

Registration number: 05799085

# Howden Joinery People Services Ltd.

Annual Report and Financial Statements

for the Period from 29 December 2019 to 26 December 2020



# **Howden Joinery People Services Ltd.**

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## **Howden Joinery People Services Ltd.**

### **Company Information**

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

## **Howden Joinery People Services Ltd.**

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

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

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

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

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

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

## **Howden Joinery People Services Ltd.**

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

#### **Section 172 statement**

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

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

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

As is normal for large companies, the directors delegate authority for day-to-day management of the Company to executives engaged in setting, approving and overseeing execution of the business strategy and related policies of the Group. How the Group's key stakeholders have been identified and interests taken into consideration, in accordance with the directors' section 172 duties of the Companies Act 2006 and the 2018 UK Corporate Governance Code, is noted in detail on pages 78 and 79 within Howden Joinery Group Plc's Annual Report and Accounts for the year ended 26 December 2020

([www.howdenjoinerygroupplc.com/investors/financial-reports/annual-reports](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 21 September 2021 and signed on its behalf by:



Forbes McNaughton  
Company secretary

## **Howden Joinery People Services Ltd.**

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

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

#### **Directors**

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

Theresa Keating

Gareth Hopkins (resigned 24 April 2020)

Mark Robson (resigned 26 December 2020)

Julian Lee (appointed 23 July 2020)

Rob Fenwick (resigned 23 July 2020)

The following directors were appointed after the period end:

Paul Hayes (appointed 27 December 2020)

Kirsty Homer (appointed 27 December 2020)

#### **Dividends**

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

#### **Adoption of IFRS 16**

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

#### **Financial instruments**

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

These are managed on a Group basis. Further information can be found on pages 36-37 of the Howden Joinery Group Plc 2020 Annual Report and accounts, which is available at <https://www.howdenjoinerygroupplc.com/investors/financial-reports/annual-reports>

#### **Political donations**

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

## **Howden Joinery People Services Ltd.**

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

#### **Going concern**

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

This judgement is based on a written commitment of financial support from its ultimate parent company, Howden Joinery Group Plc. In assessing the quality of the commitment of support from its ultimate parent company, the directors noted the parent company's assessment of the Howden Joinery Group's going concern in its 2021 Consolidated Half-Yearly Report, dated 22 July 2021, which includes a description of how the parent company has considered and modelled possible effects of COVID 19 and Brexit on consolidated Group trading, and has concluded that it was appropriate for the consolidated Group results to be prepared on a going concern basis. The directors continue to adopt the going concern basis in preparing the financial statements.

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

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

#### **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.

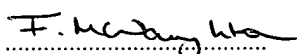
#### **Engagement with employees**

The Company has limited direct engagement with its employees as these activities are undertaken at Group level. Details of the Howden Joinery Group's employee engagement are set out on pages 82 to 87 of the Annual Report and Accounts for Howden Joinery Group Plc for the year ended 26 December 2020 ([www.howdenjoinerygroupplc.com/investors/financial-reports/annual-reports](http://www.howdenjoinerygroupplc.com/investors/financial-reports/annual-reports)). This includes the information relating to paragraphs 11, 11A, 11B and 11C, Part 4, Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 in respect of the Company.

#### **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 on pages 82 to 87 of the Annual Report and Accounts for Howden Joinery Group Plc for the year ended 26 December 2020 ([www.howdenjoinerygroupplc.com/investors/financial-reports/annual-reports](http://www.howdenjoinerygroupplc.com/investors/financial-reports/annual-reports)).

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



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.

## **Howden Joinery People Services Ltd**

### **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 26 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 15.

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

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

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

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

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

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

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

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

## **Howden Joinery People Services Ltd**

### **Independent auditor's report to the members of Howden Joinery People Services Ltd**

#### **Other information**

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

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

We have nothing to report in this regard.

#### **Responsibilities of directors**

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

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

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

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

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

## **Howden Joinery People Services Ltd**

### **Independent auditor's report to the members of Howden Joinery People Services Ltd**

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

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

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

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

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

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

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

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

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

## **Howden Joinery People Services Ltd**

### **Independent auditor's report to the members of Howden Joinery People Services Ltd**

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

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

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

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

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

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

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

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

We have nothing to report in respect of these matters.

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

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



Claire Faulkner (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
21 September 2021

# **Howden Joinery People Services Ltd.**

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

		<b>29 December 2019 to 26 December 2020 £ 000</b>	<b>30 December 2018 to 28 December 2019 £ 000</b>
Turnover	4	91,320	88,900
Cost of sales		<u>(89,259)</u>	<u>(86,782)</u>
Operating profit		<u>2,061</u>	<u>2,118</u>
Profit before tax		2,061	2,118
Tax on profit	8	<u>(395)</u>	<u>(242)</u>
Profit for the period		<u><u>1,666</u></u>	<u><u>1,876</u></u>

The above results were derived from continuing operations.

**Howden Joinery People Services Ltd.**

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

	<b>2020</b>	<b>2019</b>
	<b>£ 000</b>	<b>£ 000</b>
Profit for the period	<u>1,666</u>	<u>1,876</u>
Total comprehensive income for the period	<u><u>1,666</u></u>	<u><u>1,876</u></u>

**Howden Joinery People Services Ltd.**

**(Registration number: 05799085)**  
**Balance Sheet as at 26 December 2020**

		<b>26 December 2020 £ 000</b>	<b>28 December 2019 £ 000</b>
	<b>Note</b>		
<b>Fixed assets</b>			
Deferred tax assets	8	122	290
<b>Current assets</b>			
Debtors	9	305,098	249,940
<b>Creditors: Amounts falling due within one year</b>			
Trade and other payables	12	<u>(303,510)</u>	<u>(247,969)</u>
Net current assets		<u>1,588</u>	<u>1,971</u>
Net assets		<u>1,710</u>	<u>2,261</u>
<b>Capital and reserves</b>			
Share capital	10	-	-
ESOP Reserve		4,499	4,408
Retained earnings		<u>(2,789)</u>	<u>(2,147)</u>
Shareholders' funds		<u>1,710</u>	<u>2,261</u>

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

  
.....  
Theresa Keating  
Director

**Howden Joinery People Services Ltd.**

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

	Share capital £ 000	ESOP Reserve £ 000	Retained earnings £ 000	Total £ 000
At 29 December 2019	-	4,408	(2,147)	2,261
Profit for the period	-	-	1,666	1,666
Dividends	-	-	(2,260)	(2,260)
Current tax on share schemes	-	-	28	28
Deferred tax on share schemes	-	-	(76)	(76)
Share based payment transactions	-	91	-	91
At 26 December 2020	-	4,499	(2,789)	1,710

	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

The notes on pages 15 to 25 form an integral part of these financial statements.

## **Howden Joinery People Services Ltd.**

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

#### **1 General information**

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

The address of its registered office is:

40 Portman Square

London

W1H 6LT

England

These financial statements were authorised for issue by the Board on 21 September 2021.

#### **2 Accounting policies**

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

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

##### **Basis of preparation**

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

##### **Summary of disclosure exemptions**

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

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

##### **Going concern**

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

##### **Changes in accounting policy**

None of the standards, interpretations and amendments effective for the first time from 29 December 2019 have had a material effect on the financial statements.

## **Howden Joinery People Services Ltd.**

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

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

##### **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.

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.

##### **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.

##### **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 People Services Ltd.**

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

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

##### **Trade payables**

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

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

##### **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.

##### **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.

## **Howden Joinery People Services Ltd.**

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

#### **4 Revenue**

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

	<b>2020</b>	<b>2019</b>
	<b>£ 000</b>	<b>£ 000</b>
Rendering of services	<u>91,320</u>	<u>88,900</u>

#### **5 Staff costs**

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

	<b>2020</b>	<b>2019</b>
	<b>£ 000</b>	<b>£ 000</b>
Wages and salaries	76,670	74,003
Social security costs	8,161	8,134
Pension costs, defined contribution scheme	2,835	2,318
Pension costs, defined benefit scheme	25	26
Share-based payment expenses	<u>92</u>	<u>214</u>
	<u>87,783</u>	<u>84,695</u>

## Howden Joinery People Services Ltd.

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

#### 5 Staff costs (continued)

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

	2020 No.	2019 No.
Production	1,542	1,521
Administration and support	265	270
	<u>1,807</u>	<u>1,791</u>

#### 6 Directors' remuneration

The directors' remuneration for the period was as follows:

	29 December 2019 to 26 December 2020 £ 000	30 December 2018 to 28 December 2019 £ 000
Remuneration	640	622
Pension costs, defined benefit scheme	25	26
	<u>665</u>	<u>648</u>

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

	2020 No.	2019 No.
Received or were entitled to receive shares under long term incentive schemes	1	1
Exercised share options	1	-
Accruing benefits under defined benefit pension scheme	<u>1</u>	<u>1</u>

## Howden Joinery People Services Ltd.

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

#### 6 Directors' remuneration (continued)

In respect of the highest paid director:

	<b>29 December 2019 to 26 December 2020 £ 000</b>	<b>30 December 2018 to 28 December 2019 £ 000</b>
Remuneration	640	622
Defined benefit accrued pension entitlement at the end of the period	<u>62</u>	<u>58</u>

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

#### 7 Auditor's remuneration

	<b>29 December 2019 to 26 December 2020 £ 000</b>	<b>30 December 2018 to 28 December 2019 £ 000</b>
Audit of the financial statements	<u>16</u>	<u>11</u>

# Howden Joinery People Services Ltd.

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

### 8 Income tax

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

	2020 £ 000	2019 £ 000
<b>Current taxation</b>		
UK corporation tax	308	275
UK corporation tax adjustment to prior periods	(4)	1
	<u>304</u>	<u>276</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	91	(34)
Tax expense in the profit and loss account	<u>395</u>	<u>242</u>

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

The differences are reconciled below:

	2020 £ 000	2019 £ 000
Profit before tax	<u>2,061</u>	<u>2,118</u>
Corporation tax at standard rate	392	402
(Decrease)/increase in current tax from adjustment for prior periods	(4)	1
Decrease from effect of exercise employee share options	(41)	(123)
Deferred tax expense/(credit) relating to changes in tax rates or laws	<u>48</u>	<u>(38)</u>
Total tax charge	<u>395</u>	<u>242</u>

# Howden Joinery People Services Ltd.

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

### 8 Income tax (continued)

#### Deferred tax

Deferred tax assets and liabilities

Deferred tax movement during the period:

	At 29 December 2019 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	At 26 December 2020 £ 000
Share-based payment	(290)	91	76	(122)

Deferred tax movement during the prior period:

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

The Finance Act 2016 reduced the corporation tax rate to 17% with effect from 1 April 2020 and so this rate was used in the December 2019 deferred tax calculations. In the Budget of 11 March 2020, the Chancellor of the Exchequer announced that the planned rate reduction to 17% would no longer be taking effect. The changes announced during the Budget of 11 March 2020 were substantively enacted as at the 2020 balance sheet date, therefore, all opening deferred taxation balances have been remeasured at 19% with an adjustment recognised in the 2020 total tax charge.

### 9 Trade and other debtors

	26 December 2020 £ 000	28 December 2019 £ 000
Receivables from fellow Group companies	305,098	249,940

### 10 Share capital

Allotted, called up and fully paid shares

	No. 000	26 December 2020 £ 000	No. 000	28 December 2019 £ 000
Ordinary shares of £1 each	-	-	-	-

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

## **Howden Joinery People Services Ltd.**

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

#### **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 a UK tax-advantaged 'all-employee' Share plan Incentive Plan where eligible UK employees receive an award of free shares in the Company. If participants are still employed by a UK Howdens group company on the third anniversary of the date the shares were granted, the shares will vest. There are no other performance conditions attached to these awards. Dividends are payable on the free shares during the vesting period.

##### **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.

## Howden Joinery People Services Ltd.

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

#### 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 Trade and other creditors

	26 December 2020 £ 000	28 December 2019 £ 000
Amounts due to related parties	303,510	247,969

#### 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 £2,835,063 (2019 - £2,317,675).

##### 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.

## **Howden Joinery People Services Ltd.**

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

#### **14 Dividends**

	<b>26 December 2020 £ 000</b>	<b>28 December 2019 £ 000</b>
Final dividend of £2,260,000.00 (2019 - £1,948,000.00) per ordinary share	2,260	1,948

#### **15 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.