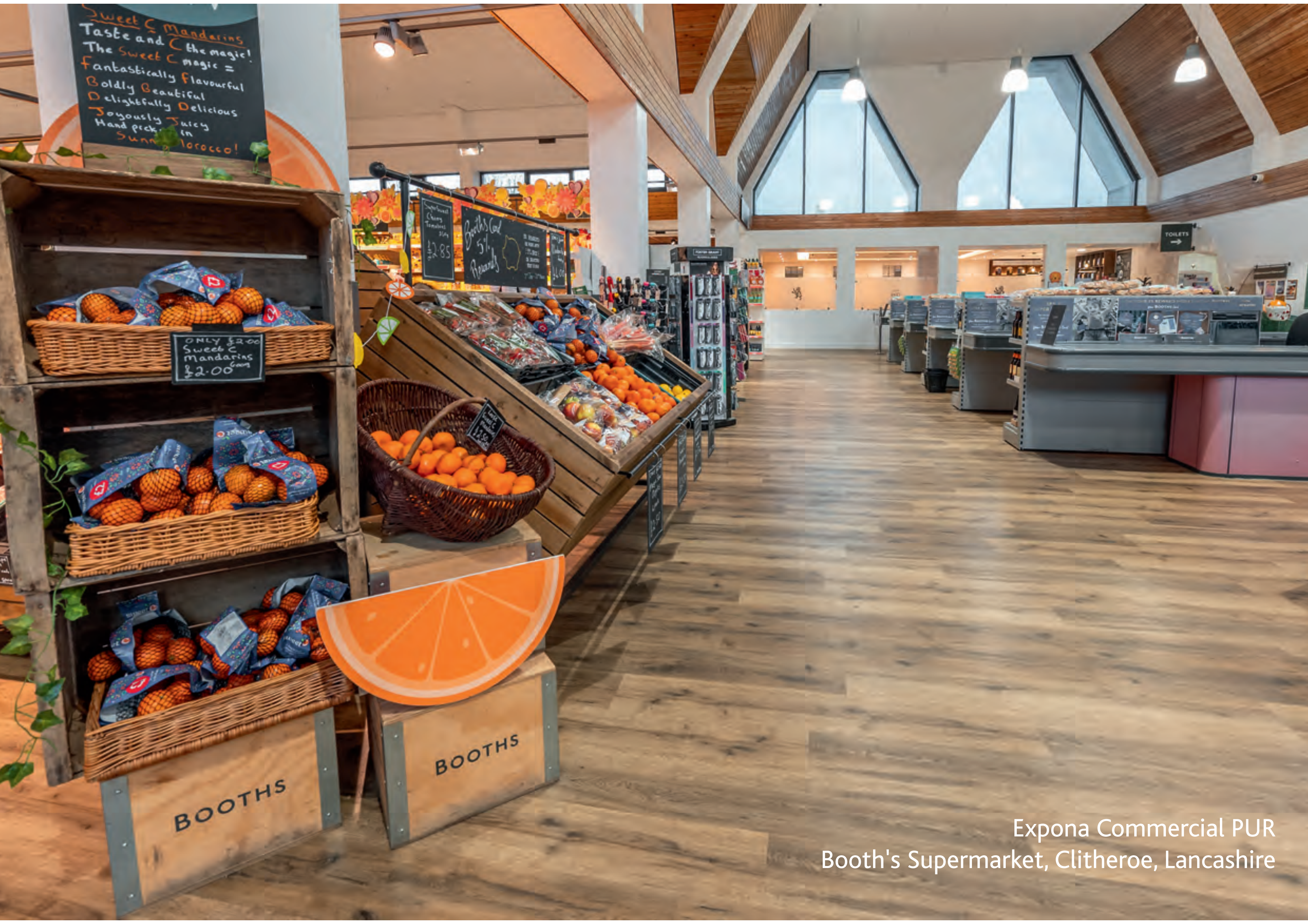
Report & Accounts 2024



Expona Commercial PUR
Booth's Supermarket, Clitheroe, Lancashire

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Geoffery Halstead, Life President of James Halstead plc

Geoffrey was born on the 3 February 1930 in a hospital in Radcliffe to John Halstead and Elizabeth (née Valentine), who resided at the time in a two up two down terraced house on Suthers Street, Radcliffe, close to the factory entrance.

Geoffrey's grandfather (James) had founded the textile business that bears his name, some 15 years prior to Geoffrey's birth and in 1922 he bought a parcel of land, from Lord Derby, surrounding his textile business. The stables from that land were converted to a family home and this, together with the adjoining property, still remain the family residence. The foresight of James Halstead was such that the Company's Head Office and main factory still occupy this 20-acre site in Radcliffe.

Geoffrey joined the firm in 1947 as the business moved away from textiles into new ventures, one of which was Poly-Flor resilient sheet, claimed to be the first unsupported vinyl sheet flooring. This was a significant move away from textiles and coatings, which was his grandfather's original business. He was the first Sales Manager of the embryonic business which later became the highly successful Contract Flooring Division. By the late 1950s the core of the Group was Poly-Flor and Belstaff, the latter having been a major customer of James Halstead since 1924 and was acquired in 1948 when the Company was listed on the London Stock Exchange.

He led the expansion of vinyl sheet flooring from the beginnings of the Polyflor brand. By the early 1960s, Poly-Flor had become the significant part of the Group and received a glowing review in the August 1961 issue of the Consumer Association magazine ("Which"), confirming the product's status in the UK. Geoffrey was heavily involved in the export of the flooring and travelled extensively across South Africa, Australia and the Middle East, promoting the product and expanding sales.

By the early 1970s bold decisions were needed. Geoffrey recognised the need to expand the limited product range and the decision to purchase a calender capable of manufacturing a 2-metre-wide flooring gave it impetus to go forward and establish a real advantage over the competition. Similarly, during the "oil crisis" of 1974, the Company was heavily indebted and Geoffrey, with the support of shareholders took the helm as Chief Executive and returned the Group to a sound footing and cleared the debt. It is from this date that the Company can trace its unbroken chain of increased dividends (49 years and counting).

James Halstead

Exports and travel were both passions of Geoffrey, from the early days of vinyl sheet flooring. This was illustrated when at The Frankfurt Flooring Exhibition, he took the Company's display kit in the works van to Germany to personally man a small stand. There was also progress in Asia where Geoffrey was happy to stop over, enjoying Chinese food, and where he was highly regarded by customers in Singapore, Malaysia, and Hong Kong. Customers were impressed at seeing the imposing figure of our Chief Executive on the exhibition stand in Hong Kong. He also visited South Africa, North America, Australia and New Zealand, and in India, mindful of the subcontinents perhaps unjustified reputation, he ate cold baked beans in the bedroom of a 5 Star hotel.

Establishing a portfolio of safety flooring, specialist conductive flooring, luxury vinyl tiles and commercial sheet flooring was a fantastic achievement, which Geoffrey realised over his lifetime. Under Geoffrey's stewardship, a small relatively unknown business in North Manchester become a brand leader in its field and the Company achieved a reputation unsurpassed in the flooring industry.

Always generous in his praise of Management and the Workforce during his tenure as CEO and Chairman, he watched the business expand as it concentrated on its core business of flooring. James Halstead plc has been a multiple recipient of the Queen's Awards (twice for export and once for innovation).

Geoffrey joined the company shortly prior to its flotation and was employed by the Company for 70 years, 55 years of which, he served as a director and for 17 years, until 1 December 2017, as Group Chairman. Since then, until his passing, Geoffrey Halstead had been the Honorary Life President of the Group.

Geoffrey Halstead, businessman and manufacturer, was born on the 3 February 1930 and died at home on the 22 August 2024, aged 94. He is survived by his wife Evelyn (née Lawrence), whom he married in 1954, his children Mark and Gayle, his grandchildren and great grandchildren.

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Results

Revenue for the year at £274.9m (2023: £303.6m) was 9.4% behind the comparative year largely driven by headwinds in the UK and Europe. The year was largely positive and the challenges that the Group faced in its major markets were not unexpected and appropriate mitigating actions were already in place. There was further disruption to world trade routes as a result of the ongoing situation in the Red Sea. This has extended delivery times to many export markets, in some cases impacting sales and increasing freight transportation costs.

The geographic spread and diverse sectors to which we supply flooring can be illustrated this year by installations such as the Venetis Chain Stores (Bakeries) in Greece, founded in 1948, Vox Cinemas in Kuwait and the incredible Star of the Seas, which is the second ship from the Icon class mega cruisers, that will be built in Finland.

The reported profit before tax for the year of £56.2m (2023: £52.1m) was 7.9% ahead of the prior year comparative, a good result against a challenging array of market conditions.

Gross margins improved in most of our major markets. Overall, the margins moved from 38% to 44%. Principally this increase was driven by our manufacturing plants which ran longer hours thus improving plant utilisation, and output volumes.

Selling and distribution costs at £53.0m (2023: £53.3m) were slightly below last year and reflect the lower volume of sales (particularly in UK and Europe). Expenses were also mitigated by reduced freight costs and restricted marketing and sampling costs.

Administration overheads at £14.3m (2023: £10.5m) are some 35.7% higher than last year. However, the comparative included a receipt of £1.6m regarding an insurance claim receipt (a one off relating to a major breakdown at the Radcliffe site dating back to 2020) together with an increase in IT expenditure (Australia and New Zealand with new IT systems and major upgrades to our systems security in the UK) representing about 5% of the increase in overheads.

The standard rate of tax in the UK for the year increased to 25% (2023: 20.5%) which in effect added £2.6m to tax charges. As a consequence, profit after tax was £41.5m (2023: £42.4m), a decrease of 2.1%.

Consequent to the rise in the effective rate of tax, earnings per share are at 10.0p (2023: 10.2p) which is a decrease of 2%.

Re-investment

Over many years our strategy has also included a policy of continual investment in both process improvement and in product development to improve output efficiency and our product offering. To maintain our competitiveness as manufacturers supplying global markets, we continue to commit to capital investment in the upgrading of plant for efficiency, flexibility, durability and to reduce energy usage.

During the Covid pandemic, and for a period afterward, we had to severely curtail some investment and production improvements. In part this was because of the unavailability of labour due to the covid self-certification of workers and to far greater degree the severe shortage of spares and parts due to the disruption of global supply chains. Consequently, this year has been significant for investment in our various production lines which will continue to underpin growth.

At Riverside two major capital items were approved and work initiated which represented a £350,000 investment. Firstly, a new drive system for the press and registration control systems has been updated and improved. The new equipment will also use less energy.

In addition, preparations were made for replacing the Teesside plant's fume abatement systems. This will increase line efficiency, increase the level of fume extraction and removal thereby improving air quality, line performance and using less energy. This is a £1.6 million investment.

Royton (our UK main warehouse) is undertaking a full upgrade to modern LED lighting at the cost of £200,000 and our Radcliffe plant is undertaking preparatory work for a £400,000 investment in solar panels where 100% of the energy will be used on site.

The breadth of change has been significant and has already led to improved productivity and margin improvement.

Sustainability, social responsibility and the environment

We have recently published our 19th sustainability report that details our actions and ambitions in the areas of the environment, sustainability and social responsibility (available for download from our website).

Climate change has led to a greater focus on carbon dioxide levels but dealing with climate change is not, in our view, just a matter of trying to highlight any one single measure such as carbon emissions or setting net zero targets. As a manufacturer in the UK there are basic levels of environmental legislation that far exceed the standards of many countries and as users of energy we rely on government policies to achieve the greater use of greener energy. In addition, we look to go far beyond that in our ethical sourcing and we strive to have our claims independently audited to credible standards – none of which is required of 'importers'. Further information on some of the actions that we have taken are referred to in the Chief Executive's Review.

Dividend

Cash balances increased to £74.3 million (2023: £63.2 million) helped by a further reduction in our stock-holdings. The inventory at the year-end is £82.3 million (2023: £87.4 million) which is about 6% lower than the prior year comparative.

During the year taxation paid was £15.5 million (2023: £11.9 million), fixed asset additions of £3.3 million (2023: £2.9 million) and equity dividends paid of £34.4 million (2023: £32.3 million).

The interim dividend of 2.5p (2023: 2.25p) was paid in June 2024. The board, having regard to the cash balances and profitability, is proposing a final dividend of 6.0p (2023: 5.75p) which will mean a total dividend for the year of 8.5p (2023: 8.0p) an increase of 6.25%. This is a record level of dividend and marks our 49th year of increased dividend. This final dividend will be paid on 13 December 2024.

Acknowledgements

Once again, I would like to thank all our colleagues across the globe for their continued efforts in achieving this year's result.

In memoriam

Special acknowledgement must be made to the Life President, Geoffrey Halstead, who died on 22 August at the age of 94. Geoffrey was a director of the company for 60 years and guided the first steps that were taken to manufacture resilient sheet vinyl flooring and to moving the business from textiles to the focus on Polyflor. He will be sadly missed by staff, past and present and customers, suppliers and the many friends who knew him. Our condolences to the family are heart felt.

Outlook

The results, cash generation and proposed dividend stand testament to the resilience of the products, the business and the management of the Company. After 23 years as a non-executive director with currency crises, the great financial recession, Brexit and more recently the Covid recession and the Ukraine/energy inflation recession one thing has been constant – the Company's ability to progress even in the face of adversity.

As announced separately, I am stepping down as Chairman at the forthcoming AGM. I have been proud to serve as Chairman since 2017 after many years as a non-executive director. The Company has a strong team both on the board and in the subsidiary companies with solid foundations for continued growth.

Since I joined the board in 2001, turnover is near 300% higher and profit 525% higher. Quoting the late Sir John Harvey-Jones, back in 1993, 'James Halstead has a consistency of aim and performance, with the results obtained highlighting sound management principles and spectacular growth'.

As I step down, the Company's prospects continue to look positive into the new financial year and beyond. Projects such as the International Airport JSM in San Jose, capital of Costa Rica underline the reach and deep history of our global sales.

The malaise of the UK and European markets will end, the deferral of spending due to high inflation and the energy crisis will ease and our global markets offer continued opportunity.

James Halstead has operated for more than 100 years, withstanding and resilient to the numerous market challenges that it has faced. The Company is pleased to report a year of profitable growth in FY24 and looks ahead with confidence in the long term growth strategy.

Anthony Wild
Chairman

30 September 2024

Chief Executive's Review

Our business is, in essence, simple. Our business model is to manufacture in volume, quality flooring that we sell to distributors and stockists to satisfy local demand whether this is via third parties (as in the UK) or via our own businesses across the globe. Crucial to the success of this model is to understand, motivate and cajole these stockists to service the true customer – end users and contractors within a wide range of sectors.

Each market is given a focus and local management tasked with achieving targets.

Our various sales teams have secured many prestigious projects along with scores of thousands of corridors, stairwells and toilet areas that are the ubiquitous backbone of our day to day business. Products such as the corporate headquarters of Lidl Danone and Mitsibushi (in France); African Medical Centre Of Excellence located in Abuja, Nigeria; the Katima Mulilo campus of University of Namibia; St. Jacob's Medical Center in the city of Stryi, Ukraine and Hotel Croatia Cavtat a five-star resort and conference centre in the South Adriatic just 5km from Dubrovnik airport.

Looking at our businesses:

Objectflor/Karndean and James Halstead France, our European operations

The climate for our German and Central European business remains highly competitive and subdued. Volumes have been impacted and our turnover in most markets in the region was below last year with Germany 17% lower. Official figures suggest building permits issued for new builds in Germany for the first quarter of 2024 were 21% down on the previous year.

Though the year started well with more normal rates for shipping, the issues in the Red Sea have caused disruption once again in the container shipping industry with vessels avoiding the Suez Canal and travelling around the Cape. This added 2/4 weeks in transit times for the supply of LVT, but also had the knock on effect of tying up containers causing a shortage and ultimately leading to price increases in shipping. Whilst costs have not risen to the peaks of the immediate post Covid period, we have nonetheless encountered increased costs and our sales were impacted by our stock availability at the start of 2024 with product unable to be shipped.

Despite these factors, margins have held up following prices increases in early 2023 and for much of the year a more stable freight cost for imports from the Far East.

In addition, overheads were reduced with tight spending control and profits were above the prior year comparative.

Notable projects included the HARIBO corporate office in Bonn, Germany, Polo Motorcycle stores in Germany and XXXLutz furniture stores in Austria.

The lease on the largest of our current warehouses in continental Europe has been extended and a review of our warehouse requirements in Germany is under way.

Our business in France was similarly hit by customer confidence, reduced demand and the stock shortages noted above which contributed to a disappointing drop in sales from last year's highs (-18%). The election turmoil has not helped, causing uncertainty in the market and the effects of inflation on budgets and discretionary spend have also contributed to a decrease in consumer confidence. We have, however, added to our sales team to give greater coverage across the whole of France and allow a more dedicated approach to larger projects. The belief is that this will pull back volume next year.

As with Germany, the improved margin throughout the 12 months ensured net profit did not suffer.

Polyflor APAC – encompassing Australia, New Zealand and Asia

Our APAC region is made up of four distinct areas - Australia, New Zealand, North Asia and South East Asia. To give a better strategic focus in the region a new reporting structure has been established to oversee the region as a whole. These changes are aimed at enhancing collaboration, aligning strategies and ensuring efficient decision making across the region creating a stronger network, promoting regional initiatives and leveraging resources effectively.

In Australia, sales were 15% below the comparative. As production returned to normal, and stock availability improved, we were then hit by increased transit times caused by the Red Sea issues, further delaying stock reaching our overseas warehouses. Our stockholdings in the region do, to an extent, act as a buffer to this, and where possible stock was transferred between countries and states, but inevitably sales were lost.

This impact of shortages was experienced across all five warehouses in Australia. If available, stock would be moved across states, but with high transit costs, margins were impacted. The stock situation started to correct itself during the second half of the financial year as stock arrived and we entered the new financial year better placed to push for greater volume of sales.

Australia did start to benefit from the recent trade agreement with the UK, (CPTPP), with no duty charged on purchases from the UK, allowing Polyflor Australia to be more competitive in the market relative to our European sourced competition.

New Zealand sales were down 7.6% in the year. The year started with a slowdown in activity as projects stalled ahead of the general election in October 2023. As in Australia, domestic builds in New Zealand have slowed significantly brought about by high inflation and mortgage rate hikes which have impacted on consumer spend. Inflation has started to ease but the government have pulled back on spending across public facilities, though it is hoped this will drive more maintenance activities.

With an eye on costs, the decision was taken to close our smaller warehouse in Christchurch at the end of the year and move the stock back to the main warehouse facility Auckland. There has also been a consolidation of some roles within the wider APAC management team, allowing for future cost savings.

Our South East Asia business (centred in Malaysia) ended the year strongly with sales marginally ahead of last year despite trailing for the majority of the financial year. It was pleasing to see growth across Singapore, Vietnam, Thailand and Indonesia. Malaysia itself saw a small fall in sales compared to last year, affected by reduced purchases by one major customer. Looking forward, there is positive news with a significant investment in a 'Tech Free' zone in southern Malaysia.

A change of the senior manager was made in North Asia at the start of the financial year and the role is now based in Shanghai rather than Hong Kong which is operationally beneficial. We have a renewed focus on increasing distribution within China along with the other countries serviced by our North Asia business. One prestigious project among many was Gansu Provincial Maternity and Child-care Hospital Lanzhou, China.

We have yet to see the full benefit of the UK joining the CPTPP which will reduce duty rates across the region. The required number of countries have now ratified the UK to join the bloc and the agreement will now officially enter into force on 15 December 2024. The UK Department for Business and Trade are pushing for remaining members to ratify the deal in their own countries. As a result, we should start to see benefits from the start of 2025.

From 1 July 2024, North Asia, which had operated as a branch of Polyflor Limited, will now operate independently, under the guidance of our APAC management and on the same ERP systems. Stock is being rationalised so there are common ranges across the APAC countries which will help with stock availability and quicker movement across the region if needed. Faster moving lines will still be held in local warehouses, whilst for some slower moving items, these can be held in a free zone warehouse in China and moved to whichever market as required. As a result, overall stockholding will be reduced with little impact on service to the customers.

The APAC region bore the brunt of production and delivery problems associated with labour restriction in the UK (Covid), raw material shortages and global shipping restrictions. These are largely resolved and the teams are focussed on rebuilding the Polyflor market share.

Polyflor & Riverside Flooring, based in UK

The core of the group is our manufacturing base in the UK producing the flooring that is distributed across the world.

The Polyflor business, that manufactures and sells product globally, reported a 4.4% reduction in turnover. UK sales were £110.7m (2023: £117.5m) a 5.8% reduction. However, sales of Polyflor sheet vinyl manufacture in Radcliffe for overseas markets rose 8% as our output increased to satisfy global markets.

In the UK, many distributors were significantly affected by the decline in domestic carpet sales which is not a product in our portfolio. Many looked to cut back on costs to offset sales shortfalls and increased debt costs. Inevitably, some distributors reduced their stock holdings of our products and it is clear this affected our sales into the distribution channel. Whilst it is difficult to identify the exact impact we believe this represented at least 50% of our reduction in UK sales. However, end customer service levels were unaffected and there were positive signs of investment by some of our distribution partners as the decline did not apply to every customer.

Notwithstanding the negative consumer confidence, in our experience, the effect of lower customer confidence and demand has always led distributors to rationalise ranges and as a manufacturer of branded flooring this has tended to be positive for us. In buoyant times there are a plethora of flooring options sourced from Europe and Asia but these are dropped when times are harder. This year has been no different.

We have updated and relaunched our Colonia luxury vinyl tile collection. Colonia is a commercial grade flooring but does sell significant quantities into the residential market.

Chief Executive's Review
continued

This relaunch took place in April and May of this year. There are now 100 new sales presentation stand locations, adding to the existing 400 locations. Each of these locations is nominated by our distributor partners. The delivery and installation of these stands were completed by our own sales force, and customer reaction and sales out via our distribution partners went well and continues to progress. In addition, we have successfully introduced 'cashback' promotions. This type of promotion is for end users (principally flooring contactors) to encourage them to buy from our stockists and will offer incentive to divert sales from competitors to our ranges and in some cases from distributors' 'me too' products. Feedback has been positive on these initiatives.

Regarding the 5.8% reduction in UK turnover, of this manufactured sheet vinyl sales were c4% down with the luxury vinyl tiles nearer to 9% lower reflecting the greater exposure of LVT to the residential flooring sector.

Raw material costs reduced during the year to c5% below the prior year comparative but these costs are still over 50% higher than the pre-2022 levels. Energy costs remain high with the falls in warehouse prices of electricity being almost totally offset by increases in add-ons to the bare energy cost.

Whilst we mainly source from UK and European sources, we maintain key relationships with suppliers much further afield (Korea, North America and South America). This maintains supply and protects against sudden increases in costs and quality. In the latter months of the year a PVC supplier in Mexico closed as a result of the ongoing drought in the region which caused a ripple in the global supply chain. On the counter side, certain eastern European suppliers had cash flow problems and increased output volumes to sell at low prices. The global nature of business is not just on the sales side and, as ever, offers opportunity to those up to the task of managing supply.

Increased output with greater plant utilisation improved the gross margin within the UK businesses. As noted earlier, throughout the year there have been plant investments and improvements to continue the growth in output. New granulators on the non-directional production line will increase the speed of recycling edge trims, a £200,000 investment, with a further £700,000 on the calendar mixers on this line. The raw material tank farm has been updated and extended to offer smoother flow of raw materials into production and to give greater onsite storage for raw materials (£250,000).Other investment included the replacement of the UV curing lamp systems at Teesside (£950,000) and gel drum upgrades on the safety flooring production line (£120,000).

We have invested in IT infrastructure including the replacement and upgrade of computer servers and storage (£170,000), as well as a refresh of our whole firewall and data security protocols (£187,000). In addition, in January 2024, we went fully live with our own self-filing of customs entries for all our free carrier arrangement (FCA) customers. We extended this to include Middle Eastern and South American customers, and to many ex works (EXW) customers who are unfamiliar with accurate processing of export documentation.

Energy efficiency receives attention at subsidiary level and nowhere more so than at Polyflor, the manufacturing hub and the main user of energy in our business. Reducing energy usage drives down costs and reduces our carbon emissions.

We implemented a number of initiatives during the year, as we continue to focus on building our sustainability credentials and operating as a greener business.

In the UK, we enjoyed a record year for profits – testimony to the team and the foundations of our prior year work.

Polyflor Nordic comprising Polyflor Norway based in Oslo and Polyflor Sweden based in Gothenburg

A solid performance with both Norway and Sweden seeing a 6.3% increase in sales over comparatives. Profitability has been supported by adding delivery charges for transport of goods, particularly to remoter areas.

Both the businesses improved profits.

A review of warehouse operations has resulted in the decision to move our stockholding from Stockholm to Gothenburg which will lower overall costs, reduce transit times from the UK and have the potential to hold further stocks for the Scandinavian market. This will take place Q1 of the new financial year.

Stocks have been reduced during the year, to both improve working capital and to ensure a tighter focus in these two large geographic but relatively lower populated regions.

Norway is currently in the process of upgrading its ERP system with a go live date planned for November 2024. The system will be the same as that introduced to the APAC region last year.

Our flooring has been selected for use in 'Polestar' car showrooms and in the Silja – Tallink Ferry terminal the Sweden – Finland connection.

Polyflor Canada, based in Toronto

After last year's record sales, there was a small drop in revenue this year (-5%), although this still represents a 29% increase from 2 years ago. Despite the lower sales, the margin improved with lower freight costs incurred and a favourable mix of products with the result of a further increase in net profit.

The decision to purchase more LVT direct from the Asian suppliers rather than to be supplied from the Europe based stock holdings helped the improvement in margins on those ranges and whilst this has led to higher stock levels, we have improved our service to the market.

A proposal for expanding our footprint across Canada is being developed and the pipeline of projects remains strong across all categories of product. The local management remain positive for the year ahead.

Rest of the World

Polyflor continues to expand across the globe selling direct to over 50 countries during the year other than those mentioned above.

Our sales have performed strongly again in the Middle East (+26%) and South America (+12%) where we continue to see good specification across various projects in health, education and housing. Both these regions achieved record sales. We will continue to seek to employ regional representation to augment our direct exports in growing markets – a policy that for over a generation has underpinned export growth.

Significant business in the year has taken place in territories such as UAE, Colombia, Italy, Mexico, Poland, Greece and South Africa to list a few.

It was a record year for sales in Saudi Arabia, Bulgaria, Georgia, Lithuania, Costa Rica, Brazil, Egypt and Belgium.

As with Canada, our USA sales were below the prior year record sales but remain ahead of 2022 revenues. The B2B arrangement remains positive with further products added to the portfolio for next year. Our small presence in India remains, but sales have once again gone backwards, and we are reviewing how to reverse this trend. We are impacted by higher duty costs than our competitors and have not been able to increase sales from our local stockholding. The significant portion of sales remain direct shipments from the UK to the healthcare sector, where Polyflor product is held in high regard.

It is encouraging that our representatives in Latin America are converting interest into sales and new markets that are currently being developed such as El Salvador, Guatemala, Nicaragua, Bolivia and Honduras should start generating some sales soon.

Sustainability, social responsibility and the environment

As highlighted in the Chairman's Statement, we recently published our 19th sustainability report for the Company. In this we detail the actions and ambitions that we have taken to addressing environment impact, sustainability and social responsibility.

For many years we have operated a vinyl take back scheme in the UK, Recofloor but there are regulatory difficulties in re-patriating recyclate from overseas markets and so during the year we have entered into a new recycling initiative in Australia, Resiloop. Together with the Australian Resilient Flooring Association (ARFA) our Australian business (Polyflor Australia Pty Ltd) has formed a product stewardship scheme aimed at reducing PVC going into landfill. A national scheme has been established with the funding to commence the recovery and recycling of resilient floor coverings with onshore recycling capacity. ARFA's members represent 60% of the market sales of resilient flooring and the take-back and recycle model is based on our own UK experience albeit that we are not manufacturing in Australia so the aim is to prepare recycled material for alternative uses locally.

In conclusion

Given the circumstances we can only be pleased with the results for the year. The levels of confidence in key markets (the UK and Europe) with reduced budgets for projects have been challenging. Different issues such as the challenges of transportation affected our APAC region but nevertheless there has been progress and increased profitability.

It has been another year of profitable growth in FY24 and the Group looks ahead with confidence.

Mark Halstead
Chief Executive

30 September 2024

Financial Director's Review

As is usual, we have prepared these accounts by the consistent application of accounting standards with due appraisal and judicious accrual for known probable liabilities with as yet uncertain outcome at the year end. As in previous years we, as a board, look to be prudent.

The group operates through separate legal entities in certain areas of the world and though these are discussed in the Chief Executive's Review we, as a board, have concluded that these operations are one segment for the purposes of IFRS 8.

Some key statistics:

- Group turnover at £274.9 million (2023: £303.6 million) was 9.4% lower than last year.
- Profit before tax was £56.2 million (2023: £52.1 million) an increase of 7.9%
- Selling and distribution costs were 1% lower than last year. Administration expenses were 36% higher than last year. This is largely due to a receipt of £1.6m regarding an insurance claim in the prior year, not repeated.
- Trade receivables decreased to £40.0 million (2023: £42.9 million). Trade payables decreased to £36.5 million (2023: £40.3million).
- Inventory levels stand at £82.3 million (2023: £87.4million).
- Cash stands at £74.3 million (2023: £63.2 million) even after the payment of £34.4 million in dividends, £15.5 million in tax and £3.3 million of capital expenditure.

Key performance indicators

The board continues to consider growth in profit before tax and growth in dividend key targets in line with the task of delivering shareholder value. Control of working capital continues to be important and the level of cash is monitored. Cash flow has been a key performance measure.

Rather than focus on individual working capital targets or ratios, the board are informed of all significant issues directly by subsidiary management by means of monthly reports on the key decisions and influences on working capital. The group comprises two major manufacturing plants and a number of overseas importer and distribution businesses but no overall KPI seems appropriate. Obviously sales, profit and cash generation are monitored against budgets and more so against prior year comparatives. To look at group level ratios would be misleading as the disparate types of business require review in isolation.

Our focus at subsidiary level is on stock availability and appropriate credit given to and received from customers and suppliers respectively. Obviously sales, margin and profitability are monitored as well as cash, which is the final result of our economic activities. Appropriate summaries of these statistics are collated into monthly group reports. These accounts contain analysis and more importantly we require each director to undertake a written report on their area and often these include key indicators (obvious examples are level of absenteeism in the factories, debtor days and margin by product line but these are backed up with detail of the key drivers of these ratios). Functional directors of the subsidiaries report on the KPIs appropriate to their area of control – for example manufacturing will report on the key drivers such as utilisation of plant, conversion efficiencies of raw materials into finished goods and volume output.

No individual key performance indicator, or group or summary thereof, is regarded as more important than informed, in-depth knowledge of the underlying businesses. Subsidiaries present their key performance indicators on debtor days, stock turn and creditor days but the consolidation of these for the whole group offers no extra benefit as the component of mix can mask underlying effects.

In terms of non-financial KPIs brand awareness, reputation, customer satisfaction and market share are all important but difficult to assess. We do not instigate surveys and market share data but, to the extent that they are collated by various trade bodies these are important independent evidence for the group executive team. We subscribe to various third party reports on the flooring industry which to an extent match and compare us to our competitors and whilst valid snap-shots of the sector they are inadequate to give a complete view of progress. Customer satisfaction awards are always welcome and we often we refer to these in our strategic report. At subsidiary level there are non-financial KPIs. Examples being, customer call response time, non-conforming product complaints, staff turnover/retention each of these are company or department specific and reported by directors in their monthly reports to the group executive directors. The executive directors comment on these on case specific bases and the non-executives have sight of the major reports.

Principal decisions

The strategic report notes our approach to Section 172 of the Companies Act 2006 and we have faced many decisions in the year. We define principal decisions as those that have a significant impact on the company and/or group and/or our stakeholders. Principal decisions that are currently confidential to the group are not included in the list below. Any such decision would be included in future report and accounts if and when confidentiality is no longer a factor.

The potential impact of principal decisions on stakeholders is assessed in detail by the board. The executive directors kept the board appraised of their actions and these are described in the strategic review and in our interim reporting. To the extent that these decisions affect employees there is a bi-annual update on group performance. Each of the principal decisions has a potential effect on employment and hence employees as a whole so this high level update is important to provide context for the individuals.

During the year the following were considered by the board.

Payment of dividends

The board considered shareholder expectations in setting these dividends, along with the cash position of the company. Cash flow projections are an important part of this, particularly in the current economic environment - the executive directors were tasked with keeping the board appraised of the working capital position.

Approval of group budget

A key process is to each year agree budgets with our trading subsidiaries and this is presented to the board towards the end of each trading year. Having regard to the ongoing disruption to energy across our markets the budgetary process this year was deemed to still be fraught with uncertainties. Nevertheless, a full budgetary process has been undertaken to assess our manufacturing capacity and manage shift patterns and associated expenditure.

Board changes

In January 2024, Mr David Drillingcourt was appointed to the board. David has held several roles with the group over the last 25 years. As Corporate Development Director he is supporting the company's strategic aim of growing the global footprint of the international businesses within the group.

Review of long term incentive-plan (LTIP)

A part of our management teams incentive has long been the issue of share options in the holding company as ongoing participation in the company's success. To date these options have always been issued at market price.

Net zero, sustainability and climate change

Apart from the details noted in respect of our SECR reporting and climate related financial disclosures the bought has approved several initiatives.

- Approval of significant investment in solar panels capable of supplying 25-30% of our electric requirements.
- A change in our Recofloor partnership with Altro Group plc to take our award winning vinyl recycling initiative to further success.
- Changes to the representatives' company cars to cleaner technology.
- A commitment to reducing in gas consumption at our Teesside facility by investment in improved production equipment and incinerator equipment.

Subsidiary issues

The board discusses and ratifies subsidiaries investments of which the key items this year include

- Lease extensions of warehousing in Germany.
- Investment in ERP in Norway.
- Updating our business in Hong Kong to incorporation.
- Closure of our New Zealand warehouse in Christchurch to focus on improved service from our other warehousing.

Principal business risks and uncertainties

The board resolved (in February 2022) that we should cease to undertake sales of flooring to Russia and given the close involvement of Belarus to only supply the latter with healthcare related products (after a review by the board of individual projects). This cessation continues, though there is no legal requirement. The effects of this conflict on global trade and costs continues to be an uncertainty.

The effects on UK energy costs have been widely reported but the implications for UK manufacturing go much deeper. Certainly the increased cost of our UK energy of both gas and electricity has been significant but the effects on raw material supplies have also been significant. The dependency of many industries in Europe on the large refinery and chemical plants being fed oil and gas from Russia made it immediately apparent that the conflict would lead to major disruptions in supply beyond the cost of energy. The situation as of the end of the current financial year is much improved from the scenario a year ago but remains a business risk.

The board constantly assesses risks and discusses business issues regularly. To the extent risk is insurable the board is risk averse and the group is widely insured. A comprehensive insurance appraisal takes place annually to mitigate exposure to risks, such as business interruption and fire but obviously key risks such as escalating raw material prices and energy costs fall outside any insurable event. Inevitably the unexpected cannot be anticipated but given the depth of understanding of our principal business by the senior management, and the board, risk is ameliorated but not eliminated.

Financial Director's Review
continued

Our goals are simple and we avoid over-stretching our capabilities. During the year the unknowns associated with the pandemic were a key unknown and consequently a key risk. Our plans are not limited to a twelve month set of figures, though budgets are prepared and monitored, and we look to benefit from decisions over a longer time frame. A major mitigation of risk is a close understanding of our people, their motivations, experience and limitations. In general it is in the nature of the board to talk about and focus on the problems of our business. This is the major way in which risk is not merely identified but mitigated. Excess capacity exists in our businesses and across Europe.

The risks identified beyond insured events include foreign exchange risk, credit risk, liquidity risk and key management. There are, additionally, key customers and key suppliers which create dependencies. Sales and purchasing policies are under regular review to assess these dependencies. In the main, risk and control are measured and assessed from a financial perspective, but this is not to the exclusion of non-financial risks and uncertainties. It is clear that scenarios can be envisaged where the group's activities may be disrupted and little could be done to mitigate the negative effects. Cyber security is another identifiable risk, there are many media reports an increase in blanket attacks by cyber criminals often backed by hostile nation states targeting civilian and commercial organisations, owing to the value of the personal and sensitive data held. Ransom-ware remains the single biggest threat to organisations and the use of sophisticated phishing and social engineering techniques by cyber criminals persists as the main method of entry and compromise. The board regularly tasks its subsidiaries with assessment of cyber risk and most particularly in the area of bank scams. In addition servers and emails are protected with various firewall safeguards. In addition, the group avails itself of various insurances which may offer some help in the event of a cyber-ware event.

In terms of credit risk certain companies have insurance in place and where there is no insurance we often require letters of credit or bills of exchange but fundamentally credit control and market awareness are important. Our cash balances, and bank facilities combined with a robust balance sheet are buffers against liquidity risk.

In respect of exchange risk, the group operates internationally and is exposed to foreign exchange risk on both sales and purchases that are denominated in currencies other than sterling. Those giving rise to the most significant risk are US dollar, euro and Australian dollar. To mitigate risk associated with exchange rate fluctuations the group's policy is to hedge known and forecast transactions. This hedging is at least 25% and on occasion, albeit rarely, more than 100% of the next year's anticipated exposure. IFRS 7 dictates several disclosures on risk and we have undertaken a market risk sensitivity analysis on fluctuations in our major currency exposure and the effects on the financial assets and liabilities in the balance sheet (which is included in the notes to the accounts).

Several external factors can be envisaged that would affect operating activities. These include technical failures, labour disputes outside our businesses, availability of raw materials, and import or customs delays. Given the spread of our operating activities there is a reduced risk of any single event being catastrophic, but external factors are an area of risk that continues to be monitored. Certain suppliers would be difficult to replace or their products to substitute and delays could be of several weeks duration, which wouldn't be covered by our current levels of stock holding. Given the length of service of many senior managers, succession planning becomes a risk and/or an uncertainty but again the open style of decision making and collaboration mitigate the risk.

The activity and progress of our competitors is a significant risk. Whether there is a new innovation or a gain in competitive advantage by a new process, or the loss of market share by any means, any effect on our volume throughput will have an effect on profitability. The board looks for market intelligence, and devotes significant time to understanding the strategy of our competitors.

I would note that we have overseas subsidiaries with significant profit and assets which are translated at average exchange rates (in the case of profit and loss items) and at year end rates (in the case of balance sheet items). The effect of this is shown annually in the Consolidated Statement of Comprehensive Income. Inevitably there is a translational exposure on these items and since they are not necessarily cash flows (excepting dividend payments) the consolidated net worth of the group varies over time. We do not hedge this translational exposure though we have in the past hedged overseas assets with matching debt. At present the cost and complexity in terms of arranging facilities and complying with local taxation rules would seem to outweigh the benefits.

The last five years of these exposures in terms of (decrease) /increase in the value of our overseas assets are as follows::

	£'000
2024	(248)
2023	(1,818)
2022	926
2021	(615)
2020	336

Aside from the strategic, operational and financial risks described there are also compliance risks relating to the legal and regulatory requirements of the various markets in which we operate. Directors and senior management are involved in health and safety, duty and customs clearance, waste management and other such issues. Risks associated with climate change, which are not, currently, deemed to be principal risks and uncertainties to our businesses are noted elsewhere under our Climate-related Financial Disclosures (CFD).

Defined benefit pension scheme

In common with other long established businesses we have the complications and uncertainty associated with having a "final salary" pension scheme. The scheme was closed to active members on 31 January 2023, with no added service to the defined benefit scheme from that date.

Accounting for this defined benefit scheme is prescribed by IAS 19 and the quantum of the deficit or surplus is ever volatile due to the nature of using gilt yields, at a point in time, and to a lesser extent a myriad of assumptions determined by the actuarial profession.

The scheme comprises deferred members (present and past employees not yet in retirement) and pensioners.

Gordon Oliver
Finance Director

30 September 2024

Section 172 Statement

The directors and the board as a collective consider that they acted in a way that would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in S172(1) (a) to (f) of the Act) in the decisions taken during the year ended 30 June 2024.

The group comprises business units in various locations worldwide, all of which have engagement with their local stakeholders and other companies within the group structure. The group's governance delegation of authority allows decisions to be made at business unit level up to defined limits, which allows them to take account of the needs of their local stakeholders through their decisions implemented locally. The board routinely monitors these decisions and ultimately takes responsibility for the interaction with all stakeholders.

In consideration of major matters discussed at board level, the likely impact on all stakeholders is carefully considered and where possible, decisions are carefully explained and discussed with affected stakeholders before actions are implemented to ensure they understand and have any necessary support.

The group's key stakeholders and how we engage with them are set out below.

Stakeholder group	How do we engage with them?	How has the board considered their interests?
Shareholders	Members of the board have regular dialogue with institutional Investors and individual shareholders in order to develop an understanding of their views. The AGM is an important forum for shareholders to meet the board and ask any questions they may have, directly. The company's website has an investors section which gives investors direct access to reports, press releases and business information. There is also a contact mailbox facility.	The board understands that shareholders require sustainable growth and value creation. In recognising this, it has implemented a policy which has resulted in increasing dividend returns and incremental shareholder returns over a sustained period. Shareholder views, together with movements in the shareholder base, are regularly reported to and discussed by the board and their views are considered. Our NOMAD's views on market sentiment are fed back on a regular basis, and are considered by the board where it impacts strategy.
Customers	We interact with our customers through: ■ Regular visits and meetings ■ Industry exhibitions ■ Customer site tours and presentations ■ Business unit websites ■ Supplying extensive samples and supporting literature ■ Delivering a high standard of technical support ■ Providing enhanced digital design services and support	Our strategy of attaining sustainable growth in profit and building goodwill in our brands will only be achieved through an understanding of the needs of our customers and the markets we serve. The board regularly considers the impact on customers when considering strategic decisions, for instance the major investment in a new warehousing facility has been driven by the need to improve customer service.

Suppliers	Engagement with suppliers and business partners is achieved by holding regular meetings, regular evaluation reviews and through audits of the supplier base.	The board recognises that relationships with the supplier base is important to the reputation and long term success of the group. There is regular dialogue between our management team and our suppliers, where quality, price, sustainability and health and safety are key to the discussions. Any matters which the board needs to be aware of are reported back as appropriate.
Employees	We engage with our employees through site communications, briefings, performance reviews, newsletters and notice boards. Employees are also written to individually on matters which are deemed important.	The board is aware that our employees are critical to the successful achievement of the strategic aims. The group prides itself on providing a friendly and safe working environment for all employees, and given the nature of our manufacturing process, health and safety is taken extremely seriously. There are a number of employees who have achieved thirty, forty and even fifty years' service. The group has operated a share scheme which enabled employees to build up personal shareholding in James Halstead plc and participate in its expansion and success.
Communities	We operate from multiple sites and seek to be a good neighbour with the local communities. Where possible we create opportunities to recruit and develop local people, which helps support the local economy and look after the environment. We also support local charities through fundraising and donations.	The board has a full understanding of the importance of good community relations with both internal and external stakeholders. The impact of our operations from an environmental perspective is recognised on a local and global level. Capital expenditure projects, for example, focus on improving energy efficiency and reducing environmental emissions.

The corporate social responsibility section of the latest Polyflor Sustainability Report outlines in further detail, the group's commitment to its stakeholders, including the supply chain, employees and the communities.

The principal decisions in the year are included in the Financial Director's Review.

Climate-related Financial Disclosures

Non-Financial and Sustainability Information

In 2022 the UK Government introduced the Climate-related Financial Disclosure Regulations. These regulations have been introduced to support informed decisions by investors and to encourage companies to embed climate-change considerations into the management of businesses. These disclosures were largely based on the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and are a requirement for accounting periods starting on or after 6 April 2022.

Separately within the Report of the Directors we have disclosed our streamlined energy and carbon reporting (SECR) and in addition the Chairman's Statement, the Chief Executive's Review and the Report of the Directors refer to environmental, social responsibility and sustainability considerations and initiatives. It should be noted that our SECR is reported on a location-based approach; however, the business does purchase 100% renewable electricity for its operations, further reducing the operational carbon footprint when taking a market-based reporting approach.

Sustainability and environmental considerations have been key considerations for our businesses for over a generation and we see these as a differentiation against competitors. A key consideration is to dispel the myth of PVC as being a 'bad' choice because of its derivation from fossil fuels. PVC is widely used in products and applications and brings sustainability benefits whether they are cars (to make them lighter and thus more economic) or in buildings (windows, floors, piping and cabling) to perform effectively for much longer than alternative materials. Life spans of 30 to 100 years with minimal maintenance (hence limited additional consumption of energy and raw materials). At end-of-life PVC can be recycled and has the longest history of recycling amongst plastic with the most advanced level of material recycling (i.e. lower energy input). The volume of PVC that we process each year is less than one tenth of one percent of global annual production. In terms of safety PVC has a very good long term record and is one of only a few materials trusted and approved for use for the storage of live human blood cells.

Our annual ESG reports are part of our manufacturing ethos.

There is an assumption that investors and regulators have an appreciation of climate reporting, but in reality there is a myriad of 'green claims' and much of it inconsistent with a consumer society. For our part, we focus on durability and life span of products since an extended life span reflects lower energy usage.

Within the context of the regulations we, and others, have responsibilities to assess and manage climate-related risks and opportunities. Whilst our business has always assessed risks these regulations seek to add separate focus to climate-related issues. Noted below are specific risks that we have assessed together with a degree of background and the related mitigation.

Governance and time

In terms of collating and undertaking these responsibilities, the board has delegated the role to the finance director to assess and enquire. This in no way negates the board's primary focus and involvement in climate-related risks and the FD will, as a matter of course, update the board on climate-related risks. Indeed, this is not different to assessing risk management. It is a matter for the board as a whole to determine further actions. The initial assessment in the short term is that climate change related risk to our business is low and not material. Nevertheless, the board wishes this to be an open item on the agenda for subsidiary boards to have further meetings and risk assessment. Subsidiary board meetings are held 6-8 times a year and Group board meetings 5-6 times. Risks identified, usually by discussion and enquiry are reported to the main board and mitigating actions assessed.

The subject of climate change and associated risks in the medium term will require greater time and involvement with 3rd parties including suppliers, trade bodies and potentially consultants. The risks surrounding climate change often do not fit with other risk management areas as they are, in the medium to long term, largely imprecise and mitigation tends, therefore, to be hypothetical in the short term. The subject matter and risk perception may well change over time and hence to board's decision to seek input, and to make the subject an ongoing agenda subject.

It is to be envisioned that larger risks may be recognised in future years and that more resource may be needed to assess the, as yet, indeterminate effects on our small business as a result of climate change.

There follows a number of areas where risks have been assessed and whilst the reporting is not tabled and boxed the board believe the context of these areas warrants a degree of background.

These are the current risks associated with climate related changes but these may potentially have increased severity in the medium term (4-8 years). The risks identified currently are, to the belief of the board, sufficient to gain an understanding of our business. Currently, the board believe, the following points outline the perceived risks but will consider the impact of these risks to our business model and may undertake resilience modelling in the fullness of time.

In referencing the past, the board is no way distancing the need to look at the future, and the long term and past events can and do have relevance to preparedness. At the moment our current targets in relation to managing climate related risks are to increase awareness of the risks, to engage with stakeholders and to continue to assess both risks and opportunities. If it is to be envisaged that, in due course over the next 2-5 years performance indicators / key metrics may be identified. However, data sets on the effects of climate change and the geographic location of potential effects are incomplete and speculative.

Risk Management

The main board has made climate-related risks an agenda item at subsidiary level and in the initial phase asked subsidiary directors to consider a wide range of issues to assess risks. Quarterly these will be discussed in detail for board presentation. The process is aimed at allowing the board to identify and determine relative significance to the business of the risks (and opportunities).

The board believes it important to note that environmental considerations and sustainability are key considerations and nothing in the statutory climate related disclosure statements alters that view. As manufacturers this has been both good practice and good stewardship, as well as progress to a low carbon footprint. In reality this means using less energy, fewer resources, greater recycling and preserving air quality, all of which are reported in our annual sustainability report, with constant focus and to strive to improve. Our 19th annual sustainability report (issued September 2024) is available on our website or as a printed copy and this offers a far more detailed review of the group's activities, albeit with a heavy focus on our manufacturing activities.

Given that our manufacturing is based within the UK, it perhaps does not go without saying that legislation is significant with regard to environmental issues, air quality, and water use and that the vast majority of raw materials and all energy used are subject to the same standards. These are not insignificant and it is to be hoped that greater focus on climate change might add to greater scrutiny of sustainability and environmental good practice that compares favourably against imported products from less highly controlled regions.

Our manufacturing bases are Radcliffe in Manchester and Thornaby on Teesside. Neither of these locations are at high risk for flooding and both are near to, or part of, significant main roads and infrastructure. At this time and in the medium term we see low risk of anything other than short term disruption from climate related weather events. This average increase may lead to increased severity in weather events and more extremes (hotter, colder, rainier, and longer drought). We have already experienced some of these extremes over the last two years and arguably some actions that we took during the pandemic also assist with our preparedness (in regard to delays in raw material input deliveries).

The risks of climate change are by their nature as yet unknown. The board recognise the need for ongoing assessment and asks all management to input into the process. In looking for a key performance indicator or indicators the nature of the subject makes this, as yet, difficult and nebulous. However, the structure we have adopted is for the senior finance team to consider the financial effects in line with other risk assessments. The review relates to all the group's subsidiary activities but outside the UK our activities are sales and distribution with relevant warehouse facilities. Outside the UK no significant risks were noted other than potential disruption by an extreme weather event within a territory, or affecting a particular warehouse and this would be assessed as temporary and insured. Examples of extreme events that our businesses have faced in recent years (which may or may not be climate-change related):

– extreme flooding in Queensland, Australia;

– extended drought and wildfires in Australia;

– earthquake damage in Christchurch, New Zealand.

In considering various scenarios, it is almost impossible to assess risk without attaching probabilities but notwithstanding our teams will meet and review perceived risks. However, even though risk mitigation plans may be difficult that does not mean that the risk of complacency is high merely that retaining speed of reaction and flexibility is important and no amount of "speculation" or boilerplate can obviate this.

Strategy

Looking at the risks across several areas where we have identified risks associated with climate change with background detail and / or mitigation actions (where relevant). It should be noted that there can be envisaged opportunities as and when competitors face the adverse effects of climate and offer opportunities for market share gain by our own UK based production facilities (either by the availability of cheaper raw materials due to excess supply and/or lack of finished goods often at short notice) and which we are capable of supplying (whether by use of our large stock holdings or easily flexed production). The time frame for this could be short term and immediate with the incidence of climate related changes that may be infrequent or recurring.

Raw materials

Around 50% of our raw materials (by mass) are sourced from the UK, from less 40 miles away and up to about 95% from Europe. Delays in these shipments would seem not to be affected by most weather events other than heavy snow

Climate-related Financial Disclosures
continued

which can close local and main roads (dependent on severity) but over a relatively short time period. As a site we carry over 500 tonnes in reserve at any one time so are well placed to last circa a week without any deliveries. We also hold around 40-50 tonnes of bag stock which can be added into the production lines manually for an extra day's production.

Most polymers and plasticisers are sourced from outside the UK. Polymers are sourced from the large European petrochemical producers (as do our European flooring competitors) and the biggest negative impact we have seen in recent years is when there are low water levels in the main French / German rivers that are used heavily to transport goods and materials. Chemicals and raw materials are often transported between sites by barge and these barges are unable to operate if the river is too low (or too high) and/or loading limits are lowered when the rivers run low. In addition, various parts of the Rhine have in the last year become impassable (due to droughts / prolonged periods without rain) which has resulted in delays and inefficiencies from these suppliers. The same can be said during prolonged rainfall (extreme events) that the rivers become too high to be navigated. Climate change could exacerbate the situation, however, mitigating any adverse impact there are alternate supplies from the USA, and Asia and there are several global buying agents that facilitate such alternatives.

Further to local delays as a result of extreme events we do also see shipping delays due to rough seas (high winds / extreme events) that can also lead to delays and ships being unable to dock and/or miss ports / unloading.

Since the pandemic our manufacturing sites now hold higher reserves of raw materials than before and have increased storage capacity by 100 tonnes of bulk liquids. We have also sought to increase the number of approved suppliers from further afield and in 2022 purchased over 600 tonnes of US or Asian sourced PVC which assists during any delays in Europe. Of course, these extreme weather events can also affect US or Asian suppliers and we have witnessed the impact of the extreme weather event ice storm in Texas, which impacted at least one chemical producer for which we were reliant for a speciality chemical. In this case alternative sources were found, and there was no material effect on supply.

Diversifying and increasing sources of approved materials can reduce the direct impact to the site and on-going production.

For all other (non-major) ingredients, on balance, many of these are either sourced locally and/or we carry large inventories to provide protection. We also, as one of the largest accounts in the UK, enjoy excellent relationships with our long-standing key material suppliers and interact with other organisations operating in similar fields / ingredients. A reflection of this being the problems we have endured during the global pandemic when despite all the issues raw materials sourcing was disrupted but supply maintained.

Production facilities - extreme weather events

In prior years extremes in weather have been experienced in the UK , albeit of short duration. In the summer of 2022 UK air temperatures increased to over 42°C. The UK Met Office issued an Amber and Red warning for extreme heat. This affected those that are most vulnerable to extreme heat and needed some changes to working practices and daily routines. The extreme heat event also led to a higher risk of failure of heat sensitive systems and equipment. This is a known issue and summer time heat waves are not uncommon in the UK. During this event there were increased electrical component failures and losses in efficiency. Given our history as a manufacturer we have well established spares policies to react to these types of problem. In higher ambient temperatures the line speeds of some of our production are lessened. Provisions for all employees to mitigate the impact from these events needed to be considered and actions implemented.

Another prior year example was the winter of 2022 the site also observed the opposite extreme temperatures with minus 12°C being recorded overnight. These extremes potentially lead to pipes freezing, valves failing and issues with other engineering equipment. In addition, it involves also keeping the site operating safely with gritting and snow clearing and providing employees with winter work wear. An increase in such events may well affect output but are not expected to preclude ongoing UK based manufacturing.

The sites can at times also suffer from heavy sustained periods of extreme high rainfall and with climate change these kind of events may increase in frequency. This can lead to localised flooding on local roads, flooding of production halls from back-up from the drains or off the roofing areas. We have the necessary equipment on site to remediate these short term travails. During the course of this year (2023/24) our factories (Radcliffe and Teesside) faced a year of far greater rainfall than usual and overall milder weather (less lows and less highs). Though as a whole the mean temperature was higher it was, on balance, beneficial to the production facilities (less power needed in winter and greater line speed in summer as the ambient temperature didn't reach higher levels).

Stock shortage

Ultimately, to protect the on-going business and any such impacts from extreme weather events, as a business, on the whole, we carry large inventories of finished product stocks at separate locations. So, in the unlikely event of impact from a severe weather event on the manufacturing capabilities these stock reserves enable the business to continue to supply the market with goods. This was tested in 2019 when one production line endured a mechanical failure and was shut for 12 weeks. Obviously this is only a mitigation to short term climate related events which we consider appropriate.

PVC use and regulation

There is increasing activity by activists who protest against anything plastic or derived from oil. As users of PVC, we are of course arguably on that list but it is generally accepted as an essential polymer in the building sector. PVC is a low energy polymer and has many advantages.

We strive to underline the benefits of vinyl as a building product and most especially as flooring. We have many environmental accreditations, and present the benefits of thermoplastic materials, recycling, and our stewardship through the Recofloor take-back scheme. We have been recycling PVC for over 60 years and it is a fact that vinyl flooring is less energy intensive and more efficient to make than many alternatives.

PVC brings important benefits to products and applications in areas as diverse as construction, automobile manufacturing, medical devices, electronics and electrical equipment, packaging and fashion. Whether it is rigid or flexible, PVC helps to make cars lighter and resistant against corrosion, it enables windows to last longer, allows fresh water delivery through the use of durable piping, and stores blood to save and improve people's lives.

Vinyl applications can perform effectively for much longer than alternative materials. Their life-span can range from 30 to 100 years in the case of cables, pipes and window profiles. In addition, PVC products need minimal maintenance, and hence very limited additional consumption of energy, raw materials and chemicals is necessary to ensure their continued functionality. As a result, PVC has the advantage of remaining in use for a long period before it enters into the waste chain and we continue to work with various agencies to divert such waste back into the manufacturing process.

When it reaches its end of life, PVC can be recycled. In fact, PVC has the longest history of recycling amongst plastics and the most advanced level of mechanical recycling. We have been using recycled PVC for over 50 years.

One major mitigation of these risks has been the focus on healthcare around the world during and since the pandemic. Vinyl flooring produced in long wide rolls and used as an impervious layer in extremely long lasting and extremely easy to disinfect. Demand may well increase but the use of textile flooring in healthcare appears to be diminishing.

One risk that remains is that as legislators increase the demands on business so that manufacturing within the UK (and indeed Europe) becomes difficult or uneconomic. It cannot be correct that all manufacturing moves out of the UK as costs of energy and targeting of specific initiatives makes importers more competitive. To mitigate this we sit on trade bodies and work with industry initiatives to explain our processes and present a fairer presentation of facts.

Reputational risk

As the general public and the customers become more environmentally aware there are risks and opportunities. As already noted, the majority of our flooring products have some oil derived content (PVC polymers). This can and has been replaced by alternative polymer sources though there is an added energy cost to such polymers that offset the perceived benefit of non-fossil fuel sources. On a more basic level the fossil-fuel source is derived as a by-product of the oil cracking process so it will continue to be made as long as petrol is produced.

Durability and reason for use are huge benefits. As an impervious layer on a hospital floor that can be easily cleaned / disinfected a vinyl floor is not easily replaced. Already up to 85% of that vinyl flooring is from sustainable and/or recycled product.

Our ongoing challenge to mitigate objections to vinyl flooring is to present facts. Our sustainability credentials are literally an open book with an annual sustainability report it is not "green-washing" and is independently audited with independently verified facts.

It should be noted that many climate related disasters lead to an increase in demand for vinyl flooring. The use of temporary buildings for the homeless and the rescue efforts associated with weather based events has a long association with the use of vinyl flooring.

Metrics and Targets

We have not as an entity set targets or key performance indicators. Within our industry we are working with many trade bodies and authorities to increase the take up of recycled material. Our sustainability and environmental considerations are wider than simple numbers such as carbon neutrality. As a factory making flooring, we inevitably have a carbon footprint and as we grow this may increase but unlike competitors outside Europe we are in a community that looks to recycle waste, improve air quality and reduce the impact of our actions. We strive to source all our electricity from 100% renewables and this costs more. Our most recent CP21 shows 100% all our UK electricity usage in the year to March 2024 was from renewable and was either wind or photovoltaic (not biomass). The decision

Climate-related Financial Disclosures
continued

was taken to exclude biomass from our renewable purchases. Our renewable energy being fully supported by REGO certification (renewable energy of guaranteed origin).

The one tangible metric in place is our targets under our climate change agreement with the Environment Agency (an agreement as defined in paragraph 46 of Schedule 6 to the Finance Act 2000). The UK factories are set a specific energy consumption target which in expressed and tonnes of CO2 equivalent. The agreement requires improvement in energy used over each target period for use to achieve maximum reductions is the government climate change levy. Our current agreement was renewed 1 January 2024 with our targets met.

In addition, we have instigated several initiatives to further improve our energy efficiency, lower our energy consumption and reduce our CO2 emissions.

For example :

- We have conducted thermographic surveys of electrical equipment to identify abnormally high temperatures within our electrical distribution systems, leading to investigating equipment that may be operating incorrectly and consuming high amounts of energy so that they may be replaced/optimised.
- We have carried out surveys to build a profile of the energy wasted through air leakage within compressed air systems. Identifying leaks has allowed for the prioritisation of remedial works which will reduce energy consumption.
- We have installed thermal insulation for heated mixing equipment to minimise wasted heat and ensure equipment is operating within its optimum performance range.
- We are currently undertaking ESOS Phase 3 to identify further energy savings opportunities across the estate and better understand patterns of energy consumption. Polyflor will look to implement the findings of the ESOS surveys in subsequent reporting years to increase overall energy efficiency and decrease Scopes 1 & 2 emissions.
- We have implemented a system that monitors energy consumption and identifies hotspots of abnormal consumption across our estate. This allows for the optimisation of energy consumption and reduction of Scope 1 & 2 emissions associated with unwarranted energy usage.

We have, too date not considered climate change projection scenario projections. Our production sites are UK based and in a temperate climate where production can continue to take place after a wide range of temperatures and weather conditions. The facilities are not flood risk areas. To the extent that some products are sourced from third parties there are many alternative suppliers globally and though a change might cause short term (6-8 months) disruption the risk is manageable.

Over and above our energy costs we have multiple add on costs levied by government for many varied projects (feed-in tariff, renewable obligations, climate change levy or Elexon).

Polyflor (our manufacturing facility), is member of VinylPlus which was founded in 2011 by the European Council of Vinyl Manufacturers (ECVM), the European Stabiliser Producers Association (ESPA), European Plasticisers and the European Plastics Converters (EuPC) when the PVC industry renewed a previous initiative called Vinyl 2010. It currently recycles c 800,000 tonnes of PVC annually.

In addition, as detailed within the SECR in the Report of the Directors, we use the Greenhouse Gas (GHG) Protocol to calculate our emissions and measure performance against these. The UK has purchased 100% renewable electricity, however, our carbon emission reporting is not based on our purchases of electricity but rather the actual electricity that we extract from the national grid. This is a location based methodology rather than market related and underlines that whilst we are using renewable the provision of electricity is far from renewable. Furthermore, we do use natural gas as energy supply, principally to our Teesside facility, but are unable to move this to electricity because the national grid infrastructure can supply no more electricity to the industrial estate where our business is based without upgrades to underground connections.

The group is committed to improvements in operational energy efficiency with the efficiency measures that were undertaken during the year explained within our SECR. The group are undertaking the Energy Savings Opportunity Scheme Phase 3 to identify further energy savings opportunities, and better understand patterns of energy consumption. The implementation of the findings of these surveys should enable further energy savings to be made in the future.

Sustainability and the environment

James Halstead plc is the parent company that trades and manufactures under the Polyflor brand. Recently Polyflor has published its 19th annual sustainability report, covering the company's environmental, social and governance (ESG) performance for 2023. The data for this report has been independently verified for BES 6001 v3.1 to provide our stakeholders with complete transparency.

As a responsible manufacturer, Polyflor endeavours to reduce and minimise the environmental impact across all operations. Whilst reporting this and highlighting our focused objectives and guiding policies, integrity is important: Reporting remains impartial, and indications are made regarding future improvements.

Sustainability at Polyflor is not the responsibility of just one person: It is very much a team effort throughout the entire company and involves listening to our customers and other external driving forces. Sustainability is driven by our board of directors across all areas of the business and includes our environmental objectives and processes or quite simply, encouraging employees to 'do their bit' at home, in the community and in the workplace.

Polyflor has always been industry leading with regards to its products and sustainability. We have used harvested rainwater for production since 1915 and have been recycling vinyl since we pioneered it in 1950. Polyflor was an early adopter of BRE with products first assessed on a Life Cycle Analysis in 2005 and we were the first commercial flooring manufacturer to achieve the BRE's standard for Responsible Sourcing, BES 6001, for many of our products. Other firsts as a flooring manufacturer included achieving GreenTag's LCARate certification and rolling out a recycling initiative inclusive of site collections and distributor drop-off sites to suit all customer and waste volume requirements.

Undoubtedly, recent years have presented significant challenges to our businesses, however, Polyflor has continued to perform well and has maintained a full focus on its sustainability objectives. Our investment in sustainability initiatives has continued throughout, including our Recofloor recycling scheme which is widely regarded as one of the best examples of its type. Co-founded by Polyflor in 2009, Recofloor continues to significantly reduce the environmental impact of Polyflor and its customers and is a scheme we are very proud of.

In 2023, Polyflor made further progress across a broad range of its objectives and was able to reduce carbon footprint across a number of key areas of the business, not least production and logistics. Of course, the business remains committed to continual improvement with sustainability at the heart of our operations and we look forward to reporting further significant progress next year.

The strategic report was approved by the board of directors and signed on behalf of the board.

D N Fletcher
Secretary

30 September 2024

Report of the Directors

The directors are pleased to present their report, together with the audited accounts for the year ended 30 June 2024.

Results and dividends

The group results for the year and the financial position at 30 June 2024 are shown in the consolidated income statement on page 37 and the consolidated balance sheet on page 39.

The directors are recommending a final dividend of 6.00p (2023: 5.75p) per share on the ordinary share capital for payment on 13 December 2024 to those shareholders on the register at 15 November 2024. This final dividend together with the interim dividend of 2.50p (2023: 2.25p) per share paid on 14 June 2024 makes a total dividend of 8.50p (2023: 8.00p) per share for the year.

Directors

The directors who held office during the year, and up to the date of signing this report, were as follows:

J A Wild
M Halstead
G R Oliver
D W Drillingcourt (appointed 8 January 2024)
S D Hall (resigned 1 March 2024)
R P Whiting
M J Halstead
D A Harrison (appointed 8 January 2024)

Mr J A Wild and Mr M Halstead are the directors retiring by rotation. Mr J A Wild has decided not to seek re-election and will stand down as a director at the annual general meeting. Mr D W Drillingcourt and Mrs D A Harrison were appointed by the board on 8 January 2024. Mr M Halstead, Mr D W Drillingcourt and Mrs D A Harrison offer themselves for re-election at the annual general meeting.

The interests of the directors and their families in the share capital of the company were as follows:

	30 June 2024		30 June 2023	
	Beneficial	As Trustee	Beneficial	As Trustee
J A Wild	300,600	23,950,720	300,600	23,950,720
M Halstead	26,523,406	22,244,704	26,505,604	22,246,584
G R Oliver	455,570	252,548	440,988	254,428
D W Drillingcourt	7,170	252,548	7,170	254,428
R P Whiting	–	–	–	–
M J Halstead	1,376,234	–	1,376,234	–
D A Harrison	–	–	–	–

The directors consider that the board of directors include key management for all areas of the business and that there are no other key management which require disclosure.

Details of the directors' options under the terms of the executive share option scheme are set out in note 27.

Substantial interests

As at 16 September 2024 the company had been notified of the following interests which represent 3% or more of the existing issued share capital:

	Number	%
John Halstead Settlement	70,894,436	17.0
Rulegale Nominees	51,143,068	12.3
St Annes Square Nominees	31,899,953	7.7
Octopus Investment Nominees	27,089,141	6.5
HSBC Global Custody Nominee (UK)	15,637,789	3.8

Share capital

Full details of the company's share capital and movements during the year are set out in note 11 to the company's financial statements.

Special business at the annual general meeting

Resolution 7 renews the directors' authority to offer ordinary shareholders the opportunity to take ordinary shares in lieu of any cash dividends which may be payable prior to the Annual General Meeting in 2025.

Resolution 8 authorises the directors to allot relevant securities pursuant to section 551 of the Companies Act 2006 up to a maximum nominal amount of £6,946,440 representing approximately 33.33% of the total ordinary share capital. The authority will expire at the next Annual General Meeting of the company to be held in 2025 or six months after the next accounting reference date of the company (whichever is the earlier).

Except for the issue of shares to satisfy the exercise of share options granted under the share schemes, the board has no present intention of issuing any ordinary share capital of the company. As at the date of this document, the company holds no treasury shares.

Resolution 9 invites shareholders to renew the board's authority to issue shares for cash without first being required to offer them *pro rata* to existing shareholders. The proposed authority will terminate at the next Annual General Meeting of the company to be held in 2025 or six months after the next accounting reference date of the company (whichever is earlier). The authority is limited to equity securities up to an aggregate nominal amount of 5.0% of the company's issued ordinary share capital. The resolution also contains provisions to enable the directors to deal with fractional entitlements and other practical difficulties which could arise in the event of a rights issue or similar pre-emptive offer.

Resolution 10 seeks to renew the authority of shareholders to allow the company to purchase its own shares in respect of up to 10% of the issued capital at prices not exceeding 5% above the average of the middle market quotations for the five business days preceding the purchase. The directors undertake that the authority would only be exercised if the directors were satisfied that a purchase would result in an increase in expected earnings per share and was in the best interests of the company at that time. The directors may choose to hold shares purchased under such authority in the form of treasury shares (subject to a maximum of 10% of the issued ordinary share capital at any one time).

Resolution 11 seeks shareholder approval for the new James Halstead plc Long-term Incentive Plan ("LTIP") 2024 which will be used to grant options over shares which would have previously been granted under part B of the Company Share Option Plan ("CSOP"), which was approved by shareholders in 2020. The new scheme will follow best market practice with vesting of awards being conditional on achievement of performance criteria and the subsequent exercising of awards being subject to malus and clawback provisions. The total number shares subject to employee incentive arrangements (including both CSOP & LTIP) will not exceed 10% of the company's issued share capital.

Going concern

The directors have reviewed current performance and forecasts, combined with capital investment and expenditure commitments, and a range of trading scenarios. The forecasts cover the next two financial years. The group has no net borrowings and owns the freeholds on many of its premises (the most significant being four UK operating sites and two sites in Germany).

After considering current trading, forward forecasts and scenario planning the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the group has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future. The directors have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern for a period of at least one year from when the financial statements are authorised and approved for issue. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

Employee involvement

Within the UK we have both 25 year clubs and 40 year clubs for all employees. Many employees have worked their entire career for the group, and retaining an experienced workforce is important to our long term success. Our workforce retention rate is very high. Recruitment is biased to the local area, and we have a number of graduate recruits and offer internships to support younger people looking to develop their employment skills. We look to pass on knowledge and we are involved in skills training to the flooring industry, technical knowledge to the industry in general and involvement in the Chartered Institute of Human Resource Management's "Skills Ahead Mentoring Project". We have a floor fitting school for the industry and this is accessible to employees allowing them to gain skills for use in their own homes.

Promotion or opportunities in different departments are often recruited from within the business and is preferred to external candidates. The senior management and the directors having, in the main, come from lower positions within the business, including the executive directors of the main company. Our recycling partnership presents to senior management and staff on a regular basis to promote a better understanding of achievements and goals to involve more of our staff in sustainability.

We have a firm belief in equality and our main subsidiaries are SA8000 accredited (an independent standard for decent working environments). Also BS OHAS 18001 accredits our occupational and safety management protocols.

All our UK employees are offered pension scheme benefits with company contribution and many UK employees are shareholders in the company by virtue of a long standing employee participation scheme. This is currently being reviewed to make it even more relevant to the group today. On the more personal level we operate a company supported social club for employees, we have outdoor seating, we offer bike sheds and there are shower facilities at most sites. Also there are break out zones and facilities to either buy or prepare food at all our sites. The company looks favourably on providing time for employees to undertake voluntary work.

Across our sites there are regular consultation meetings with employee representatives (some with trade union representatives). Our employees are an important asset and are kept abreast of group performance at least twice a year. In terms of decisions directly affecting employees, communication is by line managers in the first instance, but the directors will discuss overall matters with designated representatives. In regard to the principal decisions of the business the board has considered the employees as a group and their wellbeing as a whole.

Health and safety

The health and safety of the group's employees, customers and members of the general public who may be affected by the group's activities continue to be matters of primary concern. It is therefore the group's policy to manage its activities so far as to avoid causing any unnecessary or unacceptable risk to the

Report of the Directors
continued

health and safety of all those affected by its activities. In order to ensure that the group's high standards in this area are maintained, a substantial programme of training and retraining of employees took place throughout the year.

Research and development

We remain totally committed to the continuing development of our processes and our products to both satisfy the needs of our customers and ensure that we remain at the forefront of our industry.

Environmental policy

A policy has been issued and implemented on safeguarding against air, water, noise and land pollution. The management team constantly reviews and implements at every opportunity the most effective use of materials and energy. A number of control measures have been introduced and these, combined with materials storage and handling methods, together with training, form the basis of the environmental programme. The policy is fully endorsed by the directors and is under constant review to ensure full compliance with the UK Environmental Protection Act 1990. All employees, suppliers and contractors are made aware of the environmental policy which is also freely available to the general public and regulatory authorities.

Emissions and energy consumption

Scope 1 and 2 consumption and carbon dioxide emission data has been calculated in line with the 2019 UK Government environmental reporting guidance. Emissions Factor Database 2021 version 1 has been used, utilising the published kWh gross calorific volume and $kgCO_2e$ emissions factors relevant for the reporting period.

	Year ended 30 June 2024 Tonnes of CO_2e	2023 Tonnes of CO_2e
Scope 1 - direct emissions (UK facilities and vehicles)	9,180	9,120
Scope 2 - indirect emissions (UK purchased electricity)	5,594	4,035
Total Scope 1 and Scope 2 emissions	14,774	13,155
Intensity metric – total scope 1 & 2 emissions per metric tonne produced	0.25	0.27
Total UK energy consumption (kWh)	75,299,464	68,576,711

The group is committed to improvements in operational energy efficiency. The energy efficiency measures that were undertaken during the year were:

- The ongoing installation of LED lighting to replace old inefficient lighting.
- Thermographic surveys of electrical equipment to identify abnormally high temperatures within our electrical distribution systems. This equipment may be operating incorrectly and consuming high amounts of energy. The equipment may be replaced or performance optimised.
- A database system that monitors energy consumption and identifies areas of abnormal consumption for measures to reduce consumption.
- Surveys of compressed air systems to identify and repair leakages to reduce wasted energy.
- Replacement of an old transformer with a new amorphous core transformer. This advanced technology will enhance energy efficiency and reduce operating costs.
- Replacement of the entire high pressure hot water system. This comprehensive upgrade will improve efficiency and performance.
- Replacement of various motors with variable speed drives. This will improve energy efficiency and optimise performance.
- Quarterly energy performance review meetings to consider and initiate improvements.

The group are in the process of completing the Energy Savings Opportunity Scheme Phase 3 compliance. The group is taking necessary measures to ensure all requirements are met efficiently. This compliance effort demonstrates the group's commitment to sustainability and regulatory adherence. Following Phase 3 compliance, all energy saving opportunities identified will be analysed and if feasible implemented.

Risk management

Information in relation to risk management and future developments can be found in the financial director's review in the strategic report.

Directors' responsibilities statement

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, as required by the AIM Rules of the London Stock Exchange, elected to prepare the group financial statements in accordance with UK adopted international accounting standards. The directors have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 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 group and the company and of the profit or loss of the group for that period.

The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the group financial statements have been prepared in accordance with UK adopted international accounting standards 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 group and 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, to 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring the annual report and financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements which may vary from legislation in other jurisdictions.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. The directors' responsibilities also extend to the ongoing integrity of the financial statements contained therein.

Auditor

A resolution to re-appoint BDO LLP as auditor will be proposed at the forthcoming annual general meeting.

Directors' statement as to the disclosure of information to the auditor

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditor for the purposes of their audit and to establish that the auditor is aware of that information. The directors are not aware of any relevant audit information of which the auditor is unaware.

Approved by the board of directors and signed on behalf of the board.

D N Fletcher
Secretary

30 September 2024

Board Report on Remuneration

Remuneration committee

The remuneration committee comprises the non-executive directors, with Mr M J Halstead, as chairman. The committee meets at least once a year, although usually more frequently, to determine the remuneration packages of the executive directors of the group.

The remuneration policy for the non-executive directors is determined by the board as a whole by reference to market rates. They do not participate in the group bonus scheme, pension scheme or share option scheme. No director can vote in regard to his own remuneration.

Remuneration policy

The remuneration policy is to provide terms of employment such that the recruitment, motivation and retention of high calibre personnel is achieved and maintained to the mutual benefit of shareholders and employees. The committee is assisted from time to time by data supplied by independent professional remuneration consultants as to comparable companies, although identical circumstances are rarely found.

Basic salary and bonus payments

The directors' salaries and fees for the year are disclosed in note 14. Annual bonus schemes are in place which reward the executive directors on achieving performance objectives. Performance is determined by index-linked profit improvements through a trend of earnings per share growth. UK based executives are eligible members of the employee share scheme. Performance bonuses of £550,000 to each of the chief executive and finance director were paid during the year. These related to the 2023 financial year.

Share option schemes

The remuneration committee believes that share option plans are an important long term incentive to executive directors and other senior employees. They are intended to link the exercise of the option to a sustained and significant improvement in the underlying financial performance of the group.

The committee undertook a review of long-term incentives which focused on market practice, alternative long-term incentive approaches and the structure of the current company share option plan ("CSOP") which was approved by shareholders in 2020. Following careful consideration, the committee approved the introduction of a new long-term incentive plan (the "LTIP") which will replace share option awards that would have previously been granted under Part B of the current CSOP.

The rules of the scheme will follow market practice and include an individual grant limit based on a percentage of annual salary, performance conditions, malus and clawback provisions and the total number of shares subject to employee incentive arrangements (which would include the Company's existing CSOP and any other equity incentive arrangements) will not exceed 10% of the company's issued share capital.

While there is no requirement for shareholder approval for the Plan, we consider it prudent to obtain such approval at the forthcoming AGM. The grant of the first award under the LTIP will take place once shareholder approval has been obtained and details of any grants subsequently awarded will be included in the company's report and accounts.

Pensions

The company operates a defined contribution pension scheme for employees. The corporate development director is the only director who is a member of the defined contribution pension scheme. His employer pension contributions were £15,000. There is also a defined benefit pension scheme which was closed to new members in 2002 and to future accrual in 2023. The chief executive, finance director, and corporate development director are deferred members of the defined benefit pension scheme. Death in service life assurance and permanent health insurance are also provided.

Service agreements

The chairman and the chief executive do not have service agreements. The finance director and the corporate development director each has a service agreement which terminates within or is terminable by the company and the executive on not more than one year's notice. The remuneration committee has taken the view that notice periods of one year are reasonable and in the interests of both the company and its executive directors having regard to prevailing market conditions and current practice. Mr R P Whiting, Mr M J Halstead and Mrs D A Harrison each has a service contract for an initial term of two years from the date of appointment, which can be terminated by either party by one month's written notice.

M J Halstead
Chairman of the Remuneration Committee
30 September 2024

Corporate Governance

Chairman's introduction to governance

The board has over many years recognised its responsibility towards good corporate governance. It is part of our character and, I believe, contributes to our ability to deliver long-term shareholder value. The Financial Reporting Council and the Quoted Company Alliance have both issued guidance on governance and having assessed these codes we have aligned our approach to the latter. In many ways this is a continuing process but in the following paragraphs we outline how we effect this code and I trust our shareholders will take the time to review our comments.

It is my belief that good governance is accountability to shareholders as a whole over time rather than being swayed by current short term objectives of individual holders. For many companies some shareholders are transient and focus short term, looking for ambitious acquisitions or risky strategies and yet quick to exit at the first sign of problems. Management need to be focused on the medium to long term goal as much as current issues.

Anthony Wild
Chairman
30 September 2024

Directors and committees

The company is controlled by the board of directors. The board consists of a non-executive chairman, three executive directors, a senior independent director and two non-executive directors.

The board has two sub committees: a remuneration committee and an audit committee.

The directors are named below along with their membership of board committees.

Director	Role	Remuneration Committee	Audit Committee
Mr Anthony Wild	Non-executive Chairman	X	X
Mr Mark Halstead	Chief Executive		
Mr Gordon Oliver	Finance Director		
Mr David Drillingcourt	Corporate Development Director		
Mr Russell Whiting	Non-executive Director	X	X
Mr Michael Halstead	Non-executive Director	X	X
Mrs Deborah Harrison	Non-executive Director	X	X

The board

The role of the board is summarised as follows:

- To establish and maintain the group's vision, mission and values
- Decide on the current and future strategy to ensure the group's longevity
- To delegate to management the implementation of policies, strategies and business plans while ensuring the framework of internal controls is effective
- Account to shareholders and stakeholders to promote their interests and the goodwill to the group

The board comprises three executive directors and four non-executive directors. The roles of chairman and chief executive are separated.

Directors

Mr Anthony Wild – non-executive Chairman

Mr Wild was appointed to the board as senior independent director in 2001 and chairman in 2017. He was a Chartered Accountant and was senior partner in a local firm for many years offering management consultancy services. He brings a long and in depth knowledge of James Halstead plc, its heritage and strategy over many years along with business and commercial knowledge obtained in a career of business advice. A key responsibility of the chairman is to lead the board effectively and to oversee the adoption, delivery and communication of the company's corporate governance model. The chairman as a non-executive director has adequate separation from the day-to-day business to be able to have an independent view. The chairman ensures that the board receives accurate, timely and clear information and there should be good information flows within the board and its committees as well as between the NEDs and senior management.

Mr Mark Halstead – Chief Executive

Mr Halstead has over 30 years' experience in the group holding senior management positions within Polyflor prior to his appointment as group chief executive in 2002. Having gained his grounding in many aspects of the group's flooring activities Mr Halstead focused on exports and founded our operations in Europe. He brings unparalleled knowledge of the group's activities, the products and positioning in markets and experience to allow for the assessment of future opportunities for the group both in commercial terms and product related. Mr Halstead is tasked with the delivery of the business model agreed within the strategy set by the board.

Corporate Governance

continued

Mr Gordon Oliver – Finance Director

Mr Oliver is a Chartered Accountant. He trained with KPMG and held a number of financial positions in industry prior to joining James Halstead in 1987 as group financial controller. He was instrumental in the disposal of non-core businesses in the UK and overseas and became finance director of the group in 1999. He brings knowledge of financial management and control, corporate governance and business acumen to the business as well as development of future strategy arising from a long period as a member of the board. During his time with the company Mr Oliver's standing has been recognised by several awards from his peers and the financial press. Mr Oliver is tasked with working closely with the chief executive to progress the business and to have regard to mitigation of risk. In addition a key role is integrity of the financial information and communicating to the board the financial implications of areas of subjective judgement.

Mr David Drillingcourt – Corporate development director

Mr Drillingcourt is a Chartered Accountant and trained with KPMG before joining the company in 1996 as group accountant. He served as finance director at two of the company's subsidiaries, Phoenix Distribution (NW) Limited (1999-2005) and Polyflor Limited (2005 – 2013). He served as company secretary (2013 – 2021). He was appointed corporate development director in 2019. Working closely with the subsidiary directors, the role is designed to help support the future growth of the business across the globe. Mr Drillingcourt was appointed to the board in 2024.

Mr Russell Whiting – senior independent director

Mr Whiting was appointed to the board in 2017. He was appointed senior independent director in 2024. He is a local businessman and is director of a company involved in leasing of assets, Associated Credits Holdings Ltd. As well as general business acumen he brings specific understanding of business and asset financing to a broad range of commercial enterprises. He has known the group for a number of years through his business. Mr Whiting possesses the critical skills that are relevant to modern companies, which includes both technical experience and the ability to positively challenge and to listen in equal measure.

Mr Michael Halstead – non-executive director

Mr Halstead was appointed to the board in 2017. He has many years' experience in the advertising industry having been an account director for Saatchi and Saatchi and more recently running his own company HH&S Group Limited. He brings general business acumen to the board along with specifics relating to marketing and public relations arising from his background. Mr Halstead provides oversight and scrutiny of the performance of the executive directors, whilst both constructively challenging and inspiring them, thereby ensuring the business develops, communicates and executes the agreed strategy and operates with reference to the risk management framework. Mr Halstead is in the 4th generation after the founder and has never worked within the business but is passionate to preserve the principles of the company and to contribute to its continued success. Mr Halstead is chairman of the remuneration committee.

Mrs Deborah Harrison – non-executive director

Mrs Harrison was appointed to the board in 2024. She is a Chartered Accountant. She has over thirty years of experience, with PKF and BDO, providing auditing and accounting services to both public and private companies. She has significant experience of dealing with international groups of companies. Her knowledge of both UK and International Financial Reporting Standards and corporate reporting requirements will further enhance the board's financial expertise. Mrs Harrison is chairman of the audit committee.

Attendance at the six board meetings during the year was as follows:

	Possible	Actual
J A Wild	6	6
M Halstead	6	6
G R Oliver	6	6
D W Drillingcourt	3	3
S D Hall	4	4
R P Whiting	6	6
M J Halstead	6	6
D A Harrison	3	3

Internal control

The board has ultimate responsibility for the system of internal control operating throughout the group and for reviewing its effectiveness. Internal control systems in any group are designed to meet the particular needs of that group and the risks to which it is exposed. No system of internal control can provide absolute assurance against material misstatement or loss. The group's system is designed to manage rather than eliminate the risk of failure in order to achieve business objectives and to provide the board with reasonable assurance that potential problems will normally be prevented or will be detected in a manner which will enable appropriate action to be taken.

The key procedures which the directors have established with a view to providing effective internal control are as follows:

- the group directors are responsible for establishing, maintaining and reviewing the group's system of internal control and meet regularly to consider group financial performance, business development and management issues, and to review these against predetermined objectives;
- the group board establishes corporate strategy and business objectives. Management of subsidiary companies integrate these objectives into their business strategies for presentation to the group board with supporting financial objectives;
- subsidiary company budgets, containing financial and operating targets, capital expenditure proposals and performance/profitability indicators, are presented to and reviewed by the group executive directors. The consolidated group budget is approved by the group board;
- there is an ongoing process for identifying, evaluating and managing the significant risks faced by the group. These risks are appraised and evaluated by responsible executives and endorsed by subsidiary and group management. This process has been in place throughout the year and up to the date of approval of the annual accounts;
- as part of the regular monitoring and review, the group executive directors hold regular meetings with the management of the subsidiary companies at which reports covering such areas as forecasts, business development, strategic planning, risk exposure and performance against budget, are presented and discussed. These are then reported to the group board, on a quarterly basis;
- the group board reviews and considers any major problem which may have occurred and assesses how the risks have changed in the period under review;
- there is a group-wide policy governing appraisal and approval of capital expenditure and asset disposals;
- to underpin the effectiveness of controls, it is the group's policy to recruit management and staff of high calibre, integrity and appropriate disciplines. High standards of integrity, business ethics and compliance with laws, regulations and internal policies are demanded from staff at all levels;
- the audit committee keeps under review the effectiveness of the system of internal control and reports its conclusions to the full board;
- the board also conducts an assessment of the effectiveness of the internal control system. This assessment consists of a review of all the significant areas of internal control, including risk assessment, the control environment, control activities, information and communication, and monitoring.

The Quoted Company Alliance Code ("QCA code")

The directors recognise the importance of good corporate governance and have chosen to apply the QCA code as their framework to do so. The QCA code was developed by the Quoted Company Alliance in consultation with a number of institutional small company investors as an alternative code applicable to AIM companies. The QCA code was published in April 2018.

The QCA code sets out ten principles which seek to ensure that the overall framework for corporate governance is robust. The directors believe that this framework is appropriate to the size and operations of the business and each of the principles is commented on below. Many of the disclosures relevant to the code are already made in our annual report and accounts.

The chairman has the responsibility for corporate governance and has taken a lead on this matter. The executive team are directed with day to day management and are accountable to the rest of the board. The chairman expects and demands open discussion of issues facing the business and in the application of this code has sought input from the auditors, the company's advisors and a review by the company lawyer. The board is tasked with continuing the success of the business over time and through successive generations of management and the importance of corporate governance is to oversee the division of ownership and stewardship. The executive directors have the day to day responsibility of stewardship and the chairman and non-executives monitor and evaluate this on behalf of the owners.

James Halstead plc has been listed on the London stock exchange for over 70 years and continues to look for growth in sales and profit to continue its strong record of reward to shareholders in the form of dividend. Whilst this is a primary role, the board is proud of its reputation within its industry and the financial markets and corporate control is central to the ethos.

Corporate Governance

continued

The disclosures below were last reviewed and approved by the board on 30 September 2024.

QCA Principles and James Halstead plc's approach

1. Establish a strategy and business model which promote long-term value for shareholders

James Halstead plc's strategy is explained fully within our Strategic Report section in our Report and Accounts each financial year.

Our strategy is focussed on stable profitable growth from building the goodwill in our brands and products leading to increasing dividends over time.

Key risks and mitigating factors to our business are also detailed annually in our Report and Accounts.

2. Seek to understand and meet shareholder needs and expectations

The board has a track record of increasing dividends over many years. Where the business has generated funds in excess of its medium-term requirements and no specific investment requirements exist the board has also encouraged the payment of special dividends over the years.

Members of the board talk regularly to both institutional and private investors and the financial press to ensure that company's strategy and objectives are communicated. The group has a large number of shareholders and regular broker updates are published.

The company regularly hosts institution and broker site visits to update on progress and the executive directors are in ongoing contact with the nominated advisor who communicates more closely with the market.

Shareholders can contact the company secretary with questions and may be referred to the directors.

In addition, the AGM acts as a forum for all shareholders to meet with the board and raise any questions they may have.

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success.

The board recognises that the group has responsibilities to many stakeholders other than its shareholders. This includes employees, customers, suppliers and the wider societies in which we operate.

In terms of communications with stakeholders this is done in ways appropriate to the stakeholder and may take the form of formal announcements, individual meetings (for example appraisals with employees) and negotiations with other stakeholders.

The environmental impact of our manufacturing and our output is of significant importance to our medium term prospects not only to demonstrate our commitment to the community at large but also to customers who increasingly, and rightly, look for suppliers with strong ethical values.

As a member of the communities in which we operate the board takes seriously the impact the business has, positively in terms of being an employer and seeking continuous improvement with respect to the impact on the environment and communities. This is illustrated by our annual "Sustainability Report" copies of which are available on www.polyflor.com which outlines the impact of our manufacturing operations on the wider environment and improvements over time. Feedback from the local community is received directly to the head office. This report has been published for nearly two decades and is now an annual report.

We understand continuous development of our products also contributes to our responsibilities as well as the success of the business. This is illustrated, for example, by development of "dementia friendly" flooring in recent years.

The operating businesses encourage feedback from customers through their relationship managers in the business and customer service teams.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation.

Risk management is reported annually in our Report and Accounts along with how those risks are mitigated and how they change over time.

The board meets six times a year during which business and other risks are assessed. Key subsidiaries have their own management boards which meet regularly and assess the risks relevant to that specific business and relevant responses. These are communicated to the main board either by direct representation or via group management structures that are in place. There are also formal and informal communication routes that allow for risks to be communicated to board members in a timely manner from all operational entities.

5. Maintain the board as a well-functioning, balanced team led by the chair.

Anthony Wild, the non-executive chairman is responsible for the running of the board and Mark Halstead as chief executive has responsibility for implementation of the board's direction.

A monthly report is provided to the board of the financial and operational performance of the group. Information is provided in advance of meetings.

The board is responsible for all strategic decisions and the overall governance and culture of the group.

All the directors have access to the services and advice of the company secretary and are able to take independent professional advice to enable them to do so. This may be done at the group's expense.

The board has a majority of non-executive directors and consider that they bring independent thought and judgement to bear as well as business experience out-with the group.

The board has sub committees with specific remits, specifically remuneration and audit committees and detail of the number of meetings and attendance by directors is noted in the Annual Report.

6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

The board evaluates consistently those skills that are required and whether they are adequately provided for. In doing so and where relevant it will consider guidance available on appointment and training of board members. The Company Secretary has the responsibility to make the board aware of legal changes and will advise on the company's approach. For example the recent GDPR requirements and previously the Market Abuse Regulations (MAR).

The company secretary supports the chairman in addressing the training and development needs of the directors. In the case of new directors there is an induction process to ensure they become aware of the operations of the group.

The directors are aware of their individual responsibility to undertake appropriate continuing development.

7. Evaluate board performance based on clear and relevant objectives seeing continuous improvement.

The board will take account of the Financial Reporting Council's Guidance on Board Effectiveness as it evaluates on a regular basis its performance. The remuneration committee meets formally and is tasked with not only the remuneration of the executive directors but also evaluation of performance. To this end the board is circulated with press comment and market feedback on the business. Market share data and peer group analysis is available.

In terms of the financial performance the auditors meet the audit committee (comprising the non-executives) bi-annually and beyond the audit report do comment on the systems, procedures and efficacy of the management. The nominated advisor has access to the Chairman and meets the non-executives annually.

A rigorous recruitment process is undertaken for new directors prior to their proposal and election. In terms of re-election their performance is reconsidered prior to them being proposed to ensure they remain effective in their role and that they retain their independence.

Re-election is considered by the shareholders at the AGM at which shareholders have the opportunity as a body to approve or otherwise board membership. Succession planning for the board and as importantly the key executives around the world who manage our businesses is an ongoing topic of discussion.

8. Promote a corporate culture that is based on ethical values and behaviours.

The board expects the highest ethical standards of its members and management across the group.

The group has documented procedures with respect to its responsibilities regarding ethical behaviour, specifically bribery and corrupt practices and modern slavery and these are applicable across its operations including supply and customer chains.

The board also takes seriously its responsibilities towards sustainability of its operations and the impact of our operations on the environment. This is documented and reported on annually in Polyflor's Sustainability Report.

As an employer and member of many communities throughout the world, the board consider that strong ethical values to be a good member of these communities is a mind-set not one underpinned by rules and procedures. Ensuring, via recruitment processes and cultural values that this cascades through the business is critical to ensuring the group is a "good member of the community". All directors of the group's companies are expected to comply and are given a manual on procedures and expectations. This covers authority levels and gives guidance on appropriate behaviour.

Ultimately service contracts underpin this by indicating behaviour that can be deemed a breach of contract and the directors are clear about their statutory duties as formally set out in sections 171 – 177 of the Companies Act 2006.

Corporate Governance

continued

9. Maintain governance structures and processes that are fit for purpose and support good decision making by the board

Corporate governance disclosures are assessed at least annually, including whether the structures and processes are fit for purpose.

The board retains ultimate accountability for maintaining good governance. The executive directors are responsible for the day-to-day operational management of the group and the non-executive directors are responsible for bringing their independent and objective judgement to board discussions and decisions. The roles of chairman and chief executive are split in accordance with best practice. The board are responsible for the implementation of strategy, the achievement of performance and ensuring the framework of internal controls is effective. The board has delegated specific responsibilities to the audit and remuneration committees.

The audit committee assists the board by ensuring that the financial performance of the group is properly reported. It oversees and reviews the internal control processes, its relationship with external auditors and the process for ensuring compliance with laws, regulations and corporate governance.

The remuneration committee is responsible for establishing a formal and transparent procedure for developing policy on remuneration and to set the remuneration packages of individual directors, including, where appropriate, bonuses, incentive payments and share options.

Due the nature and size of the company, the directors have determined that a nomination committee is not necessary and that issues concerning the nomination of directors will be dealt with by the board directly.

10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The AGM is a key forum for communications with any shareholders who wish to attend, and the directors are available here to listen to views expressed both formally and informally. This combined with the normal cycle of announcements is the key method of communication. The outcome of resolutions put to the AGM are published and are available on the company website.

In terms of publication of results, the company uses the Stock Exchange regulatory news service (RNS) to advise the market (i.e. shareholders and others) of performance and significant matters. As a group we do not find social media (Facebook, twitter etc.) an appropriate medium for dissemination of news due to the "sound-bite" nature of the medium. Brokers are updated and circulate notes regularly.

The group has, where appropriate, communications with major institutional and private shareholders and encourages dialogue.

Independent Auditor's Report to the Members of James Halstead plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2024 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of James Halstead plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2024 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statement of Changes in Equity, the Consolidated Cash Flow Statement and notes to the consolidated and Parent Company financial statements, including material accounting policy information.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Examining the Directors' business plan covering the period through to October 2025. We examined the forecasts for key judgements, verifying to source data as appropriate, as well as considering downside sensitivities to these;
- Testing their mechanical accuracy and assessing historical forecast accuracy;
- We considered the reasonableness of key assumptions and mitigating actions used by the Directors in their assessment of adverse scenarios based on our knowledge of the business; and
- Assessing the adequacy against the accounting standards of the disclosures within the financial statements relating to the Directors' assessment of the going concern basis of preparation.

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 Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Independent Auditor's Report to the Members of James Halstead plc continued

Overview

Coverage

- 93% (2023: 88%) of Group profit before tax
- 88% (2023: 79%) of Group revenue
- 87% (2023: 81%) of Group total assets

Key audit matters

	2024	2023
Inventory provisioning	✓	✓
Pension scheme assumptions	✓	✓

Materiality

Group financial statements as a whole: £2.8m (2023: £2.6m) based on 5% of profit before tax (2023: 5% of profit before tax).

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Our Group audit scope focused on the Group's principal operating locations being the United Kingdom and Germany. The operations in the United Kingdom, which were deemed to be significant components, were subject to a full scope audit given the statutory audit requirements whilst the significant component in Germany was also subject to a full scope audit to component materiality. The German component was audited by a non-BDO member firm. The remaining components of the Group were considered non-significant and these components were principally subject to analytical review procedures by the Group engagement team.

Our involvement with component auditors

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole.

The German operations form a significant part of Group turnover and profitability. As part of our audit strategy, the Responsible Individual and senior members of the Group audit team were involved during the planning and risk assessment process of the German component in addition to during the completion of detailed audit procedures. We attended key meetings with component management and auditors, and reviewed component auditor work papers.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter – Inventory provisioning

As described in Note 2 (accounting policies) and Note 19 (inventories), the Group carries inventory at the lower of cost and net realisable value.

Provision is made against slow moving, obsolete and damaged inventories.

This area represented a key audit matter as significant management judgement is required to assess the appropriate level of provisioning for items which may be sold below cost or written off as a result of a reduction in consumer demand, particularly in light of changing consumer tastes and new products being developed. Such judgements include management's expectations for future sales.

How the scope of our audit addressed the key audit matter

We obtained evidence concerning management's assumptions applied in calculating the value of inventory provisions by:

Challenging the Group's inventory provisioning policy with specific consideration given to slow moving or obsolete stock lines. This involved using a weighted average of sales records for the current and prior period to develop an alternative estimate of the provision, which was compared to management's calculation to confirm whether inventory had been appropriately provided for;

Assessing the appropriateness of the percentages applied within the provision calculated by management with reference to post year end selling data; and

Testing of a sample of inventory to check it is held at the lower of cost and net realisable value, through comparison to invoices for cost and sales prices.

We also reviewed the basis of stock provisioning applied by significant components and considered whether these were being applied consistently and reflected the nature of the stock held in the respective location.

Key observation: Our work did not highlight evidence that the method of inventory provision was inappropriate.

Key audit matter – Pension scheme assumptions

As described in Note 2 (accounting policies) and Note 26 (retirement benefit obligations), the Group has a defined benefit pension plan in the UK.

At 30 June 2024, the Group recorded a net retirement benefit of £14k (2023: £1.4m obligation), comprising scheme assets of £57.4m (2023: £56.1m) and scheme liabilities of £57.4m (2023: £57.6m).

The pension valuation is dependent on market conditions and key assumptions made by management, in particular relating to investment markets, discount rate, inflation expectations and life expectancy assumptions.

This area and the related disclosures represented a key audit matter given that the setting of these assumptions is complex and requires the exercise of significant management judgement with the support of third party actuaries.

How the scope of our audit addressed the key audit matter

In testing the pension valuation, with the help of external pension actuarial experts, we reviewed the key actuarial assumptions used, both financial and demographic, and considered the appropriateness of the methodology utilised to derive these assumptions.

We benchmarked the scheme assumptions against other schemes of a similar size and profile. Specifically, we challenged the discount rate, inflation and mortality assumptions applied in the calculation by using pension experts to benchmark the assumptions applied against comparable third party data and assessed the appropriateness of the assumptions in the context of the Group's own position. We have also performed sensitivity analysis on the assumptions determined by the Directors.

Furthermore, we have assessed the disclosure of the pension scheme and the related assumptions and sensitivities in the financial statements against the relevant accounting framework.

Key observation: We have not identified any evidence to suggest that the methodology and assumptions applied in relation to determining the pension valuation are not within an acceptable range. Furthermore, the disclosures made are in accordance with the relevant accounting framework.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements	
	2024	2023
Materiality	£2.81m	£2.60m
Basis for determining materiality	5% of profit before tax	5% of profit before tax
Performance materiality	£1.83m	£1.69m

	Parent company financial statements	
	2024	2023
Materiality	£1.84m	£1.82m
Basis for determining materiality	5% of profit before tax	5% of.profit before tax (capped at 70% of group materiality)
Performance materiality	£1.18m	£1.18m

Rationale for the benchmark applied – Pre-tax profit is determined to be a stable basis of assessing business performance and is considered to be the most significant determinant of performance used by shareholders.

Independent Auditor's Report to the Members of James Halstead plc continued

Rationale for the percentage applied for performance materiality – 65% of the above materiality level. This is considered the appropriate basis given there are significant components across two geographic regions (United Kingdom and Germany), the level of misstatements in the past and our overall risk assessment.

Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group, apart from the Parent Company whose materiality is set out above, based on a percentage of between 50% and 75% (2023: 50% and 75%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £1.48m to £2.07m (2023: £1.30m to £1.95m). In the audit of each component, we further applied performance materiality levels of 65% (2023: 65%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £59,000 (2023: £52,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Report and Accounts 2024 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. 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.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Director's report

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 Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements 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.

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 Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities 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.

Extent to which the audit was 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:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance;
- Obtaining an understanding of the Group's policies and procedures regarding compliance with laws and regulations;

we considered the significant laws and regulations to be the international accounting standards, the UK Companies Act 2006, the QCA Code and Group-wide taxation laws.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be those that relate to the payment of employees; and industry related such as compliance with health and safety requirements.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;

Independent Auditor's Report to the Members of James Halstead plc continued

- Enquiring of management concerning potential litigations and claims;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be inappropriate journal entries, revenue recognition and management bias in accounting estimates.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Involvement of forensic specialists in the audit to assess the fraud risks that have been identified above and discussed by the audit team and to challenge the audit team as to whether all aspects were appropriately considered;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the Group's defined benefit pension scheme liabilities, stock provisions (as set out in the key audit matters section above) and accruals;
- Testing a sample of revenue transactions around the year end to supporting documentation (including invoice and proof of delivery) for all significant components to assess if the revenue had been recorded in the correct period;
- A critical assessment of the consolidation to check this had been prepared appropriately and consideration of manual or late journals posted at consolidation level to verify the accuracy and appropriateness of these; and
- Agreement of the financial statement disclosures to underlying supporting documentation.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, including component engagement teams, who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. For component engagement teams, we also reviewed the result of their work performed in this regard.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Stuart Wood (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Manchester, United Kingdom
30 September 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Income Statement
for the year ended 30 June 2024

	Note	2024	2023
		£'000	£'000
Revenue	5	274,881	303,562
Cost of sales		(153,760)	(188,099)
Gross profit		121,121	115,463
Selling and distribution costs		(52,945)	(53,338)
Administration expenses		(14,269)	(10,514)
Operating profit		53,907	51,611
Finance income	9	2,642	748
Finance cost	10	(325)	(260)
Profit before income tax	7	56,224	52,099
Income tax expense	11	(14,704)	(9,695)
Profit for the year attributable to equity shareholders		41,520	42,404
Earnings per ordinary share of 5p			
– basic	12	10.0p	10.2p
– diluted	12	10.0p	10.2p

All amounts relate to continuing operations.

Details of dividends paid and proposed are given in note 13.

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2024

	Note	2024	2023
		£'000	£'000
Profit for the year		41,520	42,404
Other comprehensive income net of tax:			
Items that will not be reclassified subsequently to the income statement:			
Remeasurement of the net defined benefit asset/(liability)	26	564	(7,237)
		564	(7,237)
Items that could be reclassified subsequently to the income statement if specific conditions are met:			
Foreign currency translation differences		(248)	(1,818)
Fair value movements on hedging instruments		(472)	(135)
		(720)	(1,953)
Other comprehensive income for the year net of tax		(156)	(9,190)
Total comprehensive income for the year		41,364	33,214
Attributable to:			
Equity holders of the company		41,364	33,214

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 11.

Consolidated Balance Sheet
as at 30 June 2024

	Note	2024 £'000	2023 £'000
Non-current assets			
Intangible assets	15	3,232	3,232
Property, plant and equipment	16	34,965	35,887
Right of use assets	17	6,209	7,164
Retirement benefit obligations	26	14	–
Deferred tax	18	214	114
		44,634	46,397
Current assets			
Inventories	19	82,268	87,440
Trade and other receivables	20	44,042	46,979
Derivative financial instruments	29	482	773
Current tax		1,287	699
Cash and cash equivalents	21	74,282	63,222
		202,361	199,113
Total assets		246,995	245,510
Current liabilities			
Trade and other payables	22	57,487	60,738
Derivative financial instruments	29	106	213
Current tax		273	422
Lease liabilities	23	2,707	2,696
		60,573	64,069
Non-current liabilities			
Retirement benefit obligations	26	–	1,460
Other payables	22	410	400
Lease liabilities	23	3,680	4,582
Preference shares	24	200	200
Deferred tax	18	855	585
		5,145	7,227
Total liabilities		65,718	71,296
Net assets		181,277	174,214
Equity			
Equity share capital	27	20,839	20,838
Equity share capital (B shares)	27	160	160
		20,999	20,998
Share premium account		55	13
Currency translation reserve		3,846	4,094
Hedging reserve		334	806
Retained earnings		156,043	148,303
Total equity attributable to shareholders of the parent		181,277	174,214

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 September 2024.

M Halstead
Director

G R Oliver
Director

James Halstead plc   Registration Number 140269

Consolidated Statement of Changes in Equity
for the year ended 30 June 2024

	Share capital £'000	Share premium £'000	Currency translation reserve £'000	Hedging reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 30 June 2022	20,997	–	5,912	941	145,408	173,258
Profit for the year	–	–	–	–	42,404	42,404
Remeasurement of the net defined benefit liability	–	–	–	–	(7,237)	(7,237)
Foreign currency translation differences	–	–	(1,818)	–	–	(1,818)
Fair value movements on hedging instruments	–	–	–	(135)	–	(135)
Total comprehensive income for the year	–	–	(1,818)	(135)	35,167	33,214
Transactions with equity shareholders						
Dividends	–	–	–	–	(32,298)	(32,298)
Issue of share capital	1	13	–	–	–	14
Share based payments	–	–	–	–	26	26
Balance at 30 June 2023	20,998	13	4,094	806	148,303	174,214
Profit for the year	–	–	–	–	41,520	41,520
Remeasurement of the net defined benefit asset/(liability)	–	–	–	–	564	564
Foreign currency translation differences	–	–	(248)	–	–	(248)
Fair value movements on hedging instruments	–	–	–	(472)	–	(472)
Total comprehensive income for the year	–	–	(248)	(472)	42,084	41,364
Transactions with equity shareholders						
Dividends	–	–	–	–	(34,383)	(34,383)
Issue of share capital	1	42	–	–	–	43
Share based payments	–	–	–	–	39	39
Balance at 30 June 2024	20,999	55	3,846	334	156,043	181,277

Consolidated Cash Flow Statement
for the year ended 30 June 2024

	2024	2023
	£'000	£'000
Profit for the year attributable to equity shareholders	41,520	42,404
Income tax expense	14,704	9,695
Profit before income tax	56,224	52,099
Finance cost	325	260
Finance income	(2,642)	(748)
Operating profit	53,907	51,611
Depreciation of property, plant and equipment	4,093	3,461
Depreciation of right of use assets	3,046	3,060
Profit on sale of property, plant and equipment	(75)	(84)
Defined benefit pension scheme service cost	–	178
Defined benefit pension scheme employer contributions paid	(781)	(1,942)
Changes in fair value of financial instruments	27	(776)
Share based payments expense	39	26
Decrease in inventories	4,884	22,966
Decrease in trade and other receivables	2,901	3,031
(Decrease) in trade and other payables	(3,263)	(20,365)
Cash inflow from operations	64,778	61,166
Taxation paid	(15,450)	(11,900)
Cash inflow from operating activities	49,328	49,266
Interest received	2,642	467
Purchase of property, plant and equipment	(3,313)	(2,854)
Proceeds from disposal of property, plant and equipment	108	134
Cash outflow from investing activities	(563)	(2,253)
Interest paid	(24)	(36)
Lease interest paid	(242)	(224)
Lease capital paid	(2,981)	(3,015)
Equity dividends paid	(34,383)	(32,298)
Shares issued	43	14
Cash outflow from financing activities	(37,587)	(35,559)
Net increase in cash and cash equivalents	11,178	11,454
Effect of exchange differences on cash and cash equivalents	(118)	(376)
Cash and cash equivalents at start of year	63,222	52,144
Cash and cash equivalents at end of year	74,282	63,222

Notes to the Consolidated Financial Statements

1. General information

James Halstead plc ("the company" or "the parent company") is a limited liability company, registered in England and Wales, domiciled in the United Kingdom and listed on AIM on the London Stock Exchange. The address of its registered office is Beechfield, Hollinhurst Road, Radcliffe, Manchester, M26 1JN.

2. Accounting policies

Basis of preparation

The group financial statements have been prepared in accordance with UK adopted international accounting standards. The company financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework, and are presented separately following the group financial statements.

The group and company financial statements have been prepared on a going concern basis and on the historical cost basis as modified by the valuation of certain financial assets and financial liabilities (being derivative instruments) at fair value.

Going concern

The directors have reviewed current performance and forecasts, combined with capital investment and expenditure commitments, and a range of trading scenarios. The forecasts cover the next two financial years. The group has no net borrowings and owns the freeholds on many of its premises (the most significant being four UK operating sites and two sites in Germany).

After considering current trading, forward forecasts and scenario planning the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the group has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future. The directors have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern for a period of at least one year from when the financial statements are authorised and approved for issue. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

Recent accounting developments

The financial statements are prepared in accordance with UK adopted international accounting standards and interpretations in force at the reporting date. The group has not adopted any standards or interpretations in advance of the required implementation dates.

The following standards were adopted in the period.

IFRS 17 Insurance contracts

Amendments to IAS 8 – Definition of Accounting Estimates, IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting policies, IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction, IFRS 17 – Initial Application of IFRS 17 and IFRS 9 – Comparative Information, IAS 12 – International Tax Reform – Pillar Two Model Rules

These had no effect on the financial statements.

There were no new standards, interpretations and amendments, which are not yet effective and have not been adopted early in these financial statements, which will or may have an effect on the group's future financial statements. The directors continue to assess any accounting developments which could have a material effect on the financial statements.

Basis of consolidation

The group financial statements consolidate the financial statements of the parent company and all its subsidiaries, as if they formed a single entity. Subsidiaries are entities controlled by the group. Control exists if all three of the following elements are present: power over the entity, exposure to variable returns from the entity, and the ability to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. Control is normally achieved by a majority shareholding. The company, directly or through an intermediate subsidiary owned 100% of the share capital of all of its subsidiaries. The results of subsidiaries acquired are consolidated from the date on which control passes to the group. The results of disposed subsidiaries are consolidated up to the date on which control passes from the group. All intra-group transactions and balances are eliminated on consolidation. The financial statements of subsidiaries are adjusted to bring them into line with the group's accounting policies as required.

2. Accounting policies (continued)

Segment reporting

Operating segments are those segments for which results are reviewed by the group's chief operating decision maker (CODM) to assess performance and make decisions about resources to be allocated. The CODM is the group board which meets regularly throughout the year to discuss the performance and results of the group as a whole. The business of the group is the manufacture and distribution of flooring products. The group operates through separate legal entities in certain areas of the world and in order to provide information in a structured manner to readers of the accounts who are unfamiliar with the internal management reporting of the group, these operations are discussed by the chief executive in his report. However, the directors consider that under the definitions contained within IFRS 8 there is only one reportable segment, which is the group as a whole. This is consistent with the core principle of IFRS 8, which is to disclose information to enable users of the financial statements to evaluate the nature and financial effects of the business activities in which the group engages and the economic activities in which it operates.

Foreign currencies

Functional and presentation currency – the group's consolidated financial statements are presented in pounds sterling, the functional currency of the parent company, being the currency of the primary economic environment in which the parent company operates.

Transactions and balances – transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are reported at the rates of exchange prevailing at the balance sheet date. Exchange differences on retranslating monetary assets and liabilities are recognised in the income statement except where they relate to qualifying cash flow hedges, in which case the exchange differences are deferred in equity. Non-monetary items carried at historical cost are stated at the rate of exchange ruling at the date of the transaction. Non-monetary items carried at fair value are stated at the rate of exchange ruling when the fair value was determined.

Foreign subsidiaries – the results of foreign subsidiaries (none of which has the currency of a hyperinflationary economy), that have a functional currency different from the group's presentation currency, are translated at the average rates of exchange for the year.

Assets and liabilities of foreign subsidiaries, that have a functional currency different from the group's presentation currency, are translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising from the translation of the results of foreign subsidiaries and their opening net assets are recognised as a separate component of equity.

When a foreign subsidiary is sold the cumulative exchange differences relating to the retranslation of the net investment in that foreign subsidiary are recognised in the income statement as part of the gain or loss on disposal. This applies only to exchange differences recorded in equity after 1 July 2006. Exchange differences arising prior to 1 July 2006 remain in equity on disposal as permitted by IFRS 1.

Intangible assets

Goodwill – goodwill arising on the acquisition of a subsidiary undertaking is the excess of the aggregate of the fair value of the consideration transferred, the fair value of any previously held interests, and the recognised value of the non-controlling interest in the acquiree over the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed. Goodwill is reviewed for impairment at least annually and when there are indications that the carrying amount may not be recoverable. For the purpose of impairment review, goodwill is allocated to the relevant cash generating unit (CGU) within the group. An impairment loss is recognised if the carrying value of the CGU, including its goodwill, exceeds its recoverable amount. Any impairment loss is recognised immediately in the income statement and is not subsequently reversed. On disposal of a subsidiary, the attributable amount of goodwill is included in the calculation of the profit or loss on disposal. Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the UK GAAP value as at that date having been reviewed for impairment at that date and subsequently at least annually.

Notes to the Consolidated Financial Statements
continued

2. Accounting policies (continued)

Taxation

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities based on tax rates and laws that are enacted at the balance sheet date. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their corresponding book values as recorded in the group's financial statements with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised;
- deferred income tax is not provided on unremitted earnings of foreign subsidiaries where there is no likelihood to remit the earnings.

Deferred income tax assets and liabilities are based on tax rates and laws that are substantively enacted at the balance sheet date.

Deferred income tax assets and liabilities are undiscounted.

Share-based payments

The group grants equity settled share options to certain of its employees. An expense in relation to such options based on their fair value at the date of grant, is recognised over the vesting period. The group uses the Black Scholes model for the purpose of computing fair value.

Inventories

Inventories are measured at the lower of cost and net realisable value on a weighted average cost basis. Cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of finished and partly finished goods, cost represents the cost of raw materials, direct labour, other direct costs and related production overheads on bases consistently applied from year to year. In all cases provision is made for obsolete, slow-moving or defective items where appropriate.

Financial assets and liabilities

Financial assets comprise trade and other receivables and cash and cash equivalents. Financial liabilities comprise trade and other payables.

Trade and other receivables

Trade and other receivables are non-interest bearing and are initially stated at fair value and then subsequently at amortised cost less provision for lifetime expected credit losses using the simplified approach in IFRS 9. Estimated irrecoverable amounts are based on historical experience and forward looking information, together with specific amounts that are not expected to be collectable. Individual amounts are written off when management deems them not to be collectible.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, short-term (with an original maturity of three months or less) deposits and bank overdrafts. Bank overdrafts are disclosed as current liabilities except where the group participates in offset arrangements with certain banks whereby cash and overdraft amounts are offset against each other. Cash and cash equivalents are held at amortised cost.

2. Accounting policies (continued)

Trade and other payables

Trade and other payables are non-interest bearing and are initially stated at fair value and then subsequently at amortised cost.

Pension scheme arrangements

The group operates defined contribution pension schemes and a defined benefit pension scheme for certain of its United Kingdom employees.

A defined contribution scheme is a scheme in which the group pays contributions into publicly or privately administered schemes on a voluntary, statutory or contractual basis. The group has no further payment obligations once the contributions have been made. The amount charged to the income statement is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as receivables or payables in the balance sheet.

A defined benefit scheme is a scheme in which the amount of pension benefit that an employee will receive on retirement is defined. For the defined benefit scheme, pension costs and the costs of providing other post retirement benefits are charged to the income statement in accordance with the advice of qualified independent actuaries. Past service costs are recognised in the income statement at the earlier of when the plan amendment or curtailment occurs or when the group recognises related restructuring costs or termination benefits. The service cost is charged against operating profit and the net interest cost is charged as a finance cost. The net interest cost is calculated using the discount rate at the beginning of the period. The retirement benefit obligations recognised on the balance sheet represent the difference between the fair value of the scheme's assets and the present value of the scheme's defined benefit obligations measured at the balance sheet date. The defined benefit obligation is calculated annually by independent actuaries using the projected unit method. Remeasurements of the net defined benefit obligations are recognised in the period in which they arise in other comprehensive income. A net defined benefit obligations asset is recognised to the extent that the group can realise an economic benefit from that asset.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment except for land which is stated at cost less any impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset. Depreciation is calculated on the depreciable amount (being cost less the estimated residual value) on a straight line basis over the estimated useful lives of the assets as follows:

Freehold land: Not depreciated
Freehold buildings: 10 to 50 years
Plant and equipment: 2 to 20 years

Residual values and useful lives are reviewed at each group balance sheet date for continued appropriateness and indications of impairment and adjusted if appropriate.

Right of use assets and lease liabilities

A right of use asset and a lease liability are recognised for all leased asset contracts on their commencement, except for low value leases and short term leases of one year or less.

On recognition, the right of use asset and lease liability are measured at the present value of the lease payments discounted over the lease term. The discount rate used is the rate inherent in the lease if this can be determined, or the incremental borrowing rate.

The right of use asset is stated at cost being lease payments, reduced for any lease incentives received, and increased for any lease payments made at or before commencement of the lease, initial direct costs incurred and the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial recognition, the right of use assets are depreciated on a straight line basis over the shorter of the lease term or the useful life of the asset. The lease liabilities are increased by the interest cost and reduced by the lease payments made. A depreciation charge and an interest cost are recognised in the income statement.

The lease payments for low value and short term leases are expensed in the income statement on a straight line basis over the lease term.

Notes to the Consolidated Financial Statements
continued

2. Accounting policies (continued)

Revenue recognition

Revenue is from the sales of flooring products and is recognised at the point in time when control of the products has been transferred to the customer. Control passes to the customer at the point terms of despatch are met, which is generally when the goods are delivered to the customer. There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the group no longer has physical possession, usually will have a present right to payment (as a single payment on delivery) and retains none of the significant risks and rewards of the goods. Sales are invoiced at the time of despatch and payment terms are based on the invoice date. Payment terms vary by customer, but do not exceed six months. Revenue is stated after provision for trade discounts and rebates due on the sales. Revenue excludes VAT and sales taxes.

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense as incurred.

Development expenditure not meeting all the criteria for capitalisation contained in IAS 38 – Intangible Assets, is recognised in the income statement as an expense as incurred.

Dividends

Interim dividends are recognised when they are paid. Final dividends are recognised when they are approved by the shareholders.

Derivative financial instruments and hedging

The group uses derivative financial instruments to hedge its exposure to foreign currency transactional risk. In accordance with its treasury policy the group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recorded at fair value on the date the derivative contract is entered into and are subsequently remeasured at fair value at each group balance sheet date.

The method by which any gain or loss arising from remeasurement is recognised depends on whether the instrument is designated as a hedging instrument and, if so, the nature of the item being hedged. The group recognises an instrument as a hedging instrument by documenting at the inception of the transaction the relationship between the instrument and the hedged items and the objectives and strategy for undertaking the hedging transaction. To be designated as a hedging instrument, an instrument must also be assessed, at inception and on an ongoing basis, to be highly effective in offsetting changes in cash flows of hedged items.

For derivatives not used in hedging transactions, the gain or loss on remeasurement of fair value is recognised immediately in the income statement.

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or of a highly probable forecast future transaction, the gain or loss on remeasurement which relates to the portion of the hedge which is deemed effective is recognised in equity through other comprehensive income, with the balance of the gain or loss, relating to the ineffective portion, being recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date.

3. Financial risk management

Financial risk and treasury policies

A full description of the James Halstead plc group's treasury policy is contained in the financial director's review.

The group's activities expose it to a number of financial risks as detailed below. These risks are managed, with the objective of limiting adverse effects, from the group's head office in accordance with policies determined by and decisions made by the group board.

There have been no changes in financial risks from the previous year.

Market risks

Market risk is the risk that changes in market prices, such as currency exchange rates and interest rates will affect the group's results. The objective of market risk management is to control it within suitable parameters.

(a) Foreign exchange risk

The group operates internationally and is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currency of the entity making the sale or purchase. There are a range of currencies giving rise to this risk, but most significant is the euro. To mitigate risks associated with future exchange rate fluctuations, the group's policy is to use forward exchange contracts to hedge its known and certain forecast transaction exposures based on historical experience and projections. The group hedges at least 25% but rarely more than 100% of the next twelve months' anticipated exposure.

(b) Interest rate risk

The group does not use derivative financial instruments to mitigate its exposure to interest rate risk. The main element of interest rate risk concerns sterling deposits which are made on floating market based rates and short-term overdrafts in foreign currencies which are also on floating rates.

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the group's trade receivables from customers and monies on deposit with financial institutions.

With regard to trade receivables, the group is not subject to significant concentration of credit risk. Exposure is spread across a large number of companies and the underlying local economic and sovereign risks vary across the world. Trade receivable exposures are managed locally in the individual operating units where they arise and credit limits are set as deemed appropriate. Where practicable and deemed necessary the group endeavours to minimise credit risks by the use of trade finance instruments such as letters of credit and insurance.

The group controls credit risk in relation to counterparties to other financial instruments by dealing only with highly rated financial institutions.

The group's maximum credit exposure on financial assets is represented by their book value.

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

Capital risk

The group's objectives in managing capital are to safeguard the ability of all entities within the group to continue as going concerns, whilst maximising the overall return to shareholders over time. The capital structure of the group consists of equity attributable to equity holders of the parent company less cash and cash equivalents.

The group will only usually take on borrowings where those borrowings would be financed by the cash expected to be generated by the related investment opportunity and where the borrowing would not significantly increase the group's exposure to risk.

Notes to the Consolidated Financial Statements
continued

4. Critical accounting estimates and judgements

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of certain estimates and associated assumptions that affect the application of policies, the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best assessments of amounts, events or actions, actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on a regular and ongoing basis. There are no significant judgements.

The estimates that have had the most significant effect on the amounts included in these consolidated financial statements are as follows:

Inventories

For financial reporting purposes the group evaluates its inventory to ensure it is carried at the lower of cost or net realisable value. Provision is made against slow moving, obsolete and damaged inventories. Damaged inventories are identified and written down through the inventory counting procedures conducted within each business. Provision for slow moving and obsolete inventories is assessed by each business as part of their ongoing financial reporting. Obsolescence is assessed based on comparison of the level of inventory holding to the projected likely future sales. Future sales are assessed based on historical experience, and adjusted where the market conditions are known to have changed. To the extent that future events impact the saleability of inventory these provisions could vary significantly. For example, changes in specifications or regulations may render inventory, previously considered to have a realisable value in excess of cost, obsolete and require such inventory to be fully written off. The effect on the income statement of the movements in inventory write-downs is provided in note 19.

Retirement benefit obligations

The liability recognised in respect of retirement benefit obligations is dependent on a number of estimates including those relating to mortality, inflation, and the rate at which liabilities are discounted. Any change in these assumptions would impact the retirement benefit obligations recognised. Further details on these estimates are provided in note 26.

5. Segmental information

Operating segments are those segments for which results are reviewed by the group's chief operating decision maker (CODM) to assess performance and make decisions about resources to be allocated. The CODM is the group board which meets regularly throughout the year to discuss the performance and results of the group as a whole. The business of the group is focussed almost entirely on the manufacture and distribution of flooring products. The directors consider that under the definitions contained within IFRS 8 there is only one reportable segment, which is the group as a whole. This is consistent with the core principle of IFRS 8, which is to disclose information to enable users of the financial statements to evaluate the nature and financial effects of the business activities in which the group engages and the economic activities in which it operates. Therefore the majority of the disclosures required under IFRS 8 have already been given in these financial statements.

Segment assets comprise property, plant and equipment, right of use and intangible assets. Geographical disclosures in respect of revenues and segment assets are provided below and include revenue for Germany of £47,241,000 (2023: £56,887,000) and assets in Germany of £8,632,000 (2023: £9,426,000).

Revenue	2024 £'000	2023 £'000
United Kingdom	110,658	117,447
Europe and Scandinavia	100,909	116,261
Australasia and Asia	35,059	40,915
Rest of the World	28,255	28,939
	274,881	303,562

Non-current assets	2024 £'000	2023 £'000
United Kingdom	28,861	29,689
Europe and Scandinavia	10,120	10,961
Australasia and Asia	5,410	5,619
Rest of the World	15	14
Total segment assets	44,406	46,283
Retirement benefit obligations	14	–
Deferred tax assets	214	114
Total non-current assets	44,634	46,397

Revenue is by location of customer. Assets are by location of asset.

6. Employee profit share

Profit for the year is after charging the cost of the James Halstead plc share ownership plan. Since 1980 the group has operated an employee share scheme, approved under the Finance Act 1978. In December 2001 the shareholders approved a new share ownership plan in line with the requirements of legislative changes. The aim of this scheme is to enable employees to build up a personal shareholding in James Halstead plc and to participate in its continued expansion and success as shareholders as well as employees.

Notes to the Consolidated Financial Statements
continued

7. Profit before income tax

Profit before tax is stated after charging/(crediting) the following:

	2024 £'000	2023 £'000
Depreciation of property, plant and equipment	4,093	3,461
Depreciation of right of use assets	3,046	3,060
Profit on disposal of property, plant and equipment	(75)	(84)
Research and development	1,485	1,533
Fees payable to the group's auditor for the audit of the parent company and consolidated financial statements	104	100
Fees payable to the group's auditor and its associates for other services:		
The audit of the group's subsidiaries pursuant to legislation	260	247

8. Staff costs and numbers

	2024 £'000	2023 £'000
Staff costs comprised:		
Wages and salaries	40,159	39,036
Social security costs	5,166	4,990
Pension costs – defined benefit scheme	–	178
– defined contribution schemes	1,452	1,096
Share based payments expense	39	26
	46,816	45,326

The average monthly number of employees during the year was:

	2024 Number	2023 Number
Manufacturing, selling and distribution	704	692
Administration	147	168
	851	860

The directors' remuneration was:

	2024 £'000	2023 £'000
Salary or fees	1,225	1,047
Bonuses	1,100	1,000
Benefits	16	20
Total remuneration excluding pension contributions	2,341	2,067
Pension contributions	15	–
	2,356	2,067
Social security costs related to this remuneration	315	287

There was one (2023: none) director in the defined contribution pension scheme.

9. Finance income

	2024 £'000	2023 £'000
Bank deposit interest	2,634	455
Other interest	8	12
	2,642	467
Net pension interest income	–	281
Finance income	2,642	748

10. Finance cost

	2024 £'000	2023 £'000
Other interest	13	25
Preference share dividend	11	11
	24	36
Lease interest	242	224
Net pension interest cost	59	–
Finance cost	325	260

11. Income tax expense

	2024 £'000	2023 £'000
Current tax		
UK current year	12,600	8,522
UK adjustments in respect of prior years	(175)	(1,540)
UK total	12,425	6,982
Overseas	2,296	2,534
	14,721	9,516
Deferred tax		
Current year temporary differences	(6)	746
Current year tax rate difference	–	139
Adjustments in respect of prior years	(11)	(706)
	(17)	179
Total taxation	14,704	9,695

The effective tax rate for the year is different to the standard rate of corporation tax in the UK. The differences are explained below:

	2024 £'000	2023 £'000
Profit before tax	56,224	52,099
Profit before tax multiplied by the standard rate of corporation tax in the UK of 25% (2023: 20.5%)	14,056	10,680
Adjustments to tax in respect of prior periods	(186)	(2,246)
Overseas tax rates	566	1,039
Disallowable items	268	83
Deferred tax rate difference	–	139
Total taxation	14,704	9,695

In addition to the amounts above £188,000 has been charged (2023: £2,412,000 credited) as other comprehensive income in respect of the remeasurement of the net defined benefit asset/(liability), and has been netted off the amounts shown in the Consolidated Statement of Comprehensive Income.

Notes to the Consolidated Financial Statements
continued

12. Earnings per share

	2024 £'000	2023 £'000
Profit for the year attributable to equity shareholders	41,520	42,404
Weighted average number of shares in issue	416,761,396	416,752,764
Dilution effect of outstanding share options	32,457	21,390
Diluted weighted average number of shares	416,793,853	416,774,154
Basic earnings per 5p ordinary share	10.0p	10.2p
Diluted earnings per 5p ordinary share	10.0p	10.2p

The earnings per 5p ordinary share are attributable to equity shareholders.

13. Dividends

	2024 £'000	2023 £'000
Equity dividends		
Final dividend for previous year of 5.75p (2023: 5.50p)	23,963	22,921
Interim dividend for current year of 2.50p (2023: 2.25p)	10,420	9,377
Amounts recognised as distributions to equity shareholders in the year	34,383	32,298

A final dividend of 6.00p per share for the year ended 30 June 2024, amounting to £25,007,000 will be proposed at the Annual General Meeting.

14. Profit of the parent company

The company has taken advantage of the provisions of Section 408 of the Companies Act 2006 and elected not to present its own profit and loss account. The profit after taxation for the financial year dealt with in the financial statements of the company was £36,106,000 (2023: £36,226,000). The aggregate amount of directors' emoluments excluding pension contributions was £2,341,000 (2023: £2,067,000) of which the highest paid director's emoluments were £1,087,000 (2023: £994,000). The directors' salaries or fees for the year ended 30 June 2024 were Mr J A Wild £40,000 (2023: £40,000), Mr M Halstead £532,000 (2023: £485,000), Mr G R Oliver £502,000 (2023: £457,000), Mr D W Drillingcourt £82,000 (2023: £nil), Mr S D Hall £17,000 (2023: £25,000), Mr R P Whiting £22,000 (2023: £20,000), Mr M J Halstead £20,000 (2023: £20,000) and Mrs D A Harrison £10,000 (2023: £nil).

15. Intangible assets

	Goodwill £'000
Cost and net book value at 30 June 2022, 2023 and 2024	3,232

An impairment review of goodwill was done by reference to value in use. Value in use was determined using conservative five year plus terminal value cash flow projections, based on current levels of profitability and assumed conservative growth rates of 5% (2023: 5%) and discount rates of 7% (2023: 7%). The result of the review indicated that no impairment was required with no reasonable sensitivities indicating an impairment.

16. Property, plant and equipment

	Freehold land and buildings £'000	Plant and equipment £'000	Total £'000
Cost			
At 30 June 2022	28,380	78,003	106,383
Additions	–	2,854	2,854
Disposals	–	(713)	(713)
Transfer	(133)	133	–
Exchange differences	(31)	(286)	(317)
At 30 June 2023	28,216	79,991	108,207
Additions	–	3,313	3,313
Disposals	–	(6,267)	(6,267)
Exchange differences	(118)	(105)	(223)
At 30 June 2024	28,098	76,932	105,030
Depreciation			
At 30 June 2022	11,743	57,969	69,712
Charge for the year	686	2,775	3,461
Disposals	–	(663)	(663)
Exchange differences	(15)	(175)	(190)
At 30 June 2023	12,414	59,906	72,320
Charge for the year	672	3,421	4,093
Disposals	–	(6,234)	(6,234)
Exchange differences	(51)	(63)	(114)
At 30 June 2024	13,035	57,030	70,065
Net book value			
At 30 June 2022	16,637	20,034	36,671
At 30 June 2023	15,802	20,085	35,887
At 30 June 2024	15,063	19,902	34,965

Notes to the Consolidated Financial Statements
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17. Right of use assets

	Land and buildings £'000	Motor vehicles £'000	Total £'000
Cost			
At 30 June 2022	10,821	2,121	12,942
Additions	4,322	973	5,295
Disposals	(5,115)	(1,212)	(6,327)
Exchange differences	(451)	–	(451)
At 30 June 2023	9,577	1,882	11,459
Additions	754	1,397	2,151
Disposals	(482)	(872)	(1,354)
Exchange differences	(96)	(9)	(105)
At 30 June 2024	9,753	2,398	12,151
Depreciation			
At 30 June 2022	5,940	1,368	7,308
Charge for the year	2,465	595	3,060
Disposals	(5,040)	(892)	(5,932)
Exchange differences	(140)	(1)	(141)
At 30 June 2023	3,225	1,070	4,295
Charge for the year	2,356	690	3,046
Disposals	(482)	(867)	(1,349)
Exchange differences	(48)	(2)	(50)
At 30 June 2024	5,051	891	5,942
Net book value			
At 30 June 2022	4,881	753	5,634
At 30 June 2023	6,352	812	7,164
At 30 June 2024	4,702	1,507	6,209

18. Deferred tax assets and liabilities

	2024 £'000	2023 £'000
Deferred tax assets	214	114
Deferred tax liabilities	(855)	(585)
	(641)	(471)

	Retirement benefit obligations £'000	Accelerated tax depreciation £'000	Other timing differences £'000	Total £'000
At 30 June 2022	(1,536)	(1,796)	637	(2,695)
Credited/(charged) to income statement	(511)	(529)	861	(179)
Credited to other comprehensive income	2,412	–	–	2,412
Exchange differences	–	–	(9)	(9)
At 30 June 2023	365	(2,325)	1,489	(471)
Credited/(charged) to income statement	(181)	(151)	349	17
(Charged) to other comprehensive income	(188)	–	–	(188)
Exchange differences	–	–	1	1
At 30 June 2024	(4)	(2,476)	1,839	(641)

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and the deferred income taxes relate to the same tax authority. All deferred tax assets and liabilities are analysed as non-current.

19. Inventories

	2024 £'000	2023 £'000
Raw materials and consumables	6,310	7,437
Work in progress	2,299	2,883
Finished goods	73,659	77,120
	82,268	87,440

	2024 £'000	2023 £'000
Opening balance	87,440	112,279
(Decrease) in inventories	(4,884)	(22,966)
Exchange differences	(288)	(1,873)
Closing balance	82,268	87,440

An amount of £198,000 has been charged (2023: £454,000 credited) to the income statement in respect of movements in inventory write-downs. The cost of inventory recognised as an expense was £153,760,000 (2023: £188,099,000).

Notes to the Consolidated Financial Statements
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20. Trade and other receivables

	2024 £'000	2023 £'000
Trade receivables	39,986	42,941
Other receivables	1,630	1,373
Prepayments	2,426	2,665
	44,042	46,979

	2024 £'000	2023 £'000
Opening balance	46,979	51,171
(Decrease) in trade and other receivables	(2,901)	(3,031)
Exchange differences	(36)	(1,161)
Closing balance	44,042	46,979

All amounts within trade and other receivables are due within one year. The fair value of amounts included in trade and other receivables approximates to book value. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable. The group does not hold any collateral as security.

The group's trade receivables are stated after a provision for expected credit losses of £1,904,000 (2023: £1,911,000). The provision against trade receivables for expected credit losses is based on specific risk assessments taking into account past default experience and appropriate forward looking information. The provision is analysed as follows:

	2024 £'000	2023 £'000
Opening balance	1,911	1,820
Debts written off	(45)	(28)
Charged to income statement	44	138
Exchange differences	(6)	(19)
Closing balance	1,904	1,911

	Loss rate 2024 %	Gross 2024 £'000	Provision 2024 £'000	Loss rate 2023 %	Gross 2023 £'000	Provision 2023 £'000
Not past due	3	29,255	796	1	28,189	374
Up to three months past due	5	12,083	626	5	15,822	777
Over three months past due	87	552	482	90	841	760
		41,890	1,904		44,852	1,911

The maximum exposure to credit risk for trade and other receivables by currency was:

	2024 £'000	2023 £'000
Sterling	18,853	21,512
Euro	11,398	10,803
Australian Dollar	3,246	3,376
New Zealand Dollar	750	1,335
Canadian Dollar	857	993
Norwegian Krone	881	1,195
US Dollar	3,990	3,750
Other currencies	1,641	1,350
Total	41,616	44,314

21. Cash and cash equivalents

The fair values of cash and cash equivalents approximate to book value due to their short maturities.

The currency analysis of cash and cash equivalents is as follows:

	2024 £'000	2023 £'000
Sterling	56,998	46,500
Euro	7,593	7,000
Australian Dollar	1,533	866
New Zealand Dollar	381	441
Canadian Dollar	1,457	1,159
Norwegian Krone	633	584
US Dollar	4,607	4,667
Other currencies	1,080	2,005
Total	74,282	63,222

22. Trade and other payables

	2024 £'000	2023 £'000
Amounts falling due within one year		
Trade payables	36,508	40,267
Value added, payroll and other taxes	4,412	4,974
Other payables	2,612	2,314
Accruals	13,955	13,183
	57,487	60,738
Amounts falling due after more than one year		
Other payables	410	400
	57,897	61,138
Opening balance	61,138	84,960
(Decrease) in trade and other payables	(3,263)	(20,365)
Exchange differences	22	(3,457)
Closing balance	57,897	61,138

The fair value of amounts included in trade and other payables approximates to book value.

23. Lease liabilities

	2024 £'000	2023 £'000
Opening balance	7,278	5,714
Leases started	2,151	5,295
Leases cancelled	(5)	(395)
Lease interest	242	224
Lease payments	(3,223)	(3,239)
Exchange differences	(56)	(321)
Closing balance	6,387	7,278
Amounts payable in less than one year	2,707	2,696
Amounts payable in more than one year	3,680	4,582
	6,387	7,278

All amounts are payable within five years.

Notes to the Consolidated Financial Statements
continued

24. Preference shares

	2024 £'000	2023 £'000
Preference shares	200	200

The cumulative preference shares have no fixed repayment date. They are not listed and therefore no market price is available. The fair value of the preference shares was not materially different from their book value.

25. Net funds analysis

	Cash and cash equivalents £'000	Lease liabilities £'000	Preference shares £'000	Net funds £'000
At 30 June 2022	52,144	(5,714)	(200)	46,230
Cash flow	11,454	3,239	–	14.693
Other changes	–	(5,124)	–	(5,124)
Exchange differences	(376)	321	–	(55)
At 30 June 2023	63,222	(7,278)	(200)	55,744
Cash flow	11,178	3,223	–	14,401
Other changes	–	(2,388)	–	(2,388)
Exchange differences	(118)	56	–	(62)
At 30 June 2024	74,282	(6,387)	(200)	67,695

26. Retirement benefit obligations

In the UK the group has a defined benefit pension scheme which was closed to new members in 2002 and to future accrual in 2023.

The company sponsors the Halstead Group Pension Scheme, a funded defined benefit pension scheme in the UK. The scheme is administered within a trust which is legally separate from the company. Trustees are appointed by both the company and the scheme's membership and act in the interest of the scheme and all relevant stakeholders, including the members and the company. The trustees are also responsible for the investment of the scheme's assets.

The scheme closed to future accrual with effect from 31 January 2023. At this point former active members of the scheme stopped paying contributions. Before 31 January 2023 active members of the scheme paid contributions at the rate of either 7.5% or 6% of salary depending on category. The company pays the balance of the cost as determined by regular actuarial valuations.

The scheme poses a number of risks to the company, for example, longevity risk, investment risk, interest rate risk, inflation risk and salary risk. The trustees are aware of these risks and use various techniques to control them. The trustees have a number of internal control policies including a risk register, which are in place to manage and monitor the various risks they face. Furthermore, the scheme's investments are designed to hedge against some to these risks.

All of the scheme's assets are held in quoted funds with the exception of the cash balance in the trustees' bank account.

The scheme's investment strategy is to invest broadly 80% in return seeking assets and 20% in matching assets. This strategy reflects the scheme's liability profile and the trustees' attitude to risk.

The trustees' investment strategy includes investing in liability driven investment, the value of which will increase with decreases in interest rates and/or increases in future inflation expectations. The scheme's assets are hedged to around 90% of interest rate and inflation risk as at the year end. The investment strategy is reviewed regularly by the trustees in consultation with the company.

26. Retirement benefit obligations (continued)

The scheme's growth assets are also expected to provide protection from inflation over the long term. Note that the scheme hedges interest rate risk on a gilts basis, whereas AA corporate bonds are used to set the IAS19 discount rate and so there is potential for the IAS19 position to diverge from the trustees' strategic target should yields on gilts and corporate bonds diverge.

The scheme does not directly hold any financial derivatives but invests in funds which hold the derivatives required to hedge the scheme's interest rate, inflation and currency risks. The main risks associated with financial derivatives include: losses may exceed the initial margin, counterparty risk, and liquidity risk. These risks are managed by the monitoring of investment managers to ensure they have reasonable levels of market exposure relative to initial margin and positions are fully collateralised on a regular basis.

The scheme is subject to regular actuarial valuations, which must be carried out at least every three years. These actuarial valuations are carried out in accordance with the requirements of the Pensions Act 2004 and so include margins for prudence. This contrasts with these accounting disclosures, which are determined using best estimate assumptions.

An actuarial valuation was carried out as at 31 August 2022. The results of that valuation have been projected forward to 30 June 2024 by a qualified independent actuary. The figures in the following disclosure were measured using the Projected Unit Method.

On 26 October 2018, the High Court reached a judgement in relation to Lloyds Banking Group's defined benefit pension schemes which concluded that schemes should equalise pension benefits for men and women as regards guaranteed minimum pension benefits. The impact of this judgement on the scheme has been estimated and included in the pension liability.

At 30 June 2024 the scheme was in surplus as measured under the principles of IAS19. Under the accounting standard an entity is allowed to recognise a pension scheme surplus on its balance sheet to the extent that it is able to realise an economic benefit from that surplus.

The directors have reviewed the rules of the scheme and have concluded that the company can gain full economic benefit from the scheme on the basis that the rules provide it access to any surplus after the last member has no further benefits in the scheme (referred to in the standard as gradual settlement). Furthermore, the rules are such that the trustees are not able to take any actions that would reduce the accounting surplus, such as benefit augmentations or triggering a scheme wind-up, without the company's action or consent.

	2024	2023
Principal actuarial assumptions at the balance sheet date		
Discount rate at end of year	5.30%	5.50%
Future salary increases	2.60%	2.65%
Future pension increases	3.10%	3.10%
Rate of inflation – RPI	3.25%	3.25%
– CPI	2.60%	2.65%
Future expected lifetime of current pensioner at age 65:		
Male born in 1959	20.6 years	21.0 years
Female born in 1959	23.1 years	23.4 years
Future expected lifetime of future pensioner at age 65:		
Male born in 1979	21.9 years	22.4 years
Female born in 1979	24.5 years	24.9 years

The sensitivities of the principal assumptions used to measure the scheme liabilities are as follows:

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Decrease by 0.1%	Increase by £0.6m
Rate of inflation	Increase by 0.1%	Increase by £0.4m
Expected lifetime	Increase by 1 year	Increase by £2.2m

The sensitivities may not be representative of the actual change in the present value of the scheme obligations, as it is unlikely that the change in assumptions would occur in isolation of each other, as the assumptions may be linked.

Notes to the Consolidated Financial Statements
continued

26. Retirement benefit obligations (continued)

Amounts recognised in the balance sheet	2024 £'000	2023 £'000
Present value of funded obligations	(57,358)	(57,609)
Fair value of scheme assets	57,372	56,149
Net asset/(liability) before deferred taxation	14	(1,460)
Related deferred tax (liability)/asset	(4)	365
Net asset/(liability) after deferred taxation	10	(1,095)

Amounts recognised in the income statement	2024 £'000	2023 £'000
Current service cost	–	(178)
Net interest (cost)/income	(59)	281
	(59)	103

	2024 £'000	2023 £'000
Amounts recognised in other comprehensive income		
Return on assets excluding amount included in net interest cost	643	(14,236)
(Loss)/gain arising from changes in financial assumptions	(1,166)	5,207
Gain/(loss) arising from changes in demographic assumptions	1,068	(230)
Experience gain/(loss)	207	(390)
	752	(9,649)
Deferred tax	(188)	2,412
Remeasurement of the net defined benefit asset/(liability)	564	(7,237)

The actual return on the scheme assets in the year was a £3,664,000 gain (2023: £11,498,000 loss).

	2024 £'000	2023 £'000
Changes in the present value of the scheme assets		
Opening fair value of scheme assets	56,149	69,236
Interest income	3,021	2,738
Return on assets excluding interest income	643	(14,236)
Employer contributions	781	1,942
Employee contributions	–	88
Benefits paid	(3,222)	(3,619)
Closing fair value of scheme assets	57,372	56,149

	2024 £'000	2023 £'000
Changes in the present value of the scheme obligations		
Opening defined benefit obligations	(57,609)	(63,092)
Service cost	–	(178)
Interest cost	(3,080)	(2,457)
Employee contributions	–	(88)
(Loss)/gain arising from changes in financial assumptions	(1,166)	5,207
Gain/(loss) arising from changes in demographic assumptions	1,068	(230)
Experience gain/(loss)	207	(390)
Benefits paid	3,222	3,619
Closing defined benefit obligations	(57,358)	(57,609)

26. Retirement benefit obligations (continued)

	2024 £'000	2023 £'000
Changes in the net defined benefit asset/((liability)		
Opening net defined benefit (liability)/asset	(1,460)	6,144
Service cost	–	(178)
Net interest (cost)/income	(59)	281
Return on assets excluding interest income	643	(14,236)
(Loss)/gain arising from changes in financial assumptions	(1,166)	5,207
Gain/(loss) arising from changes in demographic assumptions	1,068	(230)
Experience gain/(loss)	207	(390)
Employer contributions	781	1,942
Closing net defined benefit asset/(liability)	14	(1,460)

Major categories of scheme assets

	2024 £'000	2023 £'000
Diversified growth fund	41,035	42,244
Liability driven assets	15,909	13,485
Cash	428	420
Total market value of assets	57,372	56,149

The scheme has no investments in the company or in property occupied by the company.

Scheme liabilities by category of membership

	2024 £'000	2023 £'000
Active members	12,315	11,700
Deferred pensioners	15,156	14,523
Pensions in payment	29,887	31,386
	57,358	57,609

Average duration of scheme liabilities

	2024 years	2023 years
Active members	15	15
Deferred pensioners	12	12
Pensions in payment	8	9
All scheme liabilities	10	11

Company contributions of £500,000 are expected to be paid into the scheme during the year ended 30 June 2025.

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27. Share capital

Ordinary shares – allotted, issued and fully paid	2024 Number	2023 Number	2024 £'000	2023 £'000
Opening ordinary shares of 5p each	416,754,052	416,744,052	20,838	20,837
Ordinary shares of 5p each issued	32,384	10,000	1	1
Closing ordinary shares of 5p each	416,786,436	416,754,052	20,839	20,838
Ordinary B shares of 1p each	16,042,530	16,042,530	160	160
Total allotted, issued and fully paid			20,999	20,998

The ordinary shares of 5p each were issued during the year for a consideration of £43,000 (2023: £14,000).

The preference shares detailed below are included as financial instruments within creditors. Full details of these are given in note 11 of the financial statements of the company.

	2024 £'000	2023 £'000
Allotted, issued and fully paid		
200,000 5.5% preference shares of £1 each	200	200

Ordinary shares under option

Under the terms of the executive share option scheme approved on 3 December 1998, share options were granted and exercised during the year. The share options outstanding are as follows:

Director	Date of grant	Date exercisable	Date of expiry	Exercise price (pence)	Number 30.06.23	Exercised in the year	Granted (lapsed) in the year	Number 30.06.24
M Halstead	21 Jul 14	21 Jul 17	20 Jul 24	135.145	17,802	(17,802)	–	–
	12 Jun 17	12 Jun 20	11 Jun 27	238.250	100,000	–	–	100,000
	18 Oct 18	18 Oct 21	17 Oct 28	195.415	120,000	–	–	120,000
	10 Aug 22	10 Aug 25	9 Aug 32	206.000	100,000	–	–	100,000
	17 Nov 23	17 Nov 26	16 Nov 33	203.000	–	–	30,000	30,000
	27 Mar 24	27 Mar 27	26 Mar 34	192.750	–	–	30,000	30,000
G R Oliver	21 Jul 14	21 Jul 17	20 Jul 24	135.145	14,582	(14,582)	–	–
	12 Jun 17	12 Jun 20	11 Jun 27	238.250	100,000	–	–	100,000
	18 Oct 18	18 Oct 21	17 Oct 28	195.415	120,000	–	–	120,000
	10 Aug 22	10 Aug 25	9 Aug 32	206.000	100,000	–	–	100,000
	17 Nov 23	17 Nov 26	16 Nov 33	203.000	–	–	30,000	30,000
	27 Mar 24	27 Mar 27	26 Mar 34	192.750	–	–	30,000	30,000
D W Drillingcourt	12 Jun 17	12 Jun 20	11 Jun 27	238.250	80,000	–	–	80,000
	4 Oct 21	4 Oct 24	3 Oct 31	262.665	60,000	–	–	60,000
	10 Aug 22	10 Aug 25	9 Aug 32	206.000	70,000	–	–	70,000
	17 Nov 23	17 Nov 26	16 Nov 33	203.000	–	–	30,000	30,000
	27 Mar 24	27 Mar 27	26 Mar 34	192.750	–	–	30,000	30,000
Total – directors					882,384	(32,384)	180,000	1,030,000
Employees								
	12 Jun 17	12 Jun 20	11 Jun 27	238.250	260,000	–	(80,000)	180,000
	22 Dec 17	22 Dec 20	21 Dec 27	218.040	40,000	–	–	40,000
	18 Oct 18	18 Oct 21	17 Oct 28	195.415	234,950	–	–	234,950
	4 Oct 21	4 Oct 24	3 Oct 31	262.665	550,000	–	(45,000)	505,000
	27 Jun 22	27 Jun 25	26 Jun 31	205.330	20,000	–	–	20,000
	10 Aug 22	10 Aug 25	9 Aug 32	206.000	760,000	–	(45,000)	715,000
	17 Nov 23	17 Nov 26	16 Nov 33	203.000	–	–	475,000	475,000
	27 Mar 24	27 Mar 27	26 Mar 34	192.750	–	–	505,000	505,000
Total – employees					1,864,950	–	810,000	2,674,950
Grand total					2,747,334	(32,384)	990,000	3,704,950

27. Share capital (continued)

The market price of the shares at 30 June 2024 was 182p (2023: 211p). The share price during the year ranged from 180p to 225p.

Directors exercised 32,384 (2023: 10,000) share options during the year. Aggregate gains on exercising the share options by directors in the year amounted to £20,000 (2023: £7,000) of which £11,000 (2023: £nil) related to the highest paid director.

A summary of movements in numbers of share options is as follows:

	Number of options	Weighted average exercise price
At 30 June 2022	1,808,164	231p
Exercised in the year	(10,000)	135p
Lapsed in the year	(80,830)	262p
Granted in the year	1,030,000	206p
At 30 June 2023	2,747,334	222p
Exercised in the year	(32,384)	135p
Lapsed in the year	(170,000)	236p
Granted in the year	1,160,000	198p
At 30 June 2024	3,704,950	215p

At 30 June 2024 there were 974,950 (2023: 1,087,334) share options exercisable at a weighted average exercise price of 217p (2023: 216p).

The weighted average remaining contractual life of share options outstanding at 30 June 2024 was 7.3 years (2023: 7.1 years).

Share based payments

The group's equity settled share based payments comprise the grant of share options to certain employees under the group's executive share option scheme. Details of such options are given above. The group calculated the fair value of the options at the date of grant using the Black Scholes model.

An expense based on the fair value calculated at the date of grant was recognised in the income statement over the vesting period of the options. The share based payment expense for the year ended 30 June 2024 was £39,000 (2023: £26,000).

The inputs into the Black Scholes model for the share options granted in the year were as follows:

Exercise price	192.75p	203.00p
Expected life of option	3.5 years	3.5 years
Expected share price volatility	14.00%	14.00%
Expected dividend yield	5.25%	5.25%
Risk free interest rate	4.00%	4.00%

Notes to the Consolidated Financial Statements
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28. Reserves

The nature and purpose of each reserve within equity is as follows.

Reserve	Description and purpose
Equity share capital	Nominal value of equity share capital issued.
Share premium account	Amount subscribed for equity share capital in excess of nominal value.
Currency translation reserve	Cumulative currency translation gains and losses arising on the retranslation of the net assets of the group's foreign operations.
Hedging reserve	Gains and losses arising on the fair value of financial instruments in an effective designated cash flow hedging relationship.
Retained earnings	All other gains and losses and transactions with owners, such as dividends, not recognised in other reserves.

29. Derivative financial instruments

The group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currency of the entity concerned. The currencies giving rise to this risk are various, but the most significant are the US Dollar and the Euro. Forward exchange contracts are used to manage this exposure to fluctuations in foreign exchange rates. The group buys or sells foreign currency at spot where necessary to address any short-term imbalances.

The group hedges, using forward exchange contracts, transactions denominated in a foreign currency which are not matched against other transactions in the same currency within the group. The forward exchange contracts have maturities of less than one year after the balance sheet date.

The group classifies its forward exchange contracts hedging forecasted transactions as cash flow hedges and states them at fair value. The hedged cash flows are expected to occur within one year after the balance sheet date.

The fair values have been calculated by applying (where relevant), for equivalent maturity profiles, the rate at which forward currency contracts with the same principal amounts could be acquired at the balance sheet date.

Changes in the fair value of forward exchange contracts for which no hedge accounting is applied or where the hedge is considered ineffective are recognised in the income statement.

Other than the use of forward exchange contracts as detailed above, the group does not make use of derivative financial instruments.

30. Financial instruments

For cash and cash equivalents and trade and other payables and receivables the fair value approximates to their book value due to the short maturity profile of these financial instruments. On receivables, allowances are made within the book value for credit risk. The fair value of forward exchange contracts is determined by reference to spot rates adjusted for the forward points to the contract value date.

The book values and fair values of financial instruments are set out below:

	2024 Book value £'000	2024 Fair value £'000	2023 Book value £'000	2023 Fair value £'000
Current:				
Trade and other receivables	41,616	41,616	44,314	44,314
Forward exchange contracts	482	482	773	773
Cash and cash equivalents	74,282	74,282	63,222	63,222
Trade and other payables	(53,075)	(53,075)	(55,764)	(55,764)
Forward exchange contracts	(106)	(106)	(213)	(213)
Lease liabilities	(2,707)	(2,707)	(2,696)	(2,696)
Total	60,492	60,492	49,636	49,636
Non-current:				
Other payables	(410)	(410)	(400)	(400)
Lease liabilities	(3,680)	(3,680)	(4,582)	(4,582)
Preference shares	(200)	(200)	(200)	(200)
Total	(4,290)	(4,290)	(5,182)	(5,182)

The lease liabilities are all payable within five years.

Other than forward exchange contracts which are categorised as derivative instruments, all financial assets are categorised as financial assets measured at amortised cost and all financial liabilities are categorised as financial liabilities measured at amortised cost.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value. IFRS 7 requires that these be grouped into Levels 1 to 3 based on the degree to which the fair value is observable. All items in the table below are categorised as Level 2 which, as defined by IFRS 7, refers to those items whose fair value measurement is derived from inputs other than that are observable for the asset or liability either directly or indirectly.

	2024 £'000	2023 £'000
Forward exchange contracts at fair value through profit and loss account	(16)	2
Forward exchange contracts at fair value through hedging reserve	392	558
	376	560

Sensitivity analysis

The group's principal exposures in relation to market risks are to changes in the euro exchange rate against sterling and to changes in UK interest rates. The group does not fix the interest rate receivable on its sterling balances, and based on balances held at the year end, a 1% increase or decrease in sterling interest rates would lead to an increase or decrease in post-tax earnings of £427,000 (2023: £370,000). The table below details the notional impact of changes in the euro exchange rate against sterling on the group's post-tax profit and equity. The gains and losses arise from the translation of receivables, payables, cash and forward exchange contracts which are denominated in currencies other than each subsidiary's reporting currency.

	2024 Post-tax profits £'000	2024 Equity £'000	2023 Post-tax profits £'000	2023 Equity £'000
Euro 5% stronger against sterling	27	27	16	16
Euro 5% weaker against sterling	(24)	(24)	(15)	(15)

Notes to the Consolidated Financial Statements
continued

31. Group companies

At 30 June 2024, the trading subsidiaries of the group and the proportion of ordinary share capital owned were:

Name of subsidiary	Activity	Country of incorporation	Proportion owned (%)
Polyflor Limited	Flooring manufacturing and distribution	England	100
Riverside Flooring Limited	Flooring manufacturing	England	100
Polyflor Australia Pty Limited	Flooring distribution	Australia	100
Polyflor New Zealand Limited	Flooring distribution	New Zealand	100
Polyflor Canada Inc	Flooring distribution	Canada	100
Polyflor India Pvt Limited	Flooring distribution	India	100
Polyflor (M) SDN BHD	Flooring distribution	Malaysia	100
Objectflor Art und Design Belags GmbH	Flooring distribution	Germany	100
Karndean International GmbH	Flooring distribution	Germany	100
James Halstead France SAS	Flooring distribution	France	100
Polyflor Nordic Sweden AB	Flooring distribution	Sweden	100

A complete list of the group's subsidiaries is provided in note 4 of the financial statements of the company.

32. Exchange rates

The currency exchange rates used to translate the results, assets and liabilities of foreign subsidiaries were:

	2024 Closing	2024 Average	2023 Closing	2023 Average
Euro	1.18	1.16	1.17	1.15
Australian dollar	1.89	1.92	1.91	1.79
New Zealand dollar	2.07	2.08	2.08	1.95
Canadian dollar	1.73	1.71	1.68	1.61
Swedish krona	13.39	13.39	13.73	12.70
Indian rupee	105.41	104.63	104.30	98.17
Malaysian ringgit	5.96	5.91	5.93	5.40

33. Related parties

Transactions between the company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. The group's contributions to the defined benefit pension scheme are disclosed in note 26.

Details of other related party transactions for the group are shown in the directors' report, board report on remuneration and in the notes to the financial statements. The key management personnel are the directors.

Polyflor Limited, a subsidiary of the company, leases cars from a company of which Mr Russell Whiting is a director. The lease payments during the year were £213,000 (2023 £265,000) and the outstanding lease commitments at 30 June 2024 were £78,000 (2023: £126,000).

Company Balance Sheet
as at 30 June 2024

	Note	2024 £'000	2023 £'000
Fixed assets			
Tangible fixed assets	3	3,892	4,077
Investments	4	40,982	40,982
		44,874	45,059
Current assets			
Debtors due within one year	5	45,509	53,244
Debtors due after one year	5	–	132
Retirement benefit obligations	10	14	–
Total debtors		45,523	53,376
Derivative financial instruments	7	482	773
Cash at bank and in hand		61,342	51,389
Total current assets		107,347	105,538
Creditors due within one year	8	(10,389)	(9,639)
Derivative financial instruments	7	(106)	(213)
Net current assets		96,852	95,686
Total assets less current liabilities		141,726	140,745
Creditors due after more than one year	9	(200)	(200)
Provision for liabilities	6	(238)	–
Retirement benefit obligations	10	–	(1,460)
Net assets		141,288	139,085
Capital and reserves			
Equity share capital		20,839	20,838
Equity share capital (B shares)		160	160
Called up share capital	11	20,999	20,998
Share premium account		55	13
Hedging reserve		392	558
Profit and loss account		119,842	117,516
Total shareholders' funds		141,288	139,085

The company has taken advantage of the provisions of Section 408 of the Companies Act 2006 and has elected not to present its own profit and loss account. The profit after taxation for the financial year dealt with in the financial statements of the company was £36,106,000 (2023: £36,226,000).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 September 2024.

M Halstead
Director

G R Oliver
Director

James Halstead plc Registration Number 140269

Company Statement of Changes in Equity

for the year ended 30 June 2024

	Share capital £'000	Share premium £'000	Hedging reserve £'000	Profit and loss account £'000	Total shareholders' funds £'000
Balance at 30 June 2022	20,997	–	1,625	120,799	143,421
Profit for the year	–	–	–	36,226	36,226
Remeasurement of the net defined benefit liability	–	–	–	(7,237)	(7,237)
Fair value movements on hedging instruments	–	–	(1,067)	–	(1,067)
Total comprehensive income for the year	–	–	(1,067)	28,989	27,922
Transactions with equity shareholders					
Dividends	–	–	–	(32,298)	(32,298)
Issue of share capital	1	13	–	–	14
Share based payments	–	–	–	26	26
Balance at 30 June 2023	20,998	13	558	117,516	139,085
Profit for the year	–	–	–	36,106	36,106
Remeasurement of the net defined benefit liability	–	–	–	564	564
Fair value movements on hedging instruments	–	–	(166)	–	(166)
Total comprehensive income for the year	–	–	(166)	36,670	36,504
Transactions with equity shareholders					
Dividends	–	–	–	(34,383)	(34,383)
Issue of share capital	1	42	–	–	43
Share based payments	–	–	–	39	39
Balance at 30 June 2024	20,999	55	392	119,842	141,288

Notes to the Company Financial Statements

1. Accounting policies

Basis of preparation

The separate financial statements of the company are presented as required by the Companies Act 2006. The company meets the definition of a qualifying entity under FRS 100 Application of Financial Reporting Requirements issued by the Financial Reporting Council. Accordingly, the financial statements have been prepared in accordance with FRS 101 Reduced Disclosure Framework as issued by the Financial Reporting Council.

The company has used the disclosure exemptions available under FRS 101 in relation to presentation of a cash flow statement, comparative information for certain assets, capital management, transactions with other group companies, compensation of key management personnel and the effects of new but not yet effective UK adopted international accounting standards.

As the consolidated financial statements include the equivalent disclosures, the company has used the disclosure exemptions available under FRS 101 in relation to share based payments, and financial instruments. The disclosures for the defined benefit retirement obligations are included in the consolidated financial statements.

The financial statements are prepared on a going concern basis and in accordance with the historical cost convention, except for certain financial instruments that have been measured at fair value.

The statement on going concern in the consolidated financial statements also justifies the going concern basis used for the company financial statements.

The accounting policies of the company are the same as those set out in the consolidated financial statements. The critical accounting estimates and judgements are income taxes and retirement benefit obligations as set out in the consolidated financial statements.

The following additional accounting policies are specific to the company's financial statements.

Investments

Investments in subsidiaries are stated at cost less provision for impairment in value.

Investment land and buildings

Investment land and buildings are stated at cost less depreciation and any provision for impairment. Depreciation is calculated to write off the buildings on a straight line basis over their estimated economic life of fifty years. No depreciation is charged in respect of land.

Group debtors

Amounts owed by group undertakings are stated after any provision for expected credit loss in line with the three stage model in IFRS 9.

Notes to the Company Financial Statements
continued

2. Staff costs and numbers

	2024 £'000	2023 £'000
Staff costs comprised:		
Wages and salaries	3,570	3,433
Social security costs	466	458
Pension costs	188	94
Share based payments expense	39	26
	4,263	4,011

The average monthly number of employees during the year was 21 (2023: 23).

3. Tangible fixed assets

	Investment land and buildings £'000	Freehold land and buildings £'000	Plant and equipment £'000	Total £'000
Cost				
At 30 June 2023	8,091	1,326	578	9,995
Additions	–	–	33	33
At 30 June 2024	8,091	1,326	611	10,028
Depreciation				
At 30 June 2023	5,114	374	430	5,918
Charge for the year	155	25	38	218
At 30 June 2024	5,269	399	468	6,136
Net book value				
At 30 June 2024	2,822	927	143	3,892
At 30 June 2023	2,977	952	148	4,077

The investment land and buildings relates to a freehold property that is occupied by a subsidiary company. The rental income was £600,000 (2023: £600,000).

4. Investments

	Shares in subsidiary undertakings £'000
Cost	
At 30 June 2023	49,552
At 30 June 2024	49,552
Provision for impairment	
At 30 June 2023	8,570
At 30 June 2024	8,570
Net book value	
At 30 June 2024	40,982
At 30 June 2023	40,982

At 30 June 2024, the company held directly and indirectly 100% of the equity and voting rights of the following undertakings:

Subsidiary	Activity	Country of incorporation	Proportion owned (%)
Owned by the company			
Polyflor Limited	Flooring manufacturing and distribution	England	100
Riverside Flooring Limited	Flooring manufacturing	England	100
Titan Leisure Group Limited	Dormant company	England	100
Halstead Flooring International Limited	Dormant company	England	100
Expona Limited	Dormant company	England	100
JHL Limited	Dormant company	England	100
Halstead Floorings Limited	Dormant company	Ireland	100
Halstead Flooring Concepts Pty Limited	Holding company	Australia	100
Polyflor Canada Inc	Flooring distribution	Canada	100
Polyflor India Pvt Limited	Flooring distribution	India	100
Polyflor (M) SDN BHD	Flooring distribution	Malaysia	100
Polyflor North Asia Limited	Dormant company	Hong Kong	100
Objectflor Art und Design Belags GmbH	Flooring distribution	Germany	100
James Halstead France SAS	Flooring distribution	France	100
Polyflor Nordic Sweden AB	Flooring distribution	Sweden	100
Owned by subsidiaries			
Polyflor Australia Pty Limited	Flooring distribution	Australia	100
Colonia Flooring Pty Limited	Dormant company	Australia	100
Polyflor New Zealand Limited	Flooring distribution	New Zealand	100
Karndean International GmbH	Flooring distribution	Germany	100

Notes to the Company Financial Statements
continued

4. Investments continued

Subsidiary	Registered office
Polyflor Limited Riverside Flooring Limited Titan Leisure Group Limited Halstead Flooring International Limited Expona Limited JHL Limited	Beechfield Hollinhurst Road Radcliffe Manchester M26 1JN England
Halstead Floorings Limited	24/26 City Quay Dublin 2 D02NY19 Ireland
Halstead Flooring Concepts Pty Limited Polyflor Australia Pty Limited Colonia Flooring Pty Limited	101 Prosperity Way Dandenong VIC 3175 Australia
Polyflor Canada Inc	3209 Orlando Drive Mississauga Ontario L4V IC5 Canada
Polyflor India Pty Limited	B-408 Knox Plaza Mindspace, Malad West Mumbai 400 064 India
Polyflor (M) SDN BHD	802, 8th Floor, Block C Kelana Square 17 Jalan 557/26 Petaling Jaya Salangor 47301 Malaysia
Polyflor North Asia Limited	Units 1607-8 16th floor Citicorp Centre 18 Whitfield Road Causeway Bay Hong Kong
Objectflor Art und Design Belags GmbH Karndean International GmbH	Wankelstrasse 50 D 50996 Koln Germany
James Halstead France SAS	Parc Saint Christophe 10 Avenue de l'Enterprise 95861 Cergy Pontoise France
Polyflor Nordic Sweden AB	Box 102 51 434 23 Kungsbacka Besoksadress Energigatan 9 Sweden
Polyflor New Zealand Limited	2 Narek Place Manukau City Auckland 2104 New Zealand

5. Debtors

	2024 £'000	2023 £'000
Amounts owed by group undertakings	44,547	53,081
Corporation tax	655	–
Other debtors	78	72
Prepayments	229	91
Debtors due within one year	45,509	53,244
Deferred tax assets (note 6)	–	132
Debtors due after one year	–	132

6. Deferred tax assets/(liabilities)

	Retirement benefit obligations £'000	Accelerated tax depreciation £'000	Total £'000
At 30 June 2023	365	(233)	132
Charged to income statement	(181)	(1)	(182)
Charged to other comprehensive income	(188)	–	(188)
At 30 June 2024	(4)	(234)	(238)

7. Derivative financial instruments

Derivative financial instruments are forward foreign exchange contracts recognised in the balance sheet at fair value.

8. Creditors due within one year

	2024 £'000	2023 £'000
Trade creditors	216	136
Amounts due to group undertakings	6,631	6,631
Other taxation and social security	130	125
Other creditors	768	414
Accruals	2,644	2,333
	10,389	9,639

Notes to the Company Financial Statements
continued

9. Creditors due after more than one year

	2024 £'000	2023 £'000
Preference shares (note 11)	200	200

10. Retirement benefit obligations

	2024 £'000	2023 £'000
Present value of funded obligations	(57,358)	(57,609)
Fair value of scheme assets	57,372	56,149
Net asset/(liability)	14	(1,460)

The company sponsors the Halstead Group Pension Scheme. Disclosure information is provided in note 26 to the consolidated financial statements.

11. Share capital

Ordinary shares – allotted, issued and fully paid	2024 Number	2023 Number	2024 £'000	2023 £'000
Opening ordinary shares of 5p each	416,754,052	416,744,052	20,838	20,837
Ordinary shares of 5p each issued	32,384	10,000	1	1
Closing ordinary shares of 5p each	416,786,436	416,754,052	20,839	20,838
Ordinary B shares of 1p each	16,042,530	16,042,530	160	160
Total allotted, issued and fully paid			20,999	20,998

The ordinary shares of 5p each were issued during the year for a consideration of £43,000 (2023: £14,000).

Shareholders approved a proposal for the return of capital ("return of capital") at an extraordinary general meeting on 6 December 2004. This resulted in the creation of the 1 pence B ordinary shares ("B shares"), which were issued on 14 January 2005. Following the issue of the B shares, holders received a single dividend of 60 pence per B share. The B shares are not listed, have extremely limited rights and are of negligible value.

The preference shares detailed below are included as financial instruments within creditors.

	2024 £'000	2023 £'000
Allotted, issued and fully paid		
200,000 5.5% preference shares of £1 each	200	200

11. Share capital (continued)

The 5.5% cumulative preference shares of £1 shall confer on the holders thereof the right to receive in priority to all other shares in the capital of the company out of the profits of the company which it shall be determined to distribute, a fixed cumulative preferential dividend at the rate of 5.5% per annum on the capital for the time being paid up thereon and the right in the event of a winding up, in priority to all other shares in the capital of the company, to repayment of the capital paid up thereon together with a premium of 5p per share and a sum equivalent to any arrears and accruals of the said fixed cumulative preferential dividend thereon (whether earned or declared or not) calculated up to the date of such repayment of capital but shall not confer any further right to participate in profits or assets of James Halstead plc.

The company shall not be at liberty to create or issue any further shares ranking in priority to or *pari passu* with the preference shares without the consent in writing of the holders of three-fourths of the issued preference shares or the sanction of an extraordinary resolution of the holders of such preference shares passed at a separate general meeting of such holders. The preference shares shall not confer upon the holders thereof the right to attend or vote at any general meeting of the company or to receive notice thereof, unless either:

(i) At the date of the notice convening the meeting the fixed cumulative preferential dividend on the preference shares is six months in arrears and then so long only as such dividend shall remain unpaid, and so that for this purpose the dividend on the preference shares shall be deemed to accrue due and be payable by equal half-yearly instalments on 30 June and 31 December in every year, or

(ii) The business of the meeting includes the consideration of a resolution for reducing the capital or winding up the company or for the sale of its undertaking or of any resolution directly abrogating or varying any of the special rights or privileges attached to the preference shares.

The preference shares shall nevertheless entitle the holders thereof to receive notice of every general meeting. At a general meeting at which the holders of preference shares are entitled to attend and vote, the preference shares shall entitle a holder thereof, or his proxy, to vote only for every preference share held by him.

12. Related party transactions

The company has taken advantage of the exemption granted by FRS 101 not to disclose transactions and balances with other group companies.

Ten Year Summary (Unaudited)

	2015 £'000	2016 £'000	2017 £'000	2018 £'000	2019 £'000	2020 £'000	2021 £'000	2022 £'000	2023 £'000	2024 £'000
Revenue	227,261	226,141	240,784	249,510	253,038	238,630	266,362	291,860	303,562	274,881
Profit before income tax	44,184	45,499	46,616	46,702	48,276	43,857	51,268	52,063	52,099	56,244
Income tax	(10,250)	(10,243)	(10,106)	(9,994)	(10,484)	(9,502)	(11,407)	(11,735)	(9,695)	(14,704)
Profit after income tax	33,934	35,256	36,510	36,708	37,792	34,355	39,861	40,328	42,404	41,520

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Basic earnings per 5p share	8.2p	8.5p	8.8p	8.8p	9.1p	8.3p	9.6p	9.7p	10.2p	10.0p
Dividends per 5p share	5.5p	6.0p	6.5p	6.8p	7.0p	7.1p	7.6p	7.8p	8.0p	8.5p

Figures for the previous years have been restated to take account of the one-for-one bonus share issue in the year ended 30 June 2022.

Special dividends are not included.

Shareholder Information

Financial calendar

Annual general meeting	6 December 2024

Announcement of results

For the half year	March
For the full year	September

Dividend payments

Ordinary shares – interim	June
– final	December
Preference shares	June and December

Share dealing information

The ordinary shares of the company are traded on the Alternative Investment Market of the London Stock Exchange.

Information concerning the day-to-day movement of the share price can be found on the London Stock Exchange website.

Shareholder analysis

as at 16 September 2024

	Number of holders	Number of shares	%
By size of holding			
1-20,000	1,296	7,806,094	1.9
20,001-100,000	371	16,601,576	4.0
100,001-200,000	63	8,648,956	2.1
200,001-1,000,000	76	33,947,208	8.1
1,000,001 and over	57	349,782,602	83.9
	1,863	416,786,436	100.0

	Number of holders	Number of shares	%
By category			
Private individuals	1,560	198,204,744	47.5
Banks and nominee companies	264	217,549,845	52.2
Other limited companies/corporate bodies	27	719,472	0.2
Miscellaneous bodies/pension funds	9	214,359	0.1
Investment trusts and funds	3	98,016	0.0
	1,863	416,786,436	100.0

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the ONE HUNDREDTH and NINTH ANNUAL GENERAL MEETING of the company will be held at Platinum Suite, Toughsheet Community Stadium, Burnden Way, Bolton, BL6 6JW, on 6 December 2024 at 12pm.

Ordinary business

1 To receive and adopt the report of the directors and the statement of accounts for the year ended 30 June 2024 together with the report of the auditors.

2 To declare a final dividend on the ordinary shares in the capital of the company for the year ended 30 June 2024.

3 To re-elect Mr M Halstead who is retiring by rotation under the articles of association as a director.

4 To re-elect Mr D W Drillingcourt, who, having been appointed by the board on 8 January 2024, is retiring under the articles of association as a director.

5 To re-elect Mrs D A Harrison, who, having been appointed by the board on 8 January 2024, is retiring under the articles of association as a director.

6 To re-appoint BDO LLP as auditors of the company and authorise the directors to fix their remuneration for the ensuing year.

Special business

To consider and, if thought fit, pass the following resolutions of which resolutions 7, 8 and 11 shall be proposed as ordinary resolutions and resolutions 9 and 10 will be proposed as special resolutions:

7 That, subject to the passing of the ordinary and special resolutions numbered 9 and 10 below, the directors be and they are hereby authorised, pursuant to article 35.14 of the company's articles of association:

(i) to exercise the power contained in article 35.14 so that, to the extent determined by the directors, the holders of ordinary shares be permitted to elect to receive new ordinary shares of 5.0p each in the capital of the company, credited as fully paid, instead of all or part of any interim or final dividends which shall be declared before the conclusion of the next annual general meeting of the company after the passing of this resolution; and

(ii) to capitalise the appropriate amount of new ordinary shares falling to be allotted pursuant to any elections made as aforesaid out of profits, or sums standing to the credit of any share premium account or capital reserves of the company, to apply such sums in paying up such new ordinary shares and to allot such new ordinary shares to the members of the company making such elections in accordance with their respective entitlements.

8 That in substitution for all existing and unexercised authorities and powers, the directors of the company be and they are hereby generally and unconditionally authorised for the purpose of section 551 Companies Act 2006 (the "Act") to exercise all or any of the powers of the company to allot shares of the company or to grant rights to subscribe for, or to convert any security into, shares of the company (such shares and rights being together referred to as "Relevant Securities") up to an aggregate nominal value of £6,946,440 to such persons at such times and generally on such terms and conditions as the directors may determine (subject always to the articles of association of the company) PROVIDED THAT this authority shall, unless previously renewed, varied or revoked by the company in general meeting, expire at the conclusion of the next annual general meeting or on the date which is six months after the next accounting reference date of the company (if earlier) save that the directors of the company may, before the expiry of such period, make an offer or agreement which would or might require relevant securities or equity securities (as the case may be) to be allotted after the expiry of such period and the directors of the company may allot relevant securities or equity securities (as the case may be) in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

9 That subject to the passing of the ordinary resolution numbered 8 above the directors be and they are hereby empowered pursuant to Section 570 of the Companies Act 2006 to allot equity securities (within the meaning of Section 560 subsection (1) of the said Act) for cash pursuant to the authority conferred by resolution numbered 6 above as if Section 561 of the said Act did not apply to any such allotment provided that this power shall be limited to:

(i) the allotment of equity securities in connection with an offer of such securities by way of rights to holders of ordinary shares in proportion (as nearly as may be practical) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and

(ii) the allotment (otherwise than pursuant to sub-paragraph (i) above) of equity securities up to an aggregate nominal amount of 5% of the ordinary share capital of the company in issue at the date of the passing of this resolution

and shall expire at the conclusion of the next annual general meeting or on the date which is six months after the next accounting reference date of the company (if earlier) save that the company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

10 That the company is hereby generally and unconditionally authorised for the purposes of section 693 and 701 of the Companies Act 2006 to make one or more market purchases (within the meaning of section 693(4) of the said Act) of fully paid ordinary shares of 5 pence each in the capital of the company ("ordinary shares") provided that:

(i) the maximum aggregate number of ordinary shares hereby authorised to be purchased is 10% of the ordinary shares in issue at the date of passing of this resolution;

(ii) the maximum price (exclusive of any expenses) which may be paid for an ordinary share shall not be more than 5% above the average of the middle market quotations for an ordinary share as derived from the Daily Official List of The London Stock Exchange plc for the five business days immediately preceding the day on which the ordinary share is purchased;

(iii) the minimum price which may be paid for each ordinary share is 5 pence (exclusive of any expenses);

(iv) unless previously revoked or varied, the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the company or twelve months from the date, if earlier, of passing this resolution;

(v) the company may make a contract or contracts to purchase its ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and the company may make a purchase of its ordinary shares in pursuance of such contract as if the authority hereby conferred had not expired; and

(vi) the directors may elect to hold shares purchased under this authority in the form of treasury shares (subject to a maximum of 10% of the issued ordinary share capital of the company at any one time).

11 That the rules of the James Halstead plc Long-term Incentive Plan 2024 (the "LTIP"), be approved and the Directors and Company Secretary be authorised to adopt the LTIP and do all things appropriate to operate the LTIP. A summarised schedule of the principal features can be found on the company's website at www.jameshalstead.plc.uk/investors

By order of the board
D N Fletcher
Secretary

18 October 2024

Beechfield
Hollinhurst Road
Radcliffe
Manchester
M26 1JN

Notice of Annual General Meeting
continued

Notes

1 Preference shareholders are advised that they are not entitled to attend or vote at the annual general meeting.

2 You can vote either:

i. By logging on to www.signalshares.com and following the instructions. If you experience difficulties in logging in or require assistance, please contact Link Group directly on Tel: 0371 664 0300 (Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales).

ii By appointing a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the company. Please consider appointing the Chairman of the AGM as your proxy, with voting instructions, to ensure your vote is counted. You may request a form of proxy directly from the registrars, Link Group using the telephone number above (same call terms and conditions apply). In order for a proxy appointment to be valid a form of proxy must be completed. In each case the form of proxy must be received by Link Group, Central Square, 29 Wellington Street, Leeds, LS1 4DL by 12pm on 4 December 2024.

iii By attending the meeting in person at the address and time set out at the beginning of this notice, bringing either your attendance card or other appropriate form of identification so that you can be identified by the company's registrars. It is recommended that you arrive at least 15 minutes before the time appointed for the meeting to begin. To be entitled to attend and vote at the meeting (and for the purpose of the determination by the company of the votes they may cast), shareholders must be entered in the register of members of the company at close of business on 4 December 2024.

iv. In the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

3 If you return more than one proxy appointment, either by paper or electronic communication, the appointment received last by the Registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged

4 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting (and any adjournment of the Meeting) by using the procedures described in the CREST Manual (available from www.euroclear.com/site/public/EUI). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) by 12pm on 4 December 2024. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

5 CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

6 Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that no more than one corporate representative exercises powers in relation to the same shares.

7 As at 27 September 2024 (being the latest practicable business day prior to the publication of this Notice), the company's ordinary issued share capital consisted of 416,786,436 ordinary shares, carrying one vote each. Therefore, the total voting rights in the company as at 27 September 2024 were 416,786,436.

8 You may not use any electronic address (within the meaning of Section 333(4) of the Companies Act 2006) provided in either this Notice or any related documents (including the form of proxy) to communicate with the company for any purposes other than those expressly stated.

9 A copy of this Notice, and other information required by Section 311A of the Companies Act 2006, can be found on the company's website at www.jameshalstead.com.

10 The documents listed below will be available for inspection at an agreed time at the registered office of the company during the usual business hours on any weekday except bank holidays. Please e-mail secretary@jameshalstead.plc.uk (Label your e-mail "AGM documents") to book an appointment to view the following documents:

i. The register of interests of the directors in the share capital of the company: and

ii. Copies of the service contracts of Mr G R Oliver and Mr D W Drillingcourt.

11 The final dividend, if approved, will be paid on 13 December 2024 to shareholders on the register as at 15 November 2024.

Classic Mystique PUR
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