Registration number: 05799085

Howden Joinery People Services Ltd.

Annual Report and Financial Statements

for the Period from 30 December 2018 to 28 December 2019

Howden Joinery People Services Ltd.

Contents

Howden Joinery People Services Ltd.

Company Information

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

Howden Joinery People Services Ltd.

Strategic Report for the Period from 30 December 2018 to 28 December 2019

The directors present their strategic report for the period from 30 December 2018 to 28 December 2019.

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 22-31, 35-39)
• Description of the principal risks and uncertainties facing the Group and its subsidiary undertakings (pgs 40-47)
• Financial and non-financial KPIs (pgs 32-34)
• Future developments (pgs 13, 30-31, 38)
• Information about environmental matters, social, community and human rights issues (pgs 48-61)
• Description of culture, what Howdens stands for, market, business model and strategy (pgs 14-21)
• Information in relation to Group employees, including gender statistics, employee involvement and Group policy on the employment of disabled persons (pgs 87, 121)

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.

Approved by the Board on 13 August 2020 and signed on its behalf by:

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Forbes McNaughton
Company secretary

Howden Joinery People Services Ltd.

Directors' Report for the Period from 30 December 2018 to 28 December 2019

The directors present their annual report and the audited financial statements for the period from 30 December 2018 to 28 December 2019.

Directors

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

Theresa Keating

Gareth Hopkins (resigned 24 April 2020)

Mark Robson

Rob Fenwick (resigned 23 July 2020)

The following director was appointed after the period end:

Julian Lee (appointed 23 July 2020)

The Company had 1,791 *(prior period: 1,793)* employees during the current period and staff costs amounted to £84.7m *(prior period: £83.0m)*.

Dividends

A dividend of £1.9m was proposed and paid during the current period *(prior period: a dividend of £2.3m was proposed and paid)*.

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 38-39 of the Howden Joinery Group Plc 2019 Annual Report and accounts, which is available at https://www.howdenjoinerygroupplc.com/investors/financial-reports/annual-reports

Political donations

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

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 both the performance and prospects of this Company, and 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 consolidated half year report dated 22 July 2020, which includes a description of how the parent company has considered and modelled possible effects of COVID 19 and Brexit on consolidated Group trading, and has concluded that it was appropriate for the consolidated half year 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, throughout the periods under review, is providing and managing employees for other Group companies.

Employees

Details of the Company's employee numbers and staff costs are at Note 5.

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

Approved by the Board on 13 August 2020 and signed on its behalf by:

F. McNaughton
....
Forbes McNaughton
Company secretary

Howden Joinery People Services Ltd.

Statement of Directors' Responsibilities

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

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Members of Howden Joinery People Services Ltd.

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Howden Joinery People Services Ltd. (the "Company"):

- give a true and fair view of the state of the Company's affairs as at 28 December 2019 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion

We have audited the financial statements of Howden Joinery People Services Ltd. (the 'Company') for the period from 30 December 2018 to 28 December 2019, which comprise the

- Profit and Loss Account,
- Statement of Comprehensive Income,
- Balance Sheet,
- Statement of Changes in Equity, and
- Notes to the Financial Statements, including a summary of significant accounting policies.

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

Basis for opinion

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

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

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

  We have nothing to report in respect of these matters.

Other information

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

Independent Auditor's Report to the Members of Howden Joinery People Services Ltd.

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

Howden Joinery People Services Ltd.

Independent Auditor's Report to the Members of Howden Joinery People Services Ltd.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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

Claire Faulkner

Claire Faulkner (Senior Statutory Auditor)
For and on behalf of Deloitte LLP, Statutory Auditor

London
United Kingdom

13 August 2020

Howden Joinery People Services Ltd.

Profit and Loss Account for the Period from 30 December 2018 to 28 December 2019

	Note	30 December 2018 to 28 December 2019 £ 000	31 December 2017 to 29 December 2018 £ 000
Turnover	4	88,900	87,794
Cost of sales		(86,782)	(85,653)
Operating profit		2,118	2,141
Profit before tax		2,118	2,141
Tax on profit	8	(242)	(252)
Profit for the period		1,876	1,889

The above results were derived from continuing operations.

Howden Joinery People Services Ltd.

Statement of Comprehensive Income for the Period from 30 December 2018 to 28 December 2019

	2019 £ 000	2018 £ 000
Profit for the period	1,876	1,889
Total comprehensive income for the period	1,876	1,889

The notes on pages 13 to 22 form an integral part of these financial statements.

Howden Joinery People Services Ltd.

(Registration number: 05799085)
Balance Sheet as at 28 December 2019

	Note	28 December 2019 £ 000	29 December 2018 £ 000
Fixed assets			
Deferred tax assets	8	290	244
Current assets			
Debtors	9	1,971	1,705
Net assets		2,261	1,949
Capital and reserves			
Share capital	10	-	-
ESOP Reserve		4,408	4,193
Retained earnings		(2,147)	(2,244)
Shareholders' funds		2,261	1,949

Approved by the Board on 13 August 2020 and signed on its behalf by:

TKeating

Theresa Keating
Director

The notes on pages 13 to 22 form an integral part of these financial statements.

Howden Joinery People Services Ltd.

Statement of Changes in Equity for the Period from 30 December 2018 to 28 December 2019

	Share capital £ 000	ESOP Reserve £ 000	Retained earnings £ 000	Total £ 000
At 30 December 2018	-	4,193	(2,244)	1,949
Profit for the period	-	-	1,876	1,876
Dividends	-	-	(1,948)	(1,948)
Current tax on share schemes	-	-	157	157
Deferred tax on share schemes	-	-	12	12
Share based payment transactions	-	215	-	215
At 28 December 2019	-	4,408	(2,147)	2,261

	Share capital £ 000	ESOP reserve £ 000	Retained earnings £ 000	Total £ 000
At 31 December 2017	-	4,116	(1,787)	2,329
Profit for the period	-	-	1,889	1,889
Dividends	-	-	(2,329)	(2,329)
Current tax on share schemes	-	-	33	33
Deferred tax on share schemes	-	-	(50)	(50)
Share based payment transactions	-	77	-	77
At 29 December 2018	-	4,193	(2,244)	1,949

The notes on pages 13 to 22 form an integral part of these financial statements.

1 General information

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

The address of its registered office is:
40 Portman Square
London
W1H 6LT
England

These financial statements were authorised for issue by the Board on 13 August 2020.

2 Accounting policies

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

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

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

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

Going concern
The financial statements have been prepared on a going concern basis. Further details are in the Directors' Report.

Changes in accounting policy
None of the standards, interpretations and amendments effective for the first time from 30 December 2018 have had a material effect on the financial statements.

Revenue recognition

Recognition

The company earns revenue from the provision of services relating to providing and managing employees 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.

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

Revenue is measured at the fair value of the consideration received or receivable for goods and services provided to customers outside the Company, excluding sales taxes and discounts. Revenue is recognised on despatch.

Finance income and costs policy

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

Tax

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

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

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

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

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.

Dividends payable

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

2 Accounting policies (continued)

Financial instruments

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

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

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

Share capital

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

3 Critical accounting judgements and key sources of estimation uncertainty

There are no critical accounting judgements or key sources of estimation uncertainty which affect the application of policies or the amounts reported in these financial statements.

4 Revenue

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

	2019 £ 000	2018 £ 000
Rendering of services	88,900	87,794

5 Staff costs

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

	2019 £ 000	2018 £ 000
Wages and salaries	74,003	72,804
Social security costs	8,134	8,112
Pension costs, defined contribution scheme	2,318	2,005
Pension costs, defined benefit scheme	26	29
Share-based payment expenses	214	77
	84,695	83,027

5 Staff costs (continued)

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

	2019 No.	2018 No.
Production	1,521	1,518
Administration and support	270	275
	1,791	1,793

6 Directors' remuneration

The directors' remuneration for the period was as follows:

	30 December 2018 to 28 December 2019 £ 000	31 December 2017 to 29 December 2018 £ 000
Remuneration	622	479
Pension costs, defined benefit scheme	26	29
	648	508

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

	2019 No.	2018 No.
Received or were entitled to receive shares under long term incentive schemes	1	1
Accruing benefits under defined benefit pension scheme	1	1

6 Directors' remuneration (continued)

In respect of the highest paid director:

	30 December 2018 to 28 December 2019 £ 000	31 December 2017 to 29 December 2018 £ 000
Remuneration	622	479
Defined benefit accrued pension entitlement at the end of the period	58	54

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

7 Auditor's remuneration

	30 December 2018 to 28 December 2019 £ 000	31 December 2017 to 29 December 2018 £ 000
Audit of the financial statements	11	11

8 Income tax

Tax charged/(credited) in the profit and loss account

	2019 £ 000	2018 £ 000
Current taxation		
UK corporation tax	275	266
UK corporation tax adjustment to prior periods	1	(77)
	276	189
Deferred taxation		
Arising from origination and reversal of temporary differences	(34)	63
Tax expense in the profit and loss account	242	252

The tax on profit before tax for the period is lower than the standard rate of corporation tax in the UK (2018 - lower than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £ 000	2018 £ 000
Profit before tax	2,118	2,141
Corporation tax at standard rate	402	407
Increase/(decrease) in current tax from adjustment for prior periods	1	(77)
Increase from effect of expenses not deductible in determining taxable profit taxable profit (tax loss)	-	1
Decrease from effect of exercise employee share options	(123)	(79)
Deferred tax credit relating to changes in tax rates or laws	(38)	-
Total tax charge	242	252

8 Income tax (continued)

Deferred tax
Deferred tax assets and liabilities

Deferred tax movement during the period:

	At 30 December 2018 £ 000	Recognised in income £ 000	At 28 December 2019 £ 000
Share-based payment	(244)	(46)	(290)

Deferred tax movement during the prior period:

	At 31 December 2017 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	At 29 December 2018 £ 000
Share-based payment	(357)	63	50	(244)

The headline UK corporation tax rate was 20% up until 1 April 2017, when it reduced to 19%. The effect of these rate reductions has been reflected in the deferred tax balances in the financial statements.

9 Trade and other debtors

	28 December 2019 £ 000	29 December 2018 £ 000
Receivables from fellow Group companies	1,971	1,705

10 Share capital

Allotted, called up and fully paid shares

	28 December 2019 No. 000	28 December 2019 £ 000	29 December 2018 No. 000	29 December 2018 £ 000
Ordinary shares of £1 each	-	-	-	-

The Company's share capital at the current and prior period end consisted of 1 £1 ordinary share.

11 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.

Share Incentive Scheme ("Freeshares")

Scheme description

This is an all-employee share incentive plan whereby participants receive a grant of free shares in the Group. If the employees are still employed by the Group three years after the grant, then the shares vest. Dividends are paid out on the shares between award date and vesting date. There are no other performance conditions attached to these awards.

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 (vi) below, neither dividends nor dividend equivalents are payable during the vesting period. The different types of awards are as follows:
(i) Market value options, the vesting period for which is three years from the date of grant with an exercise period of seven years (i.e. a total life of ten years). Options vested if cumulative PBT of £90m was achieved over the three financial years ending 2009, 2010 and 2011.
(ii) Market value options, the vesting period for which was three years commencing from the date of grant with an exercise period of seven years (i.e. a total life of 10 years). 15% of the options vested if the group achieved growth in pre-exceptional PBT equivalent to RPI over the performance period; 100% vested if pre-exceptional PBT growth was equivalent to RPI + 8% is achieved.
(iii) Conditional Share Award - the vesting period for which was three years commencing from the date of grant and subject to continuing employment.
(iv) Market value options - the vesting period for which was three years commencing from the date of grant with an exercise period of seven years (i.e. a total of 10 years). Vesting conditions for the 2015 award are that it was based on profits for the three years ended December 2017, and that it did not vest if profits grew by below 8% over the vesting period, it vested at 15% if profits grew by 8% over the period, at 100% if profits grew by 20% over the period, and on a straight-line sliding scale if profits grew between 8% and 20%. The conditions for the 2016 award were the same except that vesting was based on profits in the three years to December 2018.
(v) Performance share plan. The vesting period for which is three years commencing from date of grant. The awards are subject to the following performance conditions
Date of award (a) 2017 (b) 2018 (c) 2019
Vesting based on growth in profits - from year ended December (a) 2016 (b) 2017 (c) 2018
for the three-year period ending with the year ended December (a) 2019 (b) 2020 (c) 2021
Award vests at 15% if profits over the vesting period grow by (a) 3% (b) 5% (c) 5%
Award vests at 100% if profits over the vesting period grow by (a) 15% (b) 15% (c) 15%

(vi) 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.

11 Share-based payments (continued)

Recruitment Plan

Scheme description

This is a discretionary plan under which the Group may grant employees conditional rights to acquire shares subject to conditions as determined by the Group. The awards granted under this plan may only be satisfied with existing shares.

12 Non adjusting events after the financial period

The period between the balance sheet date and the date of approval of these financial statements saw the outbreak of COVID-19 in Europe. This is treated as a non-adjusting event in these financial statements.

As the outbreak is still in progress, and its extent and duration are uncertain, it is not possible to estimate its future financial effect. We have taken it into account in assessing the Company's going concern status at the date of approving these financial statements, as we set out in more detail in the statement of going concern included in the Directors' Report.

13 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 £2,317,675 (2018 - £2,005,052).

13 Pension and other schemes (continued)

Defined benefit pension schemes

Plans that share risks between entities under common control

The Howden Joinery Group operates a funded pension plan which provides benefits based on the career average pensionable pay of participating employees. This plan was closed to new entrants from April 2013.

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

There is no contractual agreement or stated policy for charging the net defined benefit cost between the participating subsidiaries. Howden Joinery Corporate Services Limited is the sponsoring employer, so the entire net defined benefit pension cost, and the entire pension deficit, appears in that company's accounts.

This company and the other participating Group subsidiary company, recognises a management recharge cost in its accounts equal to their contribution for the period.

14 Parent and ultimate parent undertaking

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

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

The most senior parent entity producing publicly available financial statements, and the only other entity who produces consolidated financial statements which include this company, is Howden Joinery Group Plc. These financial statements are available upon request from 40 Portman Square, London, W1H 6LT, or http://www.howdenjoinerygroupplc.com/investors/financial-reporting/reports/index.asp .

The ultimate controlling party is Howden Joinery Group Plc.

15 Dividends

	28 December 2019 £ 000	29 December 2018 £ 000
Final dividend of £1,948,000.00 (2018 - £2,329,000.00) per ordinary share	1,948	2,329