

Registered Number 636445

Wolseley UK Limited
(formerly Wolseley Centers Limited)
Annual report
for the year ended 31 July 2004



Wolseley UK Limited
(formerly Wolseley Centers Limited)

Annual report
for the year ended 31 July 2004

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Wolseley UK Limited (formerly Wolseley Centers Limited)

Directors and advisers

Executive Directors

C A Banks

A Barden

K H D Jones

M J Neville

I Tillotson

D Hufton

G Flanagan (appointed 5 April 2005)

Secretary

M J White (resigned 30 September 2004)

G Middlemiss (appointed 30 September 2004)

Auditors

PricewaterhouseCoopers LLP

Benson House

33 Wellington Street

LEEDS

LS1 4JP

Registered Office

P O Box 21

Boroughbridge Road

Ripon

HG4 1SL

Registered Number

636445

Wolseley UK Limited (formerly Wolseley Centers Limited)

Directors' report for the year ended 31 July 2004

The directors submit their report and the audited accounts of the company for the year ended 31 July 2004.

Principal activities and business review

The activity of the company continues to be that of supplying central heating, plumbing, sanitary equipment, building materials and associated construction related products.

The company also invests in plumbing, heating and sanitary equipment supply businesses in Europe.

On 31 March 2004 the company changed its name from Wolseley Centers Limited to Wolseley UK Limited.

The results for the year are set out in the profit and loss account on page 6.

Dividends and transfers to reserves

An interim dividend of £Nil (2003: £29,922,202) has been proposed. No final dividend is proposed (2003: £Nil).

Payments to creditors

The policy of the company in respect of all suppliers is consistent with the CBI Prompt Payers Code. Information about the Code and copies thereof may be obtained from the CBI, 103 New Oxford Street, London WC1A 1DU.

The number of days creditors outstanding at 31 July 2004 was 68 (2003: 66).

Directors and their interests

The directors of the company during the year ended 31 July 2004 were:

C A Banks

A Barden

K Evans (resigned 1 June 2004)

K H D Jones

D E Moody (resigned 31 July 2004)

M J Neville

P W Sheppard (resigned 13 January 2004)

P G Shewbrook (resigned 1 June 2004)

I Tillotson

D Hufton (appointed 1 September 2003)

G Flanagan (appointed 5 April 2005)

Wolseley UK Limited (formerly Wolseley Centers Limited)

Directors and their interests (continued)

The directors have no interest in the shares of the company. The notifiable interests of the directors at the year end in the ordinary shares of 25p each of Wolseley plc and options in those shares granted pursuant to the terms of the various Wolseley plc share option schemes are shown below:

	Shares	
	Interest at 31 July 2004	Interest at 31 July 2003*
A Barden	3,893	3,893
K H D Jones	11,136	43,600
M J Neville	-	-
I Tillotson	1,743	843
D Hufton	900	1,000

	Executive and SAYE Options			
	31 July 2004	Granted	Exercised	31 July 2003*
A Barden	130,572	60,000	6,400	76,972
K H D Jones	134,989	20,229	461	115,221
M J Neville	37,293	20,000	-	17,293
I Tillotson	53,230	15,497	14,400	52,133
D Hufton	56,230	15,497	17,500	58,233

* or date of appointment if later

Directors and their interests (continued)

C A Banks is a director of Wolseley plc and his interests are disclosed in the accounts of that company.

Options under the Savings Related Share Option Scheme are normally exercisable between 2005 and 2009 at prices between 251.00p and 657.00p per share. Options under the Executive Share Option Schemes are normally exercisable between 1998 and 2013 at prices ranging from 349.75p to 743.00p per share.

The highest middle market price of the ordinary shares of Wolseley plc during the year was 875.00p and the lowest was 649.00p. The year end price was 855.00p.

Wolseley UK Limited (formerly Wolseley Centers Limited)

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 July 2004 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors, having prepared the financial statements, have permitted the auditors to take whatever steps and undertake whatever inspections they consider to be appropriate for the purpose of enabling them to give their audit opinion.

Donations

The Company's charitable donations in 2004 totalled £17,595 (2003: £2,554). The company made no political donations.

Employment policies

It is company policy to give full and fair consideration to applications for employment made by disabled persons, to continue wherever possible the employment of staff who become disabled and to provide equal opportunities for the training and career development of disabled employees.

Considerable importance is placed on the involvement of employees. The management of the company continues to keep them informed on matters affecting them as employees and on the performance of the company. This is done through formal and informal meetings, in-house publications and the company's Intranet site, which provides up to date information on significant developments in the group.

Company employees can participate in the Wolseley plc savings related share option scheme.

Auditors

Under the provisions of the Companies Act 1985 the company has passed an elective resolution to dispense with the obligation to appoint Auditors annually, and as a result PricewaterhouseCoopers LLP will remain in office.

By order of the Board



M J Neville
Director
20 May 2005

Wolseley UK Limited (formerly Wolseley Centers Limited)

Independent auditors' report to the members of Wolseley UK Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior written consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

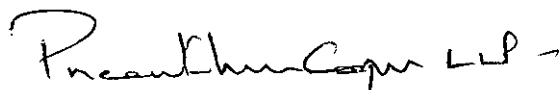
Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 July 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Leeds

20 May 2005

Wolseley UK Limited (formerly Wolseley Centers Limited)

Profit and loss account for the year ended 31 July 2004

	Note	2004 £'000	2003 £'000
Turnover	1	1,981,763	1,800,122
Change in stocks of finished goods and work in progress		25,942	16,604
Raw materials and consumables		(1,447,214)	(1,311,397)
Staff costs	2	(223,603)	(196,354)
Goodwill amortisation	7	(11,947)	(5,018)
Depreciation	8	(32,714)	(29,159)
Other operating charges		(166,732)	(153,773)
Other operating income		12,633	11,550
Operating profit	3	138,128	132,575
Income from shares in group undertakings		34,459	52,516
Profit on ordinary activities before interest		172,587	185,091
Interest receivable	4	5,053	16
Interest payable	4	(17,485)	(12,892)
Profit on ordinary activities before tax		160,155	172,215
Tax on profit on ordinary activities	5	(52,642)	(53,300)
Profit on ordinary activities after tax	16	107,513	118,915
Dividends	6, 16	-	(29,922)
Retained profit transferred to reserves	15	107,513	88,993

There is no material difference between the results as described in the profit and loss account and the results on an unmodified historical cost basis.

The above results relate wholly to continuing activities.

Wolseley UK Limited (formerly Wolseley Centers Limited)

Statement of total recognised gains and losses for the year ended 31 July 2004

	Note	2004 £'000	2003 £'000
Profit for the financial year		107,513	118,915
Currency translation differences	15	(3,064)	7,706
Total gains recognised since last annual report		104,449	126,621

Wolseley UK Limited (formerly Wolseley Centers Limited)

Balance sheet as at 31 July 2004

	Note	2004 £'000	2003 £'000
Fixed assets			
Intangible assets	7	133,275	145,632
Tangible assets	8	171,848	164,111
Investments	9	534,935	220,056
		840,058	529,799
Current assets			
Property awaiting disposal		3,595	3,198
Stocks	10	267,153	245,826
Debtors	11	353,386	551,272
		624,134	800,296
Creditors: amounts falling due within one year	12	(1,177,841)	(997,091)
Net current liabilities		(553,707)	(196,795)
Total assets less current liabilities		286,351	333,004
Creditors: amounts falling due after more than one year	12	-	(155,247)
Provisions for liabilities and charges	13	(11,523)	(7,378)
Net assets		274,828	170,379
Capital and reserves			
Called up equity share capital	14	31	31
Revaluation reserve	15	428	428
Exchange reserve	15	2,194	1,411
Profit and loss account	15	272,175	168,509
Equity shareholders' funds	16	274,828	170,379

The financial statements on pages 6 to 27 were approved by the board of directors on 20 May 2005 and were signed on its behalf by:



M J Neville
Director

Wolseley UK Limited (formerly Wolseley Centers Limited)

Accounting policies

Basis of accounting

The accounts are prepared on the going concern basis, under the historical cost convention, as modified by the inclusion of certain properties at a valuation, and in accordance with the Companies Act 1985 and applicable accounting standards.

Turnover

Turnover is the amount derived from the provision of goods and services falling within the company's ordinary activities, excluding trade discounts and value added tax.

Depreciation

Depreciation is provided on all tangible fixed assets (except freehold land) on a straight-line basis to write off the cost or valuation of those assets over their estimated useful lives. The principal rates of depreciation are as follows:

Freehold buildings	2%
Long leaseholds	2%
Short leaseholds	15%
Leasehold improvements	15%
Plant and machinery	15%
Fixtures and fittings	15%
Computers	20% to 100%
Motor vehicles	25%

Equipment purchased for hire to customers in the business is treated as a fixed asset and depreciated accordingly.

Costs in respect of developing and implementing significant computer systems are capitalised and amortised over their expected useful lives of typically 3 to 5 years. Costs include: computer and network hardware; software licences; consulting costs attributable to the development, design and implementation of the system and internal costs directly attributable to the development, design and implementation of the system. Costs in respect of training and data conversion are expensed as incurred.

The company has adopted the transitional arrangements of FRS 15 and therefore the carrying amount of fixed assets reflects previous revaluations, which have not been restated to depreciated historical cost.

Impairment of fixed assets and goodwill

In accordance with FRS 11 fixed assets and goodwill are subject to review for impairment. Any impairment is recognised in the profit and loss account or revaluation reserves as appropriate in the year in which it occurs.

Properties awaiting disposal

Properties awaiting disposal are transferred to current assets at the lower of book written down value and estimated net realisable value. Depreciation is not applied to property awaiting disposal but the carrying value is reviewed annually and written down through the profit and loss account to current estimated net realisable value if lower.

Wolseley UK Limited (formerly Wolseley Centers Limited)

Accounting policies (continued)

Stocks

Stocks are valued at the lower of cost and net realisable value, due allowance being made for obsolete or slow moving items. Raw materials, bought out components and goods purchased for resale are stated at cost on a first in first out basis.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date, except when forward exchange contracts are in place, when the forward contract rate is used. The trading results of overseas branch operations are translated into sterling using average rates of exchange ruling during the relevant period.

Exchange differences arising between the translation into sterling of the net assets of overseas operations at the rates ruling at the beginning and the end of the year, or the date of investment, are dealt with through reserves, as are the exchange differences on foreign currency borrowings raised to finance overseas assets. All other exchange gains or losses are dealt with through the profit and loss account.

Taxation

Provision is made for deferred tax in so far as a liability or asset arises as a result of transactions that have occurred by the balance sheet date and give rise to an obligation to pay more tax in the future, or a right to pay less tax in the future. An asset has not been recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax assets and liabilities recognised have not been discounted.

Provision is made for UK or foreign taxation arising on the distribution to the UK of retained profits of overseas subsidiary undertakings where dividends have been recognised as receivable.

Leased assets

Costs in respect of operating leases are charged on a straight line basis over the period of the lease.

Pensions

The expected costs of providing retirement pensions under defined benefit plans and other post retirement benefits are charged to the profit and loss account over the periods benefiting from the employees' services in accordance with the recommendations of independent qualified actuaries. Variations from expected costs are normally spread over the average remaining service lives of current employees.

Goodwill

Goodwill arising on acquisitions represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired and is capitalised and amortised over its estimated useful life. Goodwill on acquisitions prior to 1 August 1998 remains written off against the profit and loss reserve. The goodwill on acquisitions to date has been assessed as having a useful economic life of 20 years.

The net assets of businesses acquired are incorporated in the company at their fair value to the company. Fair value adjustments relate principally to adjustments necessary to bring the accounting policies of the acquired businesses into line with those of the company but may also include other adjustments necessary to restate assets and liabilities at their fair values at the date of acquisition.

Dilapidation costs

Provision is made against the estimated costs to be incurred under leasehold property dilapidation claims anticipated in respect of properties within ten years of the end of the lease period.

Wolseley UK Limited (formerly Wolseley Centers Limited)

Accounting policies (continued)

Cash flow statement

Wolseley plc, the ultimate parent company, has included a cash flow statement in its group accounts for the year ended 31 July 2004. Under Financial Reporting Standard 1 no cash flow statement is therefore required in the accounts of this company.

Group accounts

As permitted by Section 228 of the Companies Act 1985 group financial statements have not been prepared because the company itself is a wholly owned subsidiary of Wolseley plc, a company incorporated in England and Wales, and its results are included in the consolidated financial statements of that company.

Wolseley UK Limited (formerly Wolseley Centers Limited)

Notes to the financial statements for the year ended 31 July 2004

1 Turnover

Turnover originates primarily from the UK and relates entirely to principal activities. Turnover and operating profit derived from overseas is not material to the results as a whole.

2 Employees and directors

	2004 £'000	2003 £'000
Staff costs		
Wages and salaries	191,056	171,172
Social security costs	15,611	12,269
Other pension costs	13,274	12,153
Redundancy payments	3,662	760
	223,603	196,354

	2004 Number	2003 Number
Average monthly number of employees:		
Distribution	10,630	9,376
Administration	355	316
	10,985	9,692

	2004 £'000	2003 £'000
Directors' remuneration comprises:		
Emoluments (including pension contributions)	1,406	2,345
Compensation for loss of office	-	198
Total emoluments	1,406	2,543
Emoluments (including pension contributions) of the highest paid director:		
Aggregate emoluments	349	518
Accrued pension at end of year	28	155

Wolseley UK Limited (formerly Wolseley Centers Limited)

2 Employees and directors (continued)

	2004 Number	2003 Number
Number of directors exercising share options	4	6
Number of directors accruing benefits under defined benefit pension scheme	6	8

C A Banks was remunerated by Wolseley plc and his emoluments are disclosed in that company's accounts.

C A Banks had interests in long-term cash incentive plans introduced by Wolseley plc details of which are disclosed in that company's accounts.

Details of share options granted to directors are shown in the directors' report on page 3.

C A Banks is a member of a defined contribution scheme run by the Wolseley plc group as in 2003. All of the other company's directors are members of a defined benefit scheme as referred to in note 19 (2003: All except C A Banks).

3 Operating profit

	2004 £'000	2003 £'000
Operating profit is stated after charging/(crediting):		
Hire of plant and machinery	844	890
Other operating leases	35,929	32,697
Auditors' remuneration		
Audit services	163	196
Taxation and other services	127	226
Rent receivable	(526)	(485)
Profit on sale of fixed assets	(3,004)	(950)

In addition, in 2003 £212,000 of payments made to the auditors for non-audit related services have been capitalised as part of the acquisition of subsidiaries.

Wolseley UK Limited (formerly Wolseley Centers Limited)

4 Interest

Interest receivable

	2004	2003
	£'000	£'000
Interest on cash deposits	3	16
Interest receivable from group undertakings	5,050	-
	5,053	16

Interest payable

	2004	2003
	£'000	£'000
Interest on bank loans and overdrafts	9,769	2,933
Finance lease interest	-	2
Interest payable to group undertakings	7,716	9,957
	17,485	12,892

5 Taxation

The tax charge for the year comprises:

	2004	2003
	£'000	£'000
UK corporation tax		
Current tax on income for the period	41,024	38,703
Overseas tax	10,338	16,805
Total current tax	51,362	55,508
Deferred tax		
Current year	454	859
Prior year movement	826	(3,067)
	52,642	53,300

Wolseley UK Limited (formerly Wolseley Centers Limited)

5 Taxation (continued)

The tax charge for the year is higher than the standard rated corporation tax in the UK. The differences are explained below:

Tax reconciliation	2004	2003
	%	%
Standard UK corporation tax rate	30	30
Non-deductible and non-taxable items	1	3
Deferred tax origination and reversal of timing differences	1	(2)
Effective current tax rate on profit on ordinary activities before tax	32	31

The elements of deferred tax are as follows:	2004	2003
	£'000	£'000

Accelerated capital allowances	(2,005)	(3,401)
Other timing differences	(1,210)	(659)
Deferred tax asset	(3,215)	(4,060)

The movements in the deferred tax balance were as follows:

Asset at beginning of year	(4,060)	(1,941)
Adjustment to opening balance	(435)	-
Amount charged/(credited) to profit and loss account	1,280	(2,208)
Provision transferred on acquisitions	-	89
Asset at end of year	(3,215)	(4,060)

No provision has been made for deferred tax gains recognised on revaluing property to its market value. The total amount unprovided for is £3.7m (2003: £3.8m). At present, it is not envisaged that any tax will become payable in the foreseeable future.

Wolseley UK Limited (formerly Wolseley Centers Limited)

6 Dividends

	2004	2003
	£'000	£'000
Interim dividend £Nil (2003: £958) per ordinary share	-	29,922

7 Intangible fixed assets

	Goodwill
	£'000
Cost	
At 1 August 2003	171,186
Fair value adjustments	(410)
At 31 July 2004	170,776
Aggregate amortisation	
At 1 August 2003	25,554
Charge for the year	11,947
At 31 July 2004	37,501
Net book amount	
At 31 July 2004	133,275
At 31 July 2003	145,632

On acquisitions to date a life of 20 years has been determined to reflect the estimated useful economic life and goodwill is being amortised on a straight line basis over this period.

Wolseley UK Limited (formerly Wolseley Centers Limited)

8 Tangible fixed assets

	Land and buildings £'000	Plant and machinery £'000	Fixtures, fittings, tools and equipment £'000	Vehicles £'000	Total £'000
Cost or valuation					
At 1 August 2003	159,206	59,728	37,136	52,317	308,387
Additions	21,254	5,301	7,798	10,398	44,751
Prior acquisitions adjustments	-	(193)	(46)	(4)	(243)
Disposals	(3,249)	(1,673)	(3,877)	(5,395)	(14,194)
Reclassifications	51	5,197	(5,204)	(44)	-
Exchange differences	-	-	(5)	(2)	(7)
Transfer to property awaiting disposal	(1,157)	-	-	-	(1,157)
At 31 July 2004	176,105	68,360	35,802	57,270	337,537
Balance remaining of:					
Valuation 1974	573				
Cost	175,532				
Total	176,105				
Denreciation					
At 1 August 2003	59,108	34,571	19,534	31,063	144,276
Charge for year	10,619	6,107	5,719	10,269	32,714
Disposals	(1,122)	(1,630)	(3,012)	(5,231)	(10,995)
Reclassifications	23	12	7	(42)	-
Exchange differences	-	-	(9)	(7)	(16)
Transfer to property awaiting disposal	(290)	-	-	-	(290)
At 31 July 2004	68,338	39,060	22,239	36,052	165,689
Net book amount					
At 31 July 2004	107,767	29,300	13,563	21,218	171,848
At 31 July 2003	100,098	25,157	17,602	21,254	164,111

Wolseley UK Limited (formerly Wolseley Centers Limited)

8 Tangible fixed assets (continued)

Cost or valuation of land and buildings comprises:

	2004 £'000	2003 £'000
Freehold	95,041	87,833
Long leasehold	15,840	13,740
Short leasehold	65,224	57,633
	176,105	159,206

Freehold land, which is included above and amounts to £23,133,000 (2003: £24,042,000), is not depreciated. The cost and accumulated depreciation of assets held for hire to customers' amounts to £21,024,000 (2003: £20,415,000) and £8,542,000 (2003: £7,949,000) respectively.

Historical cost

If certain land and buildings had not been revalued, the aggregate amount of land and buildings at 31 July would have been:

	2004 £'000	2003 £'000
Historical cost	175,671	158,772
Accumulated depreciation based on cost	(68,078)	(58,911)
Net book amount	107,593	99,861

Future capital expenditure authorised by the directors

	2004 £'000	2003 £'000
Contracted but not provided in the accounts	18,886	17,689

Wolseley UK Limited (formerly Wolseley Centers Limited)

9 Investments

Interest in group undertakings

	£'000
At 1 August 2003	220,056
Exchange loss on translation	(6,041)
At 1 August 2003	214,015
Additions:	
Bathstore.com Limited	8,588
Lygon Holdings Limited	1,801
B Participations SAS	310,531
At 31 July 2004	534,935

In the opinion of the directors the value of investments in subsidiary undertakings is not less than the aggregate amount at which they are stated in the accounts.

Principal subsidiary undertakings	Country of incorporation or registration	Proportion held	Activity
B Participations SAS	France	100%	Investment holding company
Cofiger SAS	France	100%	Investment holding company
Brossette BTI SA	France	100%	Plumbing and heating company
Pinault Bois et Matériaux SA	France	100%	Building materials company
Electro-Oil International A/S	Denmark	100%	Plumbing and heating company
Pat Murphy Industrial (Sales & Services) Limited	Southern Ireland	100%	Plumbing and heating company
Bathstore.com Limited	England	100%	Bathroom retailer

Wolseley UK Limited (formerly Wolseley Centers Limited)

10 Stocks

	2004	2003
	£'000	£'000
Goods purchased for resale	267,153	245,826

In the opinion of the directors there is no material difference between the value of stocks as disclosed in the balance sheet and their replacement cost at the balance sheet date.

11 Debtors

	2004	2003
	£'000	£'000
Amounts falling within one year		
Trade debtors	331,905	315,140
Amounts owed by parent and other group undertakings	1,970	220,334
Other debtors	1,569	2,047
Prepayments and accrued income	14,727	9,691
Amounts falling due after more than one year		
Deferred tax asset (note 5)	3,215	4,060
	353,386	551,272

12 Creditors

	2004	2003
	£'000	£'000
Amounts falling due within one year		
Bank overdraft	152,079	89,619
Unsecured term loan	145,272	-
Loan from parent undertaking	269,224	332,558
Trade creditors	267,868	284,266
Amounts owed to group undertakings	222,281	219,355
Corporation tax	68,261	25,212
Other taxation and social security	12,772	12,214
Other creditors	8,395	703
Accruals and deferred income	31,689	33,164
	1,177,841	997,091

Wolseley UK Limited (formerly Wolseley Centers Limited)

12 Creditors (continued)

Of the loan from parent undertaking, which is unsecured and repayable on demand, £264,329,000 (2003: £264,329,000) is interest free with the remainder attracting interest at a rate based on LIBOR + 0.5%.

Amounts falling due after more than one year

	2004	2003
	£'000	£'000
Unsecured term loan	-	155,247

The maturity of the term loan can be analysed as follows:

	2004	2003
	£'000	£'000
Due between one and two years	-	155,247

13 Provisions for liabilities and charges

	1 August 2003	Created	Utilised	Released	31 July 2004
	£'000	£'000	£'000	£'000	£'000
Property dilapidations	7,378	-	(263)	-	7,115
Restructuring	-	4,408	-	-	4,408
	7,378	4,408	(263)	-	11,523

Provision is made against the estimated costs to be incurred under leasehold property dilapidation claims anticipated in respect of properties within ten years of the lease period.

Provision has been made for redundancy costs associated with the rationalisation of Wolseley UK's head offices. These costs are expected to be incurred over the next 12 to 18 months.

Wolseley UK Limited (formerly Wolseley Centers Limited)

14 Share capital

	2004 £'000	2003 £'000
Authorised		
42,000 (2003: 42,000) ordinary shares of £1 each	42	42
170,000,000 (2003: 170,000,000) preference shares of £1 each	170,000	170,000
Total authorised	170,042	170,042
Allotted, issued and fully paid		
31,250 (2003: 31,250) ordinary shares of £1 each	31	31
Nil (2003: nil) preference shares of £1 each	-	-
Total allotted, issued and fully paid	31	31

15 Reserves

	Revaluation reserve £'000	Exchange reserve £'000	Profit and loss £'000
Balance at 31 July 2003	428	1,411	168,509
Retained profit for the year	-	-	107,513
Transfer of crystallised loss to profit and loss		3,847	(3,847)
Exchange loss for the year	-	(3,064)	-
Balance at 31 July 2004	428	2,194	272,175

£31,341,000 (2003: £31,341,000) of cumulative goodwill has been eliminated against reserves.

16 Reconciliation of movements in equity shareholders' funds

	2004 £'000	2003 £'000
Opening equity shareholders' funds	170,379	73,680
Profit on ordinary activities after tax	107,513	118,915
Dividends (note 6)	-	(29,922)
Exchange loss	(3,064)	7,706
Closing equity shareholders' funds	274,828	170,379

Wolseley UK Limited (formerly Wolseley Centers Limited)

17 Contingent liabilities

The company, together with certain other group companies, has given the bank authority to transfer at any time any sum outstanding to the credit of the company against or towards satisfaction of the liability to the bank of these other group companies.

18 Obligations under leases

The company has entered into operating leases for which the annual commitments are as follows:

	Land and buildings	
	2004	2003
	£'000	£'000
Expiring:		
Within one year	1,238	1,373
Between one and five years	7,067	5,721
After five years	22,215	20,677
	30,520	27,771
	Other operating leases	
	2004	2003
	£'000	£'000
Expiring:		
Within one year	1,337	2,196
Between one and five years	2,978	4,068
	4,315	6,264

Wolseley UK Limited (formerly Wolseley Centers Limited)

19 Pension costs

The company participates in the Wolseley Group Retirement Benefits Plan, a defined benefit pension arrangement that provides benefits to employees within the Group. The assets of the scheme are held separately from the Group's assets. Details of the most recent actuarial valuation are disclosed in the Wolseley plc financial statements.

The total pension cost for the company was £13,274,000 (2003: £12,153,000).

FRS 17 disclosures

The company has adopted the transitional arrangements of FRS 17 and therefore the impact of fully adopting FRS 17 is shown as disclosure only.

The valuation used for FRS 17 disclosures with respect to the Wolseley Plc Group Retirement Benefits Plan - UK Scheme - has been based on the most recent actuarial valuation at 1 May 2001 and updated by the scheme actuary to take account of the requirements of FRS 17 in order to assess the liabilities of the scheme at 31 July 2004. Scheme assets are stated at their market value at 31 July 2004. Wolseley UK Limited paid 98.2% (2003: 98.8%) of the contributions to the Wolseley Group Retirement Benefits Plan. The total figures for the Plan have been shown below.

The financial assumptions used to calculate scheme liabilities under FRS 17 are:

	2004	2003	2002
Valuation method	Projected Unit	Projected Unit	Projected Unit
Discount rate	5.70%	5.50%	6.00%
Inflation rate	2.99%	2.64%	2.45%
Increase to deferred benefits during deferment	3.00%	2.65%	2.50%
Increases to pensions in payment	3.00%	2.65%	2.50%
Salary increases	5.00%	4.65%	4.50%

Wolseley UK Limited (formerly Wolseley Centers Limited)

19 Pension costs (continued)

The assets in the scheme and the expected rates of return were:

	Long-term rate of return expected at 31 July 2004	Value at 31 July 2004 £'000	Long-term rate of return expected at 31 July 2003	Value at 31 July 2003 £'000	Long-term rate of return expected at 31 July 2002	Value at 31 July 2002 £'000
Equities	7.00%	162,700	6.75%	144,600	7.00%	130,100
Bonds	4.75%	42,000	4.50%	34,800	5.00%	39,800
Overseas	7.00%	116,400	6.75%	106,600	6.90%	92,600
Other	5.70%	5,200	5.30%	4,000	5.00%	6,100
Total market value of assets	6.69%	326,300	6.46%	290,000	6.62%	268,600
Present value of scheme liabilities		(456,500)		(432,400)		(354,700)
Deficit in the scheme		(130,200)		(142,400)		(86,100)
Related deferred tax asset		39,100		42,700		25,800
Net pension liability		(91,100)		(99,700)		(60,300)

Analysis of amount charged to operating profit

	2004 £'000	2003 £'000
Current service cost	15,300	11,100

Analysis of amount charged to other finance income/(expense)

	2004 £'000	2003 £'000
Interest on pension liabilities	(24,000)	(21,600)
Expected return on scheme assets	19,000	18,000
	(5,000)	(3,600)

Wolseley UK Limited (formerly Wolseley Centers Limited)

19 Pension costs (continued)

Movement in scheme deficit during year

	2004 £'000	2003 £'000
Deficit at 1 August	(142,400)	(86,100)
Current service cost	(15,300)	(11,100)
Contributions	13,400	11,800
Other finance expenses	(5,000)	(3,600)
Actuarial gain/(loss)	19,100	(53,400)
Deficit at 31 July	(130,200)	(142,400)

History of experience gains and losses

	2004	2003	2002
Difference between the expected and actual return on scheme assets:			
Amount: £'000	10,800	(1,900)	(84,500)
Percentage of scheme assets %	3.3	0.7	31.4
Experience gains and losses on scheme liabilities:			
Amount: £'000	3,200	-	(900)
Percentage of the present value of scheme liabilities %	0.7	-	0.3
Effect of changes in assumptions underlying the present value of scheme liabilities			
Amount: £'000	5,100	(51,500)	12,000
Percentage of the present value of scheme liabilities %	1.1	11.9	3.4
Total amount recognised in the statement of total recognised gains and losses:			
Amount: £'000	19,100	(53,400)	(73,400)
Percentage of the present value of scheme liabilities %	4.2	12.3	20.7

Wolseley UK Limited (formerly Wolseley Centers Limited)

19 Pension costs (continued)

Had Wolseley UK Limited adopted FRS 17 fully, the impact on the company's net assets and reserves would have been as follows:

Net Assets	2004 £'000	2003 £'000
Net assets	274,828	170,379
FRS 17 pension liability (net of deferred tax)	(89,460)	(98,500)
Net assets including pension liability	185,368	71,879
Reserves		
	2004 £'000	2003 £'000
Profit and loss reserve	272,175	168,509
FRS 17 pension liability (net of deferred tax)	(89,460)	(98,500)
Profit and loss reserve	182,715	70,009

The pension liability included in the disclosures above has been restricted to 98.2% (2003: 98.8%) of the Wolseley Plc Group Retirements Benefits Plan scheme liabilities, based upon the company's share of the contributions to that scheme.

20 Related party transactions

The company has taken advantage of the exemption under paragraph 3 of Financial Reporting Standard No.8 from disclosure of transactions with group undertakings.

21 Parent company

The company's ultimate holding company and controlling party and the smallest and largest group to consolidate these accounts is Wolseley plc, a company registered in England and Wales which prepares group accounts. Copies of the group accounts may be obtained from the Secretary, Wolseley plc, Parkview 1220, Arlington Business Park, Theale, Reading, RG7 4GA.

22 Post balance sheet events

There have not been any significant post balance sheet events.