448,320)</u>
Net current liabilities		<u>(351,117)</u>	<u>(338,928)</u>
Total assets less current liabilities		<u>(273,504)</u>	<u>(251,710)</u>
<b>Creditors: Amounts falling due after more than one year</b>			
Long term lease liabilities	20	-	(127)
<b>Provisions</b>			
Defined benefit pension liability	22	(12,592)	(41,500)
Provisions	21	-	(750)
	22	<u>(12,592)</u>	<u>(42,250)</u>
Net liabilities		<u>(286,096)</u>	<u>(294,087)</u>
<b>Capital and reserves</b>			
Called up share capital	18	12,358	12,358
Capital contribution reserve		280,315	280,315
Share-based payments reserve		41,456	39,467
Retained earnings		<u>(620,225)</u>	<u>(626,227)</u>
Shareholders' deficit		<u>(286,096)</u>	<u>(294,087)</u>


The notes on pages 14 to 38 form an integral part of these financial statements.

**Howden Joinery Corporate Services Limited**

**(Registration number: 01767386)**

**Statement of Financial Position as at 30 December 2023**

Approved by the board on 29 April 2024 and signed on its behalf by:

  
.....  
Paul Hayes  
Director

The notes on pages 14 to 38 form an integral part of these financial statements.

## Howden Joinery Corporate Services Limited

### Statement of Changes in Equity for the Period from 25 December 2022 to 30 December 2023

	Share capital £ 000	Capital redemption reserve £ 000	ESOP Reserve £ 000	Retained earnings £ 000	Total £ 000
At 25 December 2022	12,358	280,315	39,467	(626,226)	(294,086)
Loss for the period	-	-	-	(4,121)	(4,121)
Other comprehensive income	-	-	-	9,975	9,975
Total comprehensive income	-	-	-	5,854	5,854
Current tax on share schemes	-	-	-	104	104
Deferred tax on share schemes	-	-	-	43	43
Share based payment transactions	-	-	1,989	-	1,989
At 30 December 2023	12,358	280,315	41,456	(620,225)	(286,096)
	<b>Share capital £ 000</b>	<b>Capital redemption reserve £ 000</b>	<b>ESOP reserve £ 000</b>	<b>Retained earnings £ 000</b>	<b>Total £ 000</b>
At 26 December 2021	12,358	280,315	37,125	(449,062)	(119,264)
Total comprehensive income	-	-	-	(176,866)	(176,866)
Current tax on share schemes	-	-	-	193	193
Deferred tax on share schemes	-	-	-	(492)	(492)
Share based payment transactions	-	-	2,342	-	2,342
At 24 December 2022	12,358	280,315	39,467	(626,227)	(294,087)

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

The notes on pages 14 to 38 form an integral part of these financial statements.

## Howden Joinery Corporate Services Limited

### Notes to the Financial Statements for the Period from 25 December 2022 to 30 December 2023

#### 1 General information

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

The address of its registered office is:

105 Wigmore Street

London

W1U 1QY

England

These financial statements were authorised for issue by the board on 29 April 2024.

#### 2 Accounting policies

##### Summary of significant accounting policies and key accounting estimates

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

##### Basis of preparation

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

##### Summary of disclosure exemptions

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

##### Going concern

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

##### Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 25 December 2022 have had a material effect on the financial statements.

##### Revenue recognition

###### *Recognition*

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



## Howden Joinery Corporate Services Limited

### Notes to the Financial Statements for the Period from 25 December 2022 to 30 December 2023

#### 2 Accounting policies (continued)

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

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

#### Foreign currency transactions and balances

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

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

#### Tax

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

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

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

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

#### Trade payables

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

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

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

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

## Howden Joinery Corporate Services Limited

### Notes to the Financial Statements for the Period from 25 December 2022 to 30 December 2023

#### 2 Accounting policies (continued)

##### Share based payments

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

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

##### Investments

Investments represent shares in the ultimate parent company, Howden Joinery Group Plc, which are held by employee share ownership trusts. The investments are initially recorded at cost, including purchase expenses.

##### Share capital

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

##### Cash and cash equivalents

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

##### Financial instruments

###### *Initial recognition*

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

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

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

## Howden Joinery Corporate Services Limited

### Notes to the Financial Statements for the Period from 25 December 2022 to 30 December 2023

#### 2 Accounting policies (continued)

##### Defined benefit pension obligation

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The asset or liability recognised in the statement of financial position in respect of defined benefit pension plans is the difference between the present value of the defined benefit obligation at the reporting date and the fair value of plan assets. The defined benefit obligation is measured using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses are charged or credited to other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in profit or loss.

#### 3 Significant accounting judgements and major sources of estimation uncertainty

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

##### Actuarial assumptions

The Company operates a defined benefit scheme for its employees. There is significant judgement involved in selecting appropriate measurement bases for the actuarial assumptions used to measure the pension deficit. There is also estimation uncertainty which means that reasonable alternative assumptions could have led to measurement at a materially different amount, or that a reasonably possible change in an assumption during the next period could lead to a material change in the valuation.

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

#### 4 Turnover

The analysis of the Company's revenue for the period from continuing operations is as follows:

	<b>25 December 2022 to 30 December 2023</b>	<b>26 December 2021 to 24 December 2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Management services recharged to other Group companies	<u>26,403</u>	<u>53,005</u>

## Howden Joinery Corporate Services Limited

### Notes to the Financial Statements for the Period from 25 December 2022 to 30 December 2023

#### 5 Operating profit/(loss)

Arrived at after charging/(crediting)

	<b>52 weeks to 30 December 2023 £ 000</b>	<b>52 weeks to 24 December 2022 £ 000</b>
Depreciation expense - PPE	22	1,990
Amortisation expense	1	1,924
Impairment loss	-	39,082
Foreign exchange losses	6	603
Loss on disposal of property, plant and equipment	50	-

#### 6 Interest payable and similar expenses

	<b>52 weeks to 30 December 2023 £ 000</b>	<b>52 weeks to 24 December 2022 £ 000</b>
Other finance costs	1,300	(2,700)
Interest expense on leases	2	8
	1,302	(2,692)

#### 7 Staff costs

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

	<b>52 weeks to 30 December 2023 £ 000</b>	<b>52 weeks to 24 December 2022 £ 000</b>
Wages and salaries	9,798	12,840
Social security costs	1,036	2,234
Pension costs, defined contribution scheme	243	300
Pension costs, defined benefit scheme	2,300	2,399
Share-based payment expenses	1,988	2,343
	15,365	20,116

The defined benefit scheme charge in both periods relates to the cost of providing defined benefit pensions to the whole Howden Joinery Group, for the reasons explained at Note 22.

## Howden Joinery Corporate Services Limited

### Notes to the Financial Statements for the Period from 25 December 2022 to 30 December 2023

#### 7 Staff costs (continued)

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

	<b>25 December 2022 to 30 December 2023</b>	<b>26 December 2021 to 24 December 2022</b>
	No.	No.
Administration and support	38	47

#### 8 Directors' remuneration

The directors' remuneration for the period was as follows:

	<b>25 December 2022 to 30 December 2023</b>	<b>26 December 2021 to 24 December 2022</b>
	£ 000	£ 000
Remuneration	1,958	1,831
Defined benefit pension	-	2
	1,958	1,833

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

	<b>52 weeks to 30 December 2023</b>	<b>52 weeks to 24 December 2022</b>
	No.	No.
Received or were entitled to receive shares under long term incentive schemes	2	2
Exercised share options	1	1
Accruing benefits under defined benefit pension scheme	1	1
Accruing benefits under money purchase pension scheme	-	1
	-	1

In respect of the highest paid Director:

	<b>52 weeks to 30 December 2023</b>	<b>52 weeks to 24 December 2022</b>
	£ 000	£ 000
Remuneration	1,210	1,146

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

## Howden Joinery Corporate Services Limited

### Notes to the Financial Statements for the Period from 25 December 2022 to 30 December 2023

#### 9 Auditor's remuneration

	<b>25 December 2022 to 30 December 2023</b>	<b>26 December 2021 to 24 December 2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Audit of the financial statements	<u>422</u>	<u>899</u>

In 2022, this Company paid the audit fees for all fellow wholly-owned subsidiaries of this Company's ultimate parent. In 2023, the audit fees for all subsidiaries were split between this company and a fellow subsidiary.

#### 10 Income tax

Tax charged/(credited) in the income statement

	<b>52 weeks to 30 December 2023</b>	<b>52 weeks to 24 December 2022</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Current taxation</b>		
UK corporation tax	(2,992)	58
UK corporation tax adjustment to prior periods	<u>510</u>	<u>1,290</u>
	<u>(2,482)</u>	<u>1,348</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	7,765	(423)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	<u>183</u>	<u>(1,569)</u>
Total deferred taxation	<u>7,948</u>	<u>(1,992)</u>
Tax expense/(receipt) in the income statement	<u>5,466</u>	<u>(644)</u>

## Howden Joinery Corporate Services Limited

### Notes to the Financial Statements for the Period from 25 December 2022 to 30 December 2023

#### 10 Income tax (continued)

The tax on profit before tax for the period is higher than the standard rate of corporation tax in the UK (2022 - higher than the standard rate of corporation tax in the UK) of 23.5% (2022 - 19%).

The differences are reconciled below:

	<b>52 weeks to 30 December 2023 £ 000</b>	<b>52 weeks to 24 December 2022 £ 000</b>
Profit/(loss) before tax	1,345	(40,248)
Corporation tax at standard rate	316	(7,647)
Increase (decrease) in tax from adjustment for prior periods	693	(279)
Increase (decrease) from effect of capital allowances depreciation	-	(151)
Increase (decrease) from effect of expenses not deductible in determining taxable profit (tax loss)	145	7,558
Increase (decrease) from effect of exercise employee share options	309	(52)
Deferred tax expense (credit) relating to changes in tax rates or laws	473	(73)
Tax increase (decrease) from other tax effects	3,530	-
Total tax charge/(credit)	5,466	(644)

The item "tax increase (decrease) from other tax effects" is due to a transfer of assets from a fellow Group subsidiary in the year.

## Howden Joinery Corporate Services Limited

### Notes to the Financial Statements for the Period from 25 December 2022 to 30 December 2023

#### 10 Income tax (continued)

##### Deferred tax

Deferred tax movement during the period:

	At 25 December 2022 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	Recognised in equity £ 000	At 30 December 2023 £ 000
Pension benefit obligations	10,375	(3,900)	(3,325)	-	3,150
Accelerated tax depreciation	3,938	(3,938)	-	-	-
Share-based payment	1,011	(110)	-	43	944
Leases	-	-	-	-	-
Net tax assets/(liabilities)	<u>15,324</u>	<u>(7,948)</u>	<u>(3,325)</u>	<u>43</u>	<u>4,094</u>

Deferred tax movement during the prior period:

	At 26 December 2021 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	Recognised in equity £ 000	At 24 December 2022 £ 000
Pension benefit obligations	(35,202)	(176)	45,753	-	10,375
Accelerated tax depreciation	1,890	2,048	-	-	3,938
Share-based payment	1,383	120	-	(492)	1,011
Leases	-	-	-	-	-
Net tax assets/(liabilities)	<u>(31,929)</u>	<u>1,992</u>	<u>45,753</u>	<u>(492)</u>	<u>15,324</u>

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



## Howden Joinery Corporate Services Limited

### Notes to the Financial Statements for the Period from 25 December 2022 to 30 December 2023

#### 11 Intangible assets

	Asset under construction £ 000	Other intangible assets £ 000	Total £ 000
<b>Cost or valuation</b>			
At 25 December 2022	2,142	11,464	13,606
Disposals	-	(13,606)	(13,606)
Transfers	(2,142)	2,142	-
At 30 December 2023	-	-	-
<b>Amortisation</b>			
At 25 December 2022	-	9,616	9,616
Amortisation eliminated on disposals	-	(9,616)	(9,616)
At 30 December 2023	-	-	-
<b>Carrying amount</b>			
At 30 December 2023	-	-	-
At 24 December 2022	2,142	1,848	3,990

**Howden Joinery Corporate Services Limited**

**Notes to the Financial Statements for the Period from 25 December 2022 to 30 December 2023**

**12 Property, plant and equipment**

	Leasehold property £ 000	Fixtures & fittings £ 000	Assets under construction £ 000	Other property, plant and equipment £ 000	Total £ 000
<b>Cost or valuation</b>					
At 25 December 2022	3,536	546	1,762	41,284	47,128
Additions	-	-	-	1	1
Disposals	(3,536)	(546)	-	(43,047)	(47,129)
Transfers	-	-	(1,762)	1,762	-
At 30 December 2023	-	-	-	-	-
<b>Depreciation</b>					
At 25 December 2022	3,271	530	-	36,818	40,619
Charge for the period	14	2	-	7	23
Eliminated on disposal	(3,285)	(532)	-	(36,825)	(40,642)
At 30 December 2023	-	-	-	-	-
<b>Carrying amount</b>					
At 30 December 2023	-	-	-	-	-
At 24 December 2022	265	16	1,762	4,466	6,509

## Howden Joinery Corporate Services Limited

### Notes to the Financial Statements for the Period from 25 December 2022 to 30 December 2023

#### 13 Investments

	<b>30 December 2023 £ 000</b>	<b>24 December 2022 £ 000</b>
<b>Cost</b>		
At 25 December	76,520	75,054
Additions	1,547	1,607
Disposals	(454)	(141)
At 30 December	77,613	76,520
<b>Carrying amount</b>		
At 30 December	77,613	76,520

The investment is in the listed ordinary shares of the Company's ultimate parent, Howden Joinery Group Plc. The shares are held in employee share ownership trusts.

#### 14 Trade and other receivables

	<b>30 December 2023 £ 000</b>	<b>24 December 2022 £ 000</b>
Trade debtors	-	5
Trade debtors from related parties	5,046	83,697
Prepayments	18	8,494
Other debtors	-	1,802
	5,064	93,998

#### 15 Cash and cash equivalents

	<b>30 December 2023 £ 000</b>	<b>24 December 2022 £ 000</b>
Cash at bank	-	70

#### 16 Share-based payments

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

## Howden Joinery Corporate Services Limited

### Notes to the Financial Statements for the Period from 25 December 2022 to 30 December 2023

#### 16 Share-based payments (continued)

##### Share Incentive Plan ("SIP")

###### Scheme description

This is a UK tax-advantaged 'all-employee' share plan under which the Company may grant the following types of awards to eligible UK employees:

(i) Free Shares, the vesting and forfeiture period for which is three years commencing on the date of grant and subject to continued employment. The shares are not subject to any performance conditions. Dividends are payable on the Free Shares during the vesting period. Voting rights are attached to Free Shares during the vesting period.

(ii) Partnership Shares, which do not have a vesting period as they are purchased using deductions from the gross pay of participating employees. The shares are not subject to any performance conditions. Dividends are payable on the Partnership Shares from grant. Voting rights are attached to Partnership Shares from grant.

(iii) Matching Shares, the vesting and forfeiture period for which is three years commencing on the date of grant and subject to continued employment and retention of the associated Partnership Shares in the SIP trust. Matching Shares are granted to participants in a ratio determined by the Company up to a maximum of two free Matching Shares for each Partnership Share purchased. Matching Shares are not subject to any performance conditions. Dividends are payable on the Matching Shares during the vesting period. Voting rights are attached to Matching Shares during the vesting period.

(iv) Dividend Shares, which do not have a vesting period as they are purchased using dividend monies payable on existing SIP shares held in the SIP trust. The shares are not subject to any performance conditions. Dividends are payable on the Dividend Shares from grant. Voting rights are attached to Dividend Shares from grant. Free Shares, Partnership Shares, and Matching Shares must be kept in the SIP trust for five years from the date of grant to be capable of being sold or transferred out of the SIP trust free of income tax and National Insurance contributions (exceptions apply for 'good leaver' scenarios). Dividend Shares must be held in the SIP trust for three years from the date of grant to be capable of being sold or transferred out of the SIP trust free of income tax liability.

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

###### Scheme description

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

## Howden Joinery Corporate Services Limited

### Notes to the Financial Statements for the Period from 25 December 2022 to 30 December 2023

#### 16 Share-based payments (continued)

##### LTIP part (iii)

##### Scheme description

(iii) Performance Share Plan, the vesting period for which was three years commencing from the date of grant. The vesting conditions for these options were as follows:

Date of award (a) 2018 (b) 2019

Vesting based on growth in profits - from year ended December (a) 2017 (b) 2018 for the three-year period ending with the year ended December (a) 2020 (b) 2021

Award vests at 15% if profits over the vesting period grow by (a) 5% (b) 5%

Award vests at 100% if profits over the vesting period grow by (a) 15% (b) 15%

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

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

The 2022 award has a performance period from December 2021 to December 2024. 33% of the award is based on TSR, vesting at 15% if the Company performs at median compared to a peer group and 100% if it performs in the upper quartile. 67% of the award is based on growth in profit before tax, and vests at 15% if growth over the performance period is 5%, and vests at 100% if growth is 15%.

The 2023 award has a TSR, PBT and ROCE performance period from December 2022 to December 2025. 20% of the award is based on TSR, vesting at 15% if the Company performs at median compared to a peer group and 100% if it performs in the upper quartile. 60% of the award is based on profit before tax, and vests at 15% if 2025 PBT is £400m, and vests at 100% if 2025 PBT is £484m. 10% of the award is based on ROCE, vesting at 15% if ROCE over the performance period is 25% and vesting at 100% if ROCE over the performance period is 30%. 10% of the award is based on environmental criteria ("the Env tranche") and has a performance period from December 2021 to December 2025. 7.5% of the Env tranche will vest if Scope 1 and 2 carbon emissions reduce by 4% over the performance period and 33% will vest if emissions reduce by 4.2%. 7.5% of the Env tranche will vest if primary fleet emissions are reduced by 12% by December 2025 and 33% of the Env tranche will vest if primary fleet emissions are reduced by 15%. 33% of the Env tranche will vest if four manufacturing sites achieve carbon neutral status by 31 December 2025. If a minimum average of 99% of waste from UK operations does not avoid landfill over three years, there will be a downward modifier to the outcome under the Env tranche.

## Howden Joinery Corporate Services Limited

### Notes to the Financial Statements for the Period from 25 December 2022 to 30 December 2023

#### 16 Share-based payments (continued)

(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.

#### 17 Trade and other payables

	<b>30 December 2023 £ 000</b>	<b>24 December 2022 £ 000</b>
Trade creditors	(42)	5,770
Accrued expenses	26	16,151
Amounts due to fellow Group companies	360,278	424,249
Social security and other taxes	13	1,779
Other creditors	-	291
	<b>360,275</b>	<b>448,240</b>

#### 18 Share capital

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

	<b>No. 000</b>	<b>30 December 2023 £ 000</b>	<b>No. 000</b>	<b>24 December 2022 £ 000</b>
Ordinary shares of £1 each	12,358	12,358	12,358	12,358

#### 19 Right of use assets

	<b>Machinery £ 000</b>	<b>Property £ 000</b>	<b>Total £ 000</b>
<b>2023</b>			
Additions	18	-	18
Depreciation charge for the period	20	-	20
Carrying amount at year end	-	-	-
<b>2022</b>			
Additions	123	-	123
Depreciation charge for the period	82	-	82
Carrying amount at year end	199	-	199

## Howden Joinery Corporate Services Limited

### Notes to the Financial Statements for the Period from 25 December 2022 to 30 December 2023

#### 20 Leases

##### Lease liabilities maturity analysis

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

	<b>30 December</b>	<b>24 December</b>
	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Less than one year	-	80
One to five years	-	127
<b>Total lease liabilities (undiscounted)</b>	<b>-</b>	<b>207</b>

##### Total cash outflows related to leases

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

	<b>30 December</b>	<b>24 December</b>
	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Payment</b>		
Repayment of capital	24	89
Interest	2	3
Short term leases	686	656
<b>Total cash outflow</b>	<b>712</b>	<b>748</b>

#### 21 Other provisions

	<b>Property</b>	<b>Total</b>
	<b>£ 000</b>	<b>£ 000</b>
At 25 December 2022	750	750
Unused provision reversed	(750)	(750)
At 30 December 2023	-	-

#### 22 Pension and other schemes

##### Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £242,985 (2022 - £299,972).

## **Howden Joinery Corporate Services Limited**

### **Notes to the Financial Statements for the Period from 25 December 2022 to 30 December 2023**

#### **22 Pension and other schemes (continued)**

##### **Defined benefit pension schemes**

##### **Howden Joinery Group Defined Benefit Plan**

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

Characteristics and risks of the plan:

The Howden Joinery Group operates a funded pension plan which provides benefits based on the career average pensionable pay of participating employees.

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

There is no contractual agreement or stated policy for charging the net defined benefit cost between the participating subsidiaries and this Company is the sponsoring employer, so the entire net defined benefit pension cost, and the entire pension deficit, appears in this Company's accounts.



## Howden Joinery Corporate Services Limited

### Notes to the Financial Statements for the Period from 25 December 2022 to 30 December 2023

#### 22 Pension and other schemes (continued)

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.

The plan's asset allocation strategy, as set out in the plan's August 2023 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 possibly include other financial instruments such as interest rate and inflation swaps, credit default swaps and cash.

## Howden Joinery Corporate Services Limited

### Notes to the Financial Statements for the Period from 25 December 2022 to 30 December 2023

#### 22 Pension and other schemes (continued)

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).

Return-seeking assets consist of Global equities, Absolute return assets, Multi-asset credit and Secure income assets. Global equities have an initial weighting of 5% of the total portfolio, with a target rating of 5% and a range of 0-10%. Absolute return assets have an initial weighting of 7% of the total portfolio, with a target rating of 7% and a range of 2-12%. Multi-asset credit assets have an initial weighting of 3% of the total portfolio, with a target rating of 8% and a range of 0-13%. Secure income assets have an initial weighting of 50% of the total portfolio, with a target rating of 40% and a range of 30-50%. Overall Return-seeking assets have an initial weighting of 65% of the total portfolio, with a target rating of 40% and a range of 30-50%.

The Risk-Reducing Assets will be initially structured to target interest rate and inflation hedge ratios of 65% (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. Risk-Reducing Assets have an initial weighting of 35% of the total portfolio, with a target rating of 60% and a range of 50-70%.

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."

#### 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.

The Group's estimated total cash contributions to the defined benefit plan in the 52 weeks ending 28 December 2024 are £12.2m. This figure allows for additional deficit contributions for the whole of 2024 at the current rate of £12m per year. As noted in the paragraph above, additional deficit contributions may cease and recommence during the year, depending on the scheme's funding position.

Contributions payable to the pension scheme at the end of the period are £Nil (2022 - £Nil).

#### 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 30 December 2023. 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 30 December 2023. We are using CMI 2022 mortality tables, being the most recent tables available.

## Howden Joinery Corporate Services Limited

### Notes to the Financial Statements for the Period from 25 December 2022 to 30 December 2023

#### 22 Pension and other schemes (continued)

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 IAS19 deficit at the current period end is £12.6m. 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 deficit at the current period end is estimated at £9.1m, 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. This would typically result in the funding valuation producing a higher deficit, or a lower asset, than the IAS 19 valuation.

## Howden Joinery Corporate Services Limited

### Notes to the Financial Statements for the Period from 25 December 2022 to 30 December 2023

#### 22 Pension and other schemes (continued)

Reconciliation of scheme assets and liabilities to assets and liabilities recognised  
The amounts recognised in the statement of financial position are as follows:

	<b>30 December 2023</b>	<b>24 December 2022</b>
	<b>£ m</b>	<b>£ m</b>
Fair value of scheme assets	(914)	889
Present value of scheme liabilities	901	(931)
Defined benefit pension scheme deficit	(13)	(42)

#### Scheme assets

Changes in the fair value of scheme assets are as follows:

	<b>30 December 2023</b>	<b>24 December 2022</b>
	<b>£ m</b>	<b>£ m</b>
Fair value at start of period	889	1,653
Interest income	42	31
Return on plan assets, excluding amounts included in interest income/(expense)	(8)	(754)
Employer contributions	19	1
Benefits paid	(41)	(42)
Fair value at end of period	901	889

#### Analysis of assets

The major categories of scheme assets are as follows:

	<b>30 December 2023</b>	<b>24 December 2022</b>
	<b>£m</b>	<b>£m</b>
Cash and cash equivalents	8	25
Equity instruments	50	1
Debt instruments	316	176
Investment funds	527	687
	901	889

#### Equity instruments

Equity instruments can be further categorised as follows:

	<b>30 December 2023</b>	<b>24 December 2022</b>
	<b>£ m</b>	<b>£ m</b>
Unquoted		
Passive equities	50	-
Private equity	-	1
	50	1

## Howden Joinery Corporate Services Limited

### Notes to the Financial Statements for the Period from 25 December 2022 to 30 December 2023

#### 22 Pension and other schemes (continued)

##### Debt instruments

Debt instruments can be further categorised as follows:

	30 December 2023 £m	24 December 2022 £m
<b>Quoted</b>		
Corporate bonds	-	2
Government bonds	316	174
	316	176

##### Investment funds

Investment funds can be further categorised as follows:

	30 December 2023 £m	24 December 2022 £m
<b>Quoted</b>		
Commercial property fund	-	8
Absolute return fund	-	1
Asset-backed securities	1	1
Other Secure Income	60	1
	61	11
<b>Unquoted</b>		
Commercial property fund	233	240
Fund of hedge funds	-	152
Insurance-linked securities	71	105
Other Secure Income	162	179
	466	676
	527	687

##### Valuation of 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 weekly basis, some are valued on a monthly basis, and others are only valued on a quarterly basis. Based on asset values at the current year end, 13% of the unquoted assets are valued based on a valuation from the fund manager within one day of our year end date, and a further 22% are valued at 30 November 2023, adjusted for cash movements and rolled forwards using a suitably-correlated index if one is available. The fund managers' 31 December 2023 valuations for the remaining 65% of unquoted assets, which have a carrying value of £303.1m 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 2023 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.

## Howden Joinery Corporate Services Limited

### Notes to the Financial Statements for the Period from 25 December 2022 to 30 December 2023

#### 22 Pension and other schemes (continued)

Actual return on scheme's assets	<b>30 December 2023 £m</b>	<b>24 December 2022 £m</b>
Actual return on scheme assets	<u>33</u>	<u>(723)</u>

The pension scheme has not invested in any of the Company's own financial instruments or in properties or other assets used by the Company.

#### Scheme liabilities

Changes in the present value of scheme liabilities are as follows:

	<b>30 December 2023 £ m</b>	<b>24 December 2022 £ m</b>
Present value at start of period	931	1,513
Actuarial gains and losses arising from changes in demographic assumptions	(27)	(4)
Actuarial gains and losses arising from changes in financial assumptions	14	(623)
Actuarial gains and losses arising from experience adjustments	(9)	56
Interest cost	43	28
Benefits paid	(41)	(42)
Administration Cost	<u>2</u>	<u>2</u>
Present value at end of period	<u>914</u>	<u>931</u>

#### Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the statement of financial position date are as follows:

	<b>30 December 2023 %</b>	<b>24 December 2022 %</b>
Discount rate	4.55	4.70
Inflation - RPI	<u>3.05</u>	<u>3.15</u>

#### Post retirement mortality assumptions

	<b>30 December 2023 Years</b>	<b>24 December 2022 Years</b>
Current UK pensioners at retirement age - male	21	22
Current UK pensioners at retirement age - female	23	23
Future UK pensioners at retirement age - male	22	23
Future UK pensioners at retirement age - female	<u>25</u>	<u>25</u>

## Howden Joinery Corporate Services Limited

### Notes to the Financial Statements for the Period from 25 December 2022 to 30 December 2023

#### 22 Pension and other schemes (continued)

Amounts recognised in the income statement	30 December 2023 £m	24 December 2022 £m
<b>Amounts recognised in operating profit</b>		
Administrative expenses paid	(2)	(2)
<b>Amounts recognised in finance income or costs</b>		
Net interest	(1)	3
Total recognised in the income statement	<u>(3)</u>	<u>1</u>
Amounts taken to the Statement of Comprehensive Income	30 December 2023 £m	24 December 2022 £m
Actuarial gains and losses arising from changes in financial assumptions	22	571
Return on plan assets, excluding amounts included in interest income/(expense)	(8)	(754)
Amounts recognised in the Statement of Comprehensive Income	<u>14</u>	<u>(183)</u>

#### Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

	30 December 2023			24 December 2022		
	+ 0.5% £m	0.0% £m	- 0.5% £m	+ 0.5% £m	0.0% £m	- 0.5% £m
Adjustment to discount rate						
Present value of total obligation	<u>(848)</u>	<u>(914)</u>	<u>(979)</u>	<u>(854)</u>	<u>(931)</u>	<u>(1,007)</u>
	30 December 2023			24 December 2022		
	+ 0.5% £m	0.0% £m	- 0.5% £m	+ 0.5% £m	0.0% £m	- 0.5% £m
Adjustment to rate of inflation						
Present value of total obligation	<u>(882)</u>	<u>(914)</u>	<u>(945)</u>	<u>(893)</u>	<u>(931)</u>	<u>(968)</u>

## Howden Joinery Corporate Services Limited

### Notes to the Financial Statements for the Period from 25 December 2022 to 30 December 2023

#### 22 Pension and other schemes (continued)

	30 December 2023			24 December 2022		
	+ 1 Year £m	None £m	- 1 Year £m	+ 1 Year £m	None £m	- 1 Year £m
Adjustment to mortality age rating assumption						
Present value of total obligation	<u>(881)</u>	<u>(914)</u>	<u>(946)</u>	<u>(898)</u>	<u>(931)</u>	<u>(963)</u>

The weighted average duration of the defined benefit obligation at both the current and prior period ends was 21 years.

#### 23 Parent and ultimate parent undertaking

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

The most senior parent entity producing publicly available financial statements is Howden Joinery Group Plc. These financial statements are available upon request from <http://www.howdenjoinerygroupplc.com/investors/financial-reporting/reports/index.asp>

The ultimate controlling party is Howden Joinery Group Plc.