

Registered number: 00636445

Wolseley UK Limited
Annual report and financial statements
for the year ended 31 July 2019

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Wolseley UK Limited

Annual report and financial statements

For the year ended 31 July 2019

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Wolseley UK Limited

Directors and advisers

Directors

S Gray

SA Griffiths

M V Higson

Company secretary

K M McCormick

Independent auditor

Deloitte LLP

Statutory Auditor

Abbots House

Abbey Street

Reading

United Kingdom

RG1 3BD

Registered office

2 Kingmaker Court

Warwick Technology Park

Gallows Hill

Warwick

Warwickshire

United Kingdom

CV34 6DY

Registered number

00636445

Wolseley UK Limited

Strategic report

The Directors present their strategic report on the Company for the year ended 31 July 2019.

Operating performance

The Company is a wholly owned subsidiary of its ultimate parent company Ferguson plc and operated during the year as part of the UK business of the Ferguson plc group of companies ("the Group").

In September 2019 Ferguson plc announced its intention to demerge its UK operations subject to shareholder approval. On completion of this transaction Wolseley UK Limited will no longer be part of the Ferguson Group.

The Company's objective is to deliver long term profitable growth through a focus on providing the best service in the industry, improving gross margins and maintaining an efficient cost base. Wolseley UK Limited has a strong market position, leading customer propositions and an experienced management team with significant opportunities for development in the large and fragmented plumbing, heating and infrastructure markets.

The focus of the business continues to be on providing industry leading availability and outstanding customer service.

The company continued to implement the restructuring programme and progress was made in improved category management, re-configuration of its logistics and supply chain network and the rationalisation of the branch network. Exceptional costs before tax of £21.2m (2018: £18.9m income) were incurred and are explained further in note 6.

On 21st August 2019 the Company announced the acquisition of Continental Product Engineering Limited, a market leader in the supply of product, assemblies and the development of technical solutions for the domestic and commercial mains-to-meter markets.

Business unit portfolio and profile

The Company's operations comprise Residential & Commercial, Infrastructure and Managed Services business units.

The Residential & Commercial business provides plumbing and heating products, air conditioning and refrigeration products, and pipes, valves and fittings products to trade customers in the residential and commercial sector. It also provides specialist above ground drainage products. Wolseley UK Limited is the second largest plumbing and heating merchant distributor in the UK.

The Company's Infrastructure business is a specialist in below ground drainage serving the civils, infrastructure and utilities markets.

Key performance indicators

As shown in the Company's profit and loss account on page 13, total turnover decreased by 6.4% (2018: 6.5% decrease) in the year. Turnover decreased in the year due to the continued implementation of the Company's restructuring programme to exit low margin business and consolidate branches. The Company's profit after tax for the financial year was £27.4m (2018: £58.3m), the reduction in the year was due to £19.9m of exceptional costs arising from business restructuring and pension equalisation.

Operating profit before exceptional items of £43.9m (2018: £48.9m) was 10.3% lower than last year predominantly due to turnover reducing by 6.4%.

Wolseley UK Limited

Strategic report (continued)

Key performance indicators (continued)

At 31 July 2019 the total number of branches operated by the Company was 529 (2018: 567), with a further 22 branches operated by William Wilson Limited, a subsidiary of the Company. Average headcount reduced by 7.2% during the year.

The balance sheet on page 15 and statement of changes in equity on page 16 show that the Company's financial position at the year end has, in net assets terms, decreased by £25.0m (2018: increased by £119.3m) mainly due to a dividend paid to its parent company in the year of £34.0m. There was an actuarial loss recorded by the defined benefit pension plan of £23.1m which was mainly driven by a 55b.p. reduction in the discount rate which was partially offset by a stronger than expected return on the plan assets in the period.

The carrying value of the Company's investment in its historic French branch (£17.1m) has been assessed against its recoverable amount and no impairment has been recorded. It is intended that the French branch will be liquidated during 2020. Management expect that the liquidation will result in a return equivalent to its net assets.

During the year the Company received £49.4m as income from shares in group undertakings from three non-trading subsidiaries. The carrying value of the Company's investment in these entities was reviewed against its recoverable amount resulting in an impairment of £43.3m. Details can be found in note 12.

The Company participates in the Wolseley Group Retirement Benefits Plan ("the Plan") which provides benefits based on final pensionable salaries. The plan is currently in a net surplus position holding assets of £1,471m against liabilities of £1,324m with a total of 16,578 participants split between pensioners and deferred members. This plan was closed to new entrants in 2009 and then closed to future accrual on 31 December 2013 when members were offered participation in the existing defined contribution plan. Obligations under the UK defined contribution plan are recognised as an operating cost in the profit and loss account as incurred. It is anticipated that the Plan will not be part of the Company after the demerger.

The Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. Details of the key performance indicators across the Group are shown on pages 20 to 21 of the Group's Annual Report. The performance of the UK division of the Group, which includes the Company, is discussed on page 40 of the Group's annual report.

Principal risks and uncertainties

The Company's operations are affected by various statutes, regulations and laws in the UK and the markets in which it operates. While the Company is not engaged in a highly regulated industry, it is subject to the laws governing businesses generally, including laws affecting competition, international trade, fraud, bribery and corruption, land usage, zoning, the environment, health and safety, transportation, labour and employment practices (including pensions), data protection and other matters.

Critical IT systems and data centres have documented disaster recovery plans which are tested annually. The Company operates an IT governance framework that includes IT policies to manage security risks including but not limited to data protection, cyber security and access management. The Company has formally documented business continuity plans for its distribution centres, head office buildings and operational branches.

Wolseley UK Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

The UK business conducts a detailed six-monthly risk review process to identify risks and ensure appropriate action plans are in place to mitigate against these risks. This supports the wider Group risk management process, which is designed to identify, manage and mitigate business risk. The reports submitted by the UK business are aggregated to identify the overall Group risks and the principal risks and risk management activities / controls of Ferguson plc, which include and reflect those of the Company, are discussed in the Group's annual report on pages 47 to 53.

There are a number of risks and uncertainties which the Directors believe could have an impact on the Company's long-term financial performance, including but not limited to: pressure on market conditions; gross margins; ability to execute strategic initiatives; major contract compliance; health and safety; customer or supplier default; and product liability. The principal risks to financial performance faced by the Company and its management response are summarised below:

Market conditions

The Company's products are mainly distributed to professional contractors and therefore the Company's results are dependent on the levels of activity in commercial, industrial and residential construction markets. There continues to be uncertainty in political and macroeconomic conditions resulting in challenging market conditions.

Factors influencing this risk include: The Company's ability to identify and respond to market trends and to manage costs, pricing and gross margins; the opportunity to develop new business models; and consumer confidence. Many of these factors are out of the Company's control and are difficult to forecast.

The Company cannot control market conditions, but it has effective measures in place to respond to them. Existing measures include: a focus on customer service; the development of alternative / revised business models; pricing and gross margin controls; and, cost controls and productivity improvements. All form part of the planning, budgeting and forecasting and resource allocation processes.

The UK leaving the European Union ("EU"), and the uncertain terms of such withdrawal, continues to produce some market uncertainties including volatility in the sterling exchange rate against the US dollar. There is a risk that leaving the EU adversely affects UK domestic demand which could have a negative impact on the business. Leaving the EU without future certainty over future tariffs and regulations could impact the UK's supply chain and lead to inventory shortages which could adversely impact demand. The Company will continue to monitor developments. More details can be found on page 49 of the Group's annual report.

Pressure on gross margins

Market conditions remained highly competitive during the year. If not mitigated, this could lead to increased downward pressure on sales prices and profit margins. There is a risk that such competitive pressures will increase and could be exacerbated by factors such as the arrival of new competitors, customer or supplier consolidation, manufacturers shipping directly to customers and changes in technology. There is a risk that the Company may not identify changes in market conditions and gross margins quickly enough. Changes in sterling's value has put pressure on manufacturer input prices and there is a continued risk that these pressures may be passed through the supply chain, putting further pressure on gross margins.

Wolseley UK Limited

Strategic report (continued)

The Company continued to focus on improving its gross margin, pricing and cost management practices. Sourcing and credit control measures have been strengthened.

Information security

Technology systems and data are fundamental to the future growth and success of the Company. IT risks are categorised as strategic and operational. Strategic risks are threats that could prevent execution of the IT strategic plan such as inadequate leadership, or poor allocation/management of resources necessary to adopt and apply new business processes. Operational risks include business disruption resulting from systems failures, fraud or criminal activity, security threats and/or failures in the ability of the organisation to operate, recover and restore operations after such disruptions.

A Group Business Technology Centre of Excellence is in place to drive organisational discipline around the prioritisation of business projects to ensure alignment with the Group's strategic framework. Disaster recovery plans are annually tested, and insurance cover is in place, including data protection and cyber liability.

Liquidity and funding risks and financial risk management

The Group maintains sufficient borrowing facilities to finance all investment and capital expenditure included in its strategic plan with an additional margin for contingencies. Further details are discussed on page 25 of the Group's annual report.

Credit risk

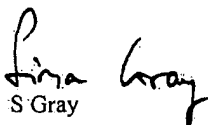
The Company provides credit terms to many of its customers. There is an associated risk that customers may not be able to pay outstanding balances due to the Company. There are established procedures in place to review and collect outstanding receivables. Significant outstanding and overdue balances are reviewed regularly, and corrective action is taken where necessary. Some protection was provided for significant customers through credit insurance arrangements and the Company has a professional, dedicated credit team. Provisions are made promptly for amounts that may be impaired.

Sustainability

During the year, the Group commenced a project to assess the risk climate changes presents and convened subject matter experts from across our businesses to examine the specific risks and opportunities to the Group posed by climate change. More details can be found on page 42 of the Group's annual report.

The Company will continue to monitor developments in associated legislation and are currently exploring the possibility of hybrid company vehicles.

By order of the board


S Gray

Director

16 December 2019

Wolseley UK Limited

Directors' report

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 July 2019.

Principal activities

The Residential and Commercial business is the Group's largest business within the UK, generating 84% of the unit's revenue. The business operates under the Wolseley brand with a number of smaller brands. This business provides plumbing and heating products, air conditioning and refrigeration products, and the associated pipes, valves and fittings to trade customers. The business also provides specialist above ground drainage products.

The Infrastructure business specialises in below ground drainage and serves the civil infrastructure and utilities markets.

Going concern

The Company's principal objective when managing cash and debt is to safeguard the Company's ability to continue as a going concern for the foreseeable future. The Company retains sufficient resources to maintain its operations for the foreseeable future. The Directors have considered the future prospects and associated risks and uncertainties of the Company and they believe that the going concern basis is appropriate.

Financial instruments and financial risk management

The Company's financial instruments compose of cash, investments and items such as trade receivables and trade payables which arise directly from operations. The Company does not undertake speculative transactions. Included within the results of the Company is a small number of investments in non-trading property companies in France. These results are translated from Euros in line with the applicable accounting policies.

Future developments and events after the balance sheet date

On 21st August 2019 the company announced the acquisition of Continental Product Engineering Limited, a market leader in the supply of product assemblies and the development of technical solutions for the domestic and commercial mains-to-meter markets.

On 3rd September 2019, Ferguson plc announced its intention to demerge its UK operations, subject to shareholder approval. On completion of the transaction, the UK operations will no longer be part of the Ferguson Group.

Results and dividends

The Company's profit for the financial year was £27.4m (2018: £58.3m). The Directors do not recommend the payment of a final dividend (2018: £nil). An interim dividend of £34.0m (2018: £nil) was paid during the year.

Directors

The Directors of the Company during the year ended 31 July 2019 and up to the date of signing the financial statements were:

S Gray
SA Griffiths
M V Higson

Wolseley UK Limited

Independent auditor's report to the members of Wolseley UK Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Wolseley UK ('the Company') Limited:

- give a true and fair view of the state of the Company's affairs as at 31 July 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Profit and loss account;
- the Statement of comprehensive income;
- the Balance sheet
- the Statement of changes in equity; and
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

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

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

Wolseley UK Limited

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

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

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

Wolseley UK Limited

Directors' report (continued)

Health and Safety (continued)

- Establish channels of communication which encourage employees to contribute to improvements in our safety and health performance.
- Provide appropriate resources to ensure this policy statement may be brought into effect and maintained.
- Ensure work-related incidents and near-misses are reported, investigated and analysed to prevent recurrence.
- Monitor and review safety and health performance and action plans on a regular basis.
- Provide sufficient information, advice, training and supervision to ensure that people under our control are fully aware of their responsibilities and are competent to undertake their activities.

Environmental principles include the integration of environmental management into business operations, a commitment to comply with local environmental legislation and ensuring proper communication with employees on environmental matters. There is a risk of increased operational cost due to rising energy and fuel prices, increasing carbon and waste taxes and more burdensome regulatory requirements. To address the risk, the UK business has targets in place to improve energy, fuel and waste efficiency.

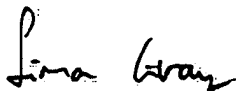
Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:



S Gray

Director

16 December 2019

Wolseley UK Limited

Directors' report (continued)

Directors' qualifying third party and pension scheme indemnity provisions

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and remains in force at the date of approval of the financial statements. The Group also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of itself and its directors.

Employees

Details of the number of employees and related costs can be found in note 3 to the financial statements.

It is the Company's 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 Company is committed to providing employees with information on matters of concern to them on a regular basis, so that the views of employees can be taken into account when making decisions that are likely to affect their interests. This is done through formal and informal meetings, in-house publications and the Company's intranet sites, which provides up to date information on significant developments in the UK business and the Group.

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

The Modern Slavery Act 2015 requires the Company to report steps taken to ensure operations and supply chains are free of human trafficking and slavery. The Company maintains a number of processes and activities to ensure compliance, in supply chain activity, recruitment and HR. The Company's full statement can be found on its website (www.corporate.wolseley.co.uk).

Health and safety

The Company recognises the importance of its safety, health and environmental responsibilities and operates in accordance with the Group's Sustainability programme which is described on pages 42 to 46 of the Group's annual report.

The Company provides a safe and healthy working environment and does not compromise the safety and health of any individual. It provides the necessary training and resources to allow for the safe performance of day to day activities.

The Company is fully committed to ensuring the safety, health and wellbeing of all our staff. It maintains key performance indicators (KPIs) that are used to assess the performance of the company in relation to safety and health matters, including near misses and lost time accidents. Key Performance Indicators provide the company with useful measurements of its performance in safety and health and can be used to demonstrate to third parties that the company is committed to a safe and healthy workplace.

To meet these aims and commitments, it will continue to:

- Develop, implement and monitor safety and health policies and procedures appropriate to our business activities.
- Identify the hazards and risks associated with our activities and put in place appropriate control measures to prevent injuries and ill health to our employees, customers and other third parties.

Wolseley UK Limited

Independent auditor's report to the members of Wolseley UK Limited (continued)

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or 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 assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Wolseley UK Limited

Independent auditor's report to the members of Wolseley UK Limited (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

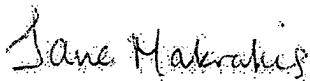
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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



Jane Makrakis FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Reading
United Kingdom
16 December 2019

Wolseley UK Limited

Profit and loss account

For the year ended 31 July 2019

	Note	2019 Before exceptional items £'000	2019 Exceptional items (note 6) £'000	2019 Total after exceptional items £'000	2018 Before exceptional items £'000	2018 Exceptional items (note 6) £'000	2018 Total after exceptional items £'000
Turnover	2	1,654,979	-	1,654,979	1,768,178	-	1,768,178
Change in stocks of finished goods for resale		17,028	-	17,028	(9,097)	-	(9,097)
Other operating income		5,719	-	5,719	6,469	-	6,469
Raw materials and consumables		(1,288,708)	(1,321)	(1,290,029)	(1,351,191)	(14,463)	(1,365,654)
Staff costs	3	(187,775)	(15,772)	(203,547)	(198,519)	(15,464)	(213,983)
Impairment of intangible assets		-	-	-	-	(1,303)	(1,303)
Tangible fixed assets depreciation and impairment	11	(15,006)	-	(15,006)	(15,594)	(8,915)	(24,509)
Other operating charges		(142,369)	(11,494)	(153,863)	(151,351)	(14,952)	(166,303)
Operating profit/(loss)		43,868	(28,587)	15,281	48,895	(55,097)	(6,202)
Impairment of investments	12	-	(43,288)	(43,288)	-	(97,938)	(97,938)
Income from shares in group undertaking		-	49,372	49,372	-	172,854	172,854
(Loss)/profit on sale of tangible fixed assets		(114)	1,787	1,673	771	(1,432)	(661)
(Loss)/profit on disposal of investments	12	-	(449)	(449)	-	519	519
Profit/(loss) on ordinary activities before finance costs		43,754	(21,165)	22,589	49,666	18,906	68,572
Finance costs (net)	7	(253)	-	(253)	(4,346)	-	(4,346)
Pension finance income	20	4,293	-	4,293	971	-	971
Profit/(loss) on ordinary activities before taxation	5	47,794	(21,165)	26,629	46,291	18,906	65,197
Tax on profit/(loss) on ordinary activities	8	(504)	1,234	730	(7,683)	820	(6,863)
Profit/(loss) for the financial year		47,290	(19,931)	27,359	38,608	19,726	58,334

The notes on pages 17 to 47 form part of these financial statements.

Wolseley UK Limited

Statement of comprehensive income

For the year ended 31 July 2019

	Note	2019 £'000	2018 £'000
Profit for the financial year		27,359	58,334
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Movement on deferred tax relating to pension assets	8	3,923	(12,473)
Currency translation differences		786	520
Items that will not be reclassified subsequently to profit or loss:			
Actuarial (loss)/gain recognised on pension scheme	20	(23,077)	73,368
Total comprehensive income attributable to equity shareholders of the Company		8,991	119,749

Wolseley UK Limited

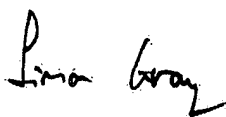
Balance sheet

As at 31 July 2019

Registered Number: 00636445

	Note	2019 £'000	2018 £'000
Fixed assets			
Intangible assets	10	22,568	22,021
Tangible assets	11	106,918	87,619
Investments	12	149,676	191,393
Pension assets	20	146,733	147,353
		425,895	448,386
Current assets			
Stocks	13	233,717	216,689
Debtors: amounts falling due within one year	14	515,275	579,364
Debtors: amounts falling due after more than one year	14	4,022	2,890
Cash at bank and in hand		30,923	53,735
		783,937	852,678
Creditors: amounts falling due within one year	15	(594,021)	(648,577)
Net current assets		189,916	204,101
Total assets less current liabilities		615,811	652,487
Creditors: amounts falling due after more than one year	15	(5,204)	(1,451)
Provisions for liabilities	16	(36,135)	(51,555)
Net assets		574,472	599,481
Capital and reserves			
Called-up share capital	17	24,531	24,531
Share premium account	17	245,108	245,108
Revaluation reserve	17	-	381
Foreign currency retranslation reserve	17	30,674	29,888
Profit and loss account	17	274,159	299,573
Total shareholders' funds		574,472	599,481

The financial statements of Wolseley UK Limited on pages 13 to 47 were approved by the Board of Directors on 16 December 2019 and were signed on its behalf by:



S Gray
Director

Wolseley UK Limited

Statement of changes in equity

As at 31 July 2019

	Called-up share capital	Share premium account	Revaluation reserve	Foreign currency translation reserve	Profit and loss account	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 August 2017	24,531	245,108	381	29,368	180,344	479,732
Profit for the financial year	-	-	-	-	58,334	58,334
Other comprehensive income	-	-	-	520	60,895	61,415
Total comprehensive income	-	-	-	520	119,229	119,749
At 31 July 2018	24,531	245,108	381	29,888	299,573	599,481
Profit for the financial year	-	-	-	-	27,359	27,359
Other comprehensive income/ (loss)	-	-	-	786	(19,154)	(18,368)
Total comprehensive income	-	-	-	786	8,205	8,991
Adjustment to reserves (note below)	-	-	(381)	-	381	-
Dividends paid on equity shares	-	-	-	-	(34,000)	(34,000)
At 31 July 2019	24,531	245,108	-	30,674	274,159	574,472

An interim dividend was paid to the shareholder of £34,000,000 (2018: £nil). The Directors do not propose a final dividend for the year (2018: £nil).

The adjustment to reserves was to transfer the revaluation reserve into retained earnings to align with depreciation incurred on revalued properties.

Wolseley UK Limited

Notes to the financial statements

For the year ended 31 July 2019

1 Accounting policies

The principal accounting policies are summarised below. They have been applied consistently throughout the year and the preceding year.

General information and basis of accounting

Wolseley UK Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on page 2.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional and presentational currency of Wolseley UK Limited is considered to be GB pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Wolseley UK Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Wolseley UK Limited is consolidated in the financial statements of its ultimate parent, Ferguson plc, which may be obtained from The Group Company Secretary, Ferguson plc, 1020 Eskdale Road, Winnersh Triangle, Wokingham, Berkshire, RG41 5TS. Exemptions have been taken in these separate company financial statements in relation to share-based payments, financial instruments, intra group related party transactions, presentation of a cash flow statement and remuneration of key management personnel.

Exceptional items

Exceptional items are those material items which, by virtue of their size or incidence, are presented separately in the profit and loss account to enable a full understanding of the Company's financial performance. Transactions which may give rise to exceptional items include restructurings of business activities, gains or losses on the disposal of businesses, the impairment of investments and income from shares in group undertakings.

Turnover

Turnover is the amount derived from the provision of goods falling within the Company's ordinary activities, excluding estimated and actual sales returns, trade and early settlement discounts, value added tax and similar sales taxes.

Revenue from the provision of goods is recognised when the risks and rewards of ownership of goods have been transferred to the customer. The risks and rewards of ownership of goods are deemed to have been transferred when the goods are shipped to, or are picked up by, the customer.

Other operating income

Other operating income includes settlement discounts receivable on stock purchases from suppliers and income from group undertakings for the provision of services to them.

Wolseley UK Limited

Notes to the financial statements (continued)

For the year ended 31 July 2019

1 Accounting policies (continued)

Intangible assets

Computer software that is not integral to an item of property, plant and equipment is recognised separately as an intangible asset and is carried at cost less accumulated amortisation and accumulated impairment losses. Costs include software licences, consultancy and internal costs directly attributable to the development, design and implementation of the computer software. Costs in respect of training and data conversion are expensed as incurred. Amortisation is calculated using the straight-line method so as to charge the cost of the computer software to the profit and loss account statement over its estimated useful life (up to ten years).

Trademarks and domain name costs are included at cost and depreciated in equal annual instalments over their estimated useful economic life (five to ten years). Provision is made for any impairment.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided on all tangible fixed assets (except freehold land) on a straight-line basis to write-off the cost of those assets, less their residual values, over their estimated useful lives. The principal rates of depreciation are as follows:

Land and buildings	2% - life of lease
Plant and machinery	10 - 15%
Fixtures, fittings, tools and equipment	15 - 33⅓%
Motor vehicles	14 - 25%

Fixed assets investments

Fixed asset investments in subsidiaries and joint ventures are recorded at cost less provision for impairment. The Company assesses at each balance sheet date whether there is objective evidence that an investment or a group of investments is impaired.

An impairment loss is recognised for the amount by which the investment's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an investment's net realisable value and value in use.

Leased assets

Where the Company enters into a lease agreement which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease". The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter.

Future lease obligations, excluding interest, are included as creditors in the balance sheet. The interest element of the lease rental is charged to the profit and loss account as incurred.

Costs in respect of operating leases, including any lease incentives, are charged on a straight-line basis over the period of the lease.

Wolseley UK Limited

Notes to the financial statements (continued)

For the year ended 31 July 2019

1 Accounting policies (continued)

Properties awaiting disposal

Properties awaiting disposal are transferred to current assets at the lower of net written down value and estimated net realisable value when they are no longer intended to be held for continuing use in the company's operations. Depreciation is not applied to properties 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 than the carrying amount.

Cash at bank and in hand

Cash includes cash in hand and deposits held at call with banks. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet to the extent that there is no right of offset and no practice of net settlement with cash balances.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. The operating results of overseas branches are translated into sterling using average rates of exchange ruling during the relevant period. Assets and liabilities of overseas branches' operations are translated at the exchange rate ruling at the balance sheet date and accounted for under the net investment method.

Balances denominated in foreign currency at the balance sheet date were translated at the following rates:

1 GBP = 1.0978 EUR (2018: 1 GBP = 1.1227 EUR)

1 GBP = 1.2158 USD (2018: 1 GBP = 1.3125 USD)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Wolseley UK Limited

Notes to the financial statements (continued)

For the year ended 31 July 2019

1 Accounting policies (continued)

Taxation (continued)

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to the sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that generated the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to offset the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to offset current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which the deferred tax liabilities or assets are expected to be settled or recovered.

Share-based payments

Share-based incentives are provided to employees under the Group's executive share option, long-term incentive, employee share purchase and ordinary share plan schemes. The Company recognises a compensation cost in respect of these schemes that is based on the fair value of the awards, measured using the binomial and Monte Carlo valuation methodologies. For equity-settled schemes, the fair value is determined at the date of grant (including the impact of any non-vesting conditions such as a requirement for employees to save) and is not subsequently remeasured unless the conditions on which the award was granted are modified.

Generally, the compensation cost is recognised on a straight-line basis over the vesting period. Adjustments are made to reflect expected and actual forfeitures during the vesting period due to the failure to satisfy service conditions or non-market performance conditions.

Pensions

The Company participates in the Wolseley Group Retirement Benefits Plan ("the Plan"), a defined benefit pension arrangement that provides benefits to employees within the Group. The assets of the Plan are held separately from the Company's assets.

Plan assets are measured at market values. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability.

Wolseley UK Limited

Notes to the financial statements (continued)

For the year ended 31 July 2019

1 Accounting policies (continued)

Pensions (continued)

Differences between actual and expected returns on assets during the year are recognised in the statement of comprehensive income in the year, together with differences arising from changes in assumptions.

The assets of the defined contribution scheme are held separately from those of the Company in an independently administered fund. The pension costs disclosed in note 3 represents contributions payable by the Company to the defined contribution scheme.

Group financial statements

As permitted by Section 400 of the Companies Act 2006, consolidated financial statements have not been prepared because the Company itself is a wholly owned subsidiary of its ultimate parent company, Ferguson plc, (note 22) and its results are included in the consolidated financial statements of that company.

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

All financial assets and liabilities are initially measured at transaction price and where applicable are subsequently measured at amortised cost.

Financial assets and liabilities are only offset in the Balance sheet when, and only when there exists a legally enforceable right to offset the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risk, including foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expired.

Wolseley UK Limited

Notes to the financial statements (continued)

For the year ended 31 July 2019

1 Accounting policies (continued)

Financial assets and liabilities (continued)

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a current asset due after one year or a creditor due after more than one year if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine if an impairment loss reversal is appropriate. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Stock valuation

Stock comprises finished goods, and is valued on a first in, first out basis. Provisions are made against slow moving, obsolete and damaged stock for which the net realisable value is estimated to be less than the carrying value. Stock which is damaged or obsolete is written down as identified. The risk of obsolescence of slow-moving stock is assessed by comparing the level of stock held to future sales projected on the basis of historical experience. The actual realisable value of stock may differ materially from the estimated value on which the provision is based.

Supplier rebates

In line with industry practice, the Company has agreements ("Supplier Rebates") with a number of its suppliers whereby volume-based rebates, marketing support and other discounts are received in connection with the purchase of goods for resale from those suppliers. Rebates relating to the purchase of goods for resale are accrued as earned and are recorded initially as a deduction in inventory with a subsequent reduction in cost of sales when the goods are sold.

Wolseley UK Limited

Notes to the financial statements (continued)

For the year ended 31 July 2019

1 Accounting policies (continued)

Volume-based rebates

Volume-based rebates are recognised based on purchase volumes in accordance with the supplier contract and are calculated by applying a contractually agreed percentage to the gross purchase price of the goods as specified in the supplier contract. An amount due in respect of Supplier Rebates is not recognised within the profit and loss account until all the relevant performance criteria, where applicable, have been met and the goods have been sold to a third party.

The majority of volume-based rebates are determined by reference to guaranteed rates of rebate. These are calculated through a mechanical process with minimal judgement required to determine the amount recorded in the income statement. A small proportion of volume-based rebates are subject to stepped targets where the rebate percentage increases as volumes purchased reach agreed targets within a set period of time. The majority of rebate agreements apply to purchases in a calendar year and therefore, for stepped rebates, judgement is required to estimate the rebate amount recorded in the income statement at the end of the period.

The Company assesses the probability that targeted volumes will be achieved in the year based on forecasts which are informed by historical trading patterns, current performance and trends. This judgement is exercised consistently and prudently with historically insignificant true-ups at the end of the period.

Marketing support

Marketing support, which represents a smaller element of the Company's overall supplier rebates, is recognised in the income statement when all performance conditions have been fulfilled.

Supplier rebates receivable

Judgement is also required over the recoverability of receivables relating to stepped target rebates. This risk of misstatement of the estimate is mitigated by regular invoicing and timely collection of amounts receivable.

Where supplier rebates are netted off the amounts owing to that supplier, any outstanding amount at the balance sheet date is included within trade payables. Where the supplier rebates are not offset against amounts owing to a supplier, the outstanding amount is included within prepayments and accrued income. The carrying value of stock is reduced by the relevant amount where the stock has not been sold by the balance sheet date.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provision is made against the estimated costs to be incurred under leasehold property dilapidation claims anticipated in respect of properties leased by the business. Within the dilapidations provision, a decommissioning provision for distribution centres is recognised, being the present value of management's best estimate of the expenditure required to settle the present obligation at that balance sheet date. The discount rate used to determine the present value reflects market assessments of the time value of money.

Provision is made for restructuring costs based on management's estimation of the outflow of resources required to settle the obligation. Environmental liabilities include known and potential legal claims and environmental liabilities.

Wolseley UK Limited

Notes to the financial statements (continued)

For the year ended 31 July 2019

1 Accounting policies (continued)

Dividends payable

Dividends on ordinary shares are recognised in the Company's financial statements in the period in which the dividends are paid or approved by the shareholders of the company

Critical accounting judgements

Several of the Company's accounting policies require management to make estimates and assumptions that affect the reported amounts. The following accounting policies include an element of judgement:

Exceptional items

Exceptional items are those which are considered significant by virtue of their nature, size or incidence. These items are presented as exceptional within their relevant income statement category to assist in the understanding of the trading and financial results of the Company as these types of costs do not form part of the underlying business. Examples of items that are considered by the Directors for designation as exceptional items include, but are not limited to:

- restructuring costs within a segment which are both material and incurred as part of a significant change in strategy or due to the closure of a large part of a business and are not expected to be repeated on a regular basis;
- significant costs incurred as part of the integration of an acquired business and which are considered to be material;
- gains or losses on disposals of businesses are considered to be exceptional in nature as they do not reflect the performance of the trading business;
- material costs or credits arising as a result of regulatory and litigation matters;
- gains or losses arising on significant changes to, or closures of, defined benefit pension plans are considered to be exceptional in nature as they do not reflect the performance of the trading business; and
- other items which are material and considered to be non-recurring in nature and/or are not as a result of the underlying trading activities of the business.

The classification of exceptional items requires significant management judgement to determine the nature and intention of a transaction.

Pensions

The Company has a defined benefit pension plan that is accounted for using actuarial assumptions to estimate costs and liabilities for inclusion in the financial statements. These actuarial assumptions include discount rates, expected salary and pension increases, inflation and life expectancy and are disclosed in note 20. Significant judgement is required in pension accounting and the Company takes advice from independent actuaries relating to the appropriateness of the assumptions which include life expectancy of members, expected salary and pension increases and inflation. The defined benefit obligation is calculated annually by using the Projected Unit Credit Method with actuarial valuations. The Company's asset recognised on the balance sheet is the fair value of the plan assets, less the present value of the defined benefit obligation at the balance sheet date. It is included within fixed assets and is in line with the scheme deeds. The discount rate used is the yield at the valuation date of high quality corporate bonds that have a maturity approximating to the terms of the pension obligations. Re-measurement comprising actuarial gains and losses are recognised immediately in the balance sheet with a charge or credit to the statement of comprehensive income. The net interest amount is calculated by applying the discount rate used to measure the defined benefit net asset or liability at the beginning of the period. The pension plan net interest is presented as finance income or expense. The investment policy and risks are shown in the Group's annual report on page 140.

Wolseley UK Limited

Notes to the financial statements (continued)

For the year ended 31 July 2019

1 Accounting policies (continued)

Pensions (continued)

Whilst the Company believes that the actuarial assumptions are appropriate, any significant changes to those used would affect the balance sheet and income statement. The Company considers that the most sensitive assumptions are the discount rate, inflation and life expectancy.

The table below shows the impact of the sensitivities on the defined benefit net asset:

Assumptions	Change	2019	2018
	%	£m	£m
Discount rate	+0.25	58	53
	-0.25	(63)	(58)
Inflation	+0.25	(54)	(49)
	-0.25	53	50

An increase in life expectancy of one year would decrease the defined benefit net asset by £28m (2018: £25m).

Sources of estimation uncertainty

In applying the Company's accounting policies various transactions and balances are valued using estimates or assumptions. Should these estimates or assumptions prove incorrect there may be an impact on the following year's financial statements. The Company believes that the estimates and assumptions that have been applied would not give rise to a material impact within the next financial year.

2 Turnover

Turnover, all of which arises from the sale of goods, originates primarily from the UK and relates entirely to the principal activities of the Company. Turnover and operating profit derived from overseas is not material to the results of the Company.

Wolseley UK Limited

Notes to the financial statements (continued)

For the year ended 31 July 2019

3 Employees and directors

	2019 £'000	2018 £'000
Staff costs (including directors)		
Wages and salaries	164,305	174,355
Social security costs	15,154	16,364
Pension costs – defined benefit schemes*	8,337	2,021
Pension costs – defined contribution schemes	10,301	10,427
Share-based payments granted to directors and employees	2,676	2,682
Redundancy costs	2,774	8,134
	203,547	213,983

Exceptional staff costs of £15,772,000 (2018: £15,464,000) arising from restructuring activities are included above and are broken down as follows; wages and salaries £6,081,000 (2018: £7,028,000), social security £211,000 (2018: £398,000), defined benefit schemes £6,921,000 (2018: £nil), defined contribution schemes £204,000 (2018: £192,000) and redundancy costs £2,355,000 (2018: £7,846,000).

*Pension costs of the defined benefit scheme shown above are the net cost to the Company. Pension costs of £200,000 (2018: £214,000) were met by other group companies. The total pension cost for the defined benefit scheme was £8,537,000 (2018: £2,235,000) (note 20). In December 2013, the Plan closed to future accrual.

	2019 Number	2018 Number
Average monthly number of employees and directors:		
Distribution	4,915	5,260
Administration	404	474
	5,319	5,734

Wolseley UK Limited

Notes to the financial statements (continued)

For the year ended 31 July 2019

3 Employees and directors (continued)

Director's remuneration and transactions

	2019 £'000	2018 £'000
Directors' remuneration comprises:		
Emoluments	1,377	1,167
Company contributions to money purchase pension schemes	32	45
Compensation for loss of office	-	959
	1,409	2,171

Emoluments of the highest paid director:

Emoluments	737	274
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	2019 Number	2018 Number
The number of directors who:		
Are members of a money purchase pension scheme	2	3
Exercised options over shares in a group undertaking	2	5

In the prior year costs of £382,000 included in emoluments above were met by the fellow group company Ferguson Group Services Limited and are included within that company's profit and loss accounts.

During the year ended 31 July 2019 and the year ended 31 July 2018, the Directors were also directors of a number of group companies. It is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, the above details include all emoluments in respect of their services with none recharged to group companies.

4 Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual accounts were £414,000 (2018: £392,000). Fees payable to Deloitte LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the parent company are required to disclose such fees on a consolidated basis.

Wolseley UK Limited

Notes to the financial statements (continued)

For the year ended 31 July 2019

5 Profit/(loss) on ordinary activities before taxation

	2019 £'000	2018 £'000
Profit/(loss) on ordinary activities before taxation is stated after charging / (crediting):		
Cost of stock recognised as an expense	1,273,001	1,374,751
Impairment losses on stock	2,962	15,796
Depreciation of tangible fixed assets:		
- Owned	13,738	19,777
- Held under finance leases and hire purchase contracts	887	1,232
Operating lease rentals:		
- Plant and machinery	4,260	4,161
- Other	25,865	28,663
Amortisation of intangible fixed assets	5,815	5,810
Rent receivable	(347)	(452)

6 Exceptional items

	2019 £'000	2018 £'000
Exceptional items are analysed by purpose as follows:		
Loss/(profit) on disposal of investments (note 12)	449	(519)
Business restructuring	19,675	56,529
Impairment of investments (note 12)	43,288	97,938
Income from shares in group undertakings	(49,372)	(172,854)
Other exceptional items	7,125	-
	21,165	(18,906)

For the year ended 31 July 2019, business restructuring comprises costs incurred for rebranding, configuration of the regional distribution centres and project management and professional fees. Included within business restructuring costs is £1,321,000 (2018: £14,463,000) charged to raw materials and consumables for inventory impairment.

Other exceptional items for the year ended 31 July 2019 included a past service cost of £3,702,000 relating to the equalisation of Guaranteed Minimum Pension, £1,696,000 relating to early settlement of pension liabilities and £1,673,000 of administrative fees supporting both events. For further information please refer to note 20.

Impairment of investments and income from shares in group undertakings are further explained in note 12.

The tax charge for the year includes a tax credit of £1,234,000 (2018: £820,000 credit) relating to exceptional items.

Wolseley UK Limited

Notes to the financial statements (continued)

For the year ended 31 July 2019

7 Finance costs (net)

	2019 £'000	2018 £'000
Interest payable and similar charges	1,580	5,632
Less: Investment income	(1,327)	(1,286)
	253	4,346

Investment income

	2019 £'000	2018 £'000
Interest on cash deposits	1,161	980
Exchange gain on inter-group derivatives (note 21)	7	-
Interest receivable from group undertakings	159	2
Other Interest income	-	304
	1,327	1,286

Wolseley UK Limited

Notes to the financial statements (continued)

For the year ended 31 July 2019

7 Finance costs (net) (continued)

Interest payable and similar charges

	2019 £'000	2018 £'000
Interest on bank loans and overdrafts	14	7
Valuation losses on financial instruments	3	41
Exchange loss on inter-group derivatives (note 21)	-	290
Interest payable to group undertakings	1,402	5,016
Finance leases and hire purchase contracts	104	180
Other interest payable	57	98
	1,580	5,632

In 2019, other interest payable included the unwinding of discounts (note 16) on long term provisions of £57,000 (2018: £98,000).

8 Tax on profit on ordinary activities

The tax charge for the period comprises:	2019 £'000	2018 £'000
Current tax		
UK corporation tax on profit for the financial year	19	18
Adjustment in respect of the prior years	-	33
Total current tax charge	19	51
Deferred tax		
Current year	5,797	11,742
Adjustments from previous periods	(5,935)	(4,064)
Tax rate changes	(610)	(866)
Movement on deferred tax relating to pension asset	(3,923)	12,473
Total deferred tax (note 16)	(4,672)	19,285
Tax on profit/(loss) on ordinary activities	(4,653)	19,336
 Tax charge recognised through profit and loss account	 (730)	 6,863
Tax (credit)/charge recognised through other comprehensive income	(3,923)	12,473
Total tax on ordinary activities	(4,653)	19,336

Wolseley UK Limited

Notes to the financial statements (continued)

For the year ended 31 July 2019

8 Tax on profit on ordinary activities (continued)

The tax credit for the year is lower (2018: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

Tax reconciliation	2019 £'000	2018 £'000
Profit on ordinary activities before taxation	26,629	65,197
Profit on ordinary activities before taxation multiplied by the effective standard rate of UK tax of 19% (2018: 19%)	5,060	12,387
Effects of:		
Expenses not deductible	9,882	20,677
Income not taxable	(9,410)	(32,944)
Effects of group relief/ other reliefs	643	11,622
Adjustments from previous periods	(5,935)	(4,031)
Tax rate changes	(610)	(866)
Amount chargeable to controlled foreign corporation	19	18
Transfer pricing adjustments	(379)	-
Total tax credit/charge for the year	(730)	6,863

Finance Act No.2 2015, which was substantively enacted on 26 October 2015, included provisions to reduce the corporation tax rate to 19% with effect from 1 April 2017. Following that, Finance Bill 2016 was substantively enacted on 6 September 2016, further reducing the corporation tax rate to 17% with effect from 1 April 2020. Accordingly, the Company's profits for this accounting year are taxed at a rate of 19% (2018: 19%).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Where deferred tax is expected to unwind after 1 April 2020, deferred tax has been calculated at the expected enacted rate of 17%.

Wolseley UK Limited

Notes to the financial statements (continued)

For the year ended 31 July 2019

9 Intangible fixed assets: goodwill

£'000

Cost, accumulated amortisation and impairment	
At 1 August 2018 & 31 July 2019	120,128
Net book value	
At 31 July 2018 & 31 July 2019	-

10 Intangible fixed assets: other

	Software Costs £'000	Trademarks & domain name costs £'000	Total £'000
Cost			
At 1 August 2018	47,591	2,053	49,644
Additions	6,362	-	6,362
Disposals	(3,654)	-	(3,654)
At 31 July 2019	50,299	2,053	52,352
Accumulated amortisation			
At 1 August 2018	25,570	2,053	27,623
Charge for the year	5,815	-	5,815
Disposals	(3,654)	-	(3,654)
At 31 July 2019	27,731	2,053	29,784
Net book value			
At 31 July 2019	22,568	-	22,568
At 31 July 2018	22,021	-	22,021

The amortisation charge for the year of £5,815,000 (2018: £5,810,000) is included within 'Other operating charges' on the face of the profit and loss account.

Wolseley UK Limited

Notes to the financial statements (continued)

For the year ended 31 July 2019

11 Tangible fixed assets

	Land and buildings £'000	Plant and machinery £'000	Fixtures, fittings, tools and equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 August 2018	90,066	26,002	98,404	10,792	225,264
Additions	5,959	8,494	7,051	477	21,981
Disposals	(2,805)	(4,322)	(16,359)	(345)	(23,831)
Intercompany transfer	15,595	-	-	-	15,595
Reclassifications	75	(3,351)	1,609	1,667	-
Transfer to property awaiting disposal	(230)	-	-	-	(230)
At 31 July 2019	108,660	26,823	90,705	12,591	238,779
Accumulated depreciation and impairment					
At 1 August 2018	38,558	13,473	77,948	7,666	137,645
Intercompany transfer	1,491	-	-	-	1,491
Depreciation charge	3,328	2,269	7,688	1,721	15,006
Reclassifications	3	11	(4)	(10)	-
Disposals	(2,389)	(3,955)	(16,045)	(308)	(22,697)
Transfer to property awaiting disposal	416	(1)	1	-	416
At 31 July 2019	41,407	11,797	69,588	9,069	131,861
Net book value					
At 31 July 2019	67,253	15,026	21,117	3,522	106,918
At 31 July 2018	51,508	12,529	20,456	3,126	87,619

On the 1 July 2019, the freehold properties were transferred from fellow group company Wolseley Utilities Limited for consideration of £13,915,000.

Wolseley UK Limited

Notes to the financial statements (continued)

For the year ended 31 July 2019

11 Tangible fixed assets (continued)

Leased assets included above:	Land and buildings	Plant and machinery	Fixtures, fittings, tools and equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
At 31 July 2019	-	998	75	201	1,274
At 31 July 2018	-	1,004	108	863	1,975

Cost of land and buildings comprises:

	2019 £'000	2018 £'000
Freehold	58,044	40,239
Long leasehold	42	43
Short leasehold	50,574	49,784
	108,660	90,066

All the above is shown at cost except for property shown at valuation completed in 1974 of £532,000 (2018: £532,000).

Historical cost

If certain land and buildings had not been revalued, the aggregate amount of land and buildings at 31 July would have been £67,073,000 as shown below. This compares to a net book value of £67,253,000 at the revalued amount:

	2019 £'000	2018 £'000
Historical cost	107,870	89,656
Accumulated depreciation based on cost	(40,797)	(38,324)
Net book value	67,073	51,332

Future capital expenditure authorised by the Directors

At 31 July 2019, there was no future capital expenditure authorised by the Directors that has been contracted but not provided in the financial statements (2018: £nil).

Wolseley UK Limited

Notes to the financial statements (continued)

For the year ended 31 July 2019

12 Fixed asset investments: interest in subsidiary undertakings

	£'000
Cost	
At 1 August 2018	745,700
Exchange gain on translation	5,705
At 31 July 2019	751,405
Provision	
At 1 August 2018	554,307
Exchange loss on translation	4,134
Exceptional impairment charge	43,288
At 31 July 2019	601,729
Net book value	
At 31 July 2019	149,676
At 31 July 2018	191,393

The net exchange gain on translation of £1,571,000 (2018: £425,000 loss) arose from the retranslation at the balance sheet date of the company's residual investment in its non-trading French businesses.

During the year the company received dividend income from its investments of £26,530,000 relating to Fusion Group and £19,380,000 from MPS Builders Merchants Limited. Consequently impairments were recorded against the investment carrying values of £23,908,000 in Fusion Group and £19,380,000 in MPS Builders Merchants Limited.

A loss on disposal of £449,000 (2018: £519,000 profit) has been recognised this year relating to property guarantees from previous transactions which conclude in 2022.

The Directors believe that the carrying values of all investments are supported by their underlying net assets. A full list of subsidiaries is included in note 24.

Wolseley UK Limited

Notes to the financial statements (continued)

For the year ended 31 July 2019

13 Stocks

	2019 £'000	2018 £'000
Goods purchased for resale	233,717	216,689

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

The Company held provisions in respect of stock balances at 31 July 2019 amounting to £29,897,000 (2018: £32,885,000). The gross value of stock is reduced to reflect Supplier Rebates where the stock has not been sold. As at 31 July 2019, this deduction to gross stock amounted to £42,063,000 (2018: £40,203,000).

14 Debtors

	2019 £'000	2018 £'000
Amounts falling due within one year		
Trade debtors	303,887	314,208
Amounts owed by group undertakings	148,013	168,104
Properties awaiting disposal	152	33,459
Other debtors	3,834	3,985
Prepayments and accrued income	59,389	59,608
	515,275	579,364

	2019 £'000	2018 £'000
Amounts falling due after more than one year		
Other debtors	4,022	2,890

At 31 July 2019, amounts owed by the Group undertakings includes £145,000,000 (2018: £160,000,000) of short term cash deposit with a parent company, £3,013,000 (2018: £7,766,000) of unsecured trading balances with group companies with no interest charged, repayment due within the normal terms of business and £nil (2018: £338,000) due from subsidiary undertakings.

Wolseley UK Limited

Notes to the financial statements (continued)

For the year ended 31 July 2019

15 Creditors

	2019 £'000	2018 £'000
Amounts falling due within one year		
Obligations under finance leases and hire purchase contracts	469	893
Trade creditors	346,306	362,317
Amounts owed to group undertakings	191,728	223,628
Other creditors	14,094	20,669
Other taxation and social security	21,303	24,019
Corporation tax	275	313
Accruals and deferred income	19,846	16,738
	594,021	648,577

Unsecured balances due within one year owed to group undertakings can be analysed as follows: -

	2019 £'000	2019 £'000	2018 £'000	2018 £'000
€ balance repayable on demand and interest free	35,349	32,200	38,843	34,598
£ balance repayable on demand and interest free	n/a	65,496	n/a	97,230
6 months LIBOR + 0.5% repayable on demand	n/a	10,038	n/a	9,645
12 months LIBOR + 3.5% repayable on demand	n/a	1,816	n/a	1,735
12 months LIBOR + 0.6% repayable in full 13 March 2020	n/a	67,178	n/a	-
12 months LIBOR + 0.6% repayable in full 13 March 2019	n/a	-	n/a	69,908
12 months GBP LIBOR + 3.5% repayable in full March 2019	n/a	-	n/a	2,511
1 week LIBOR + 0.6% repayable in full 02 August 2018	n/a	-	n/a	8,001
1 month LIBOR + 0.15% repayable in full 29 August 2019	n/a	15,000	n/a	-
	35,349	191,728	38,843	223,628

Wolseley UK Limited

Notes to the financial statements (continued)

For the year ended 31 July 2019

15 Creditors (continued)

	2019 £'000	2018 £'000
Amounts falling due after more than one year		
Obligations under finance leases and hire purchase contracts	831	1,152
Other creditors	4,373	299
	5,204	1,451

The maturity of creditors falling due after more than one year can be analysed as follows:

Finance leases

	2019 £'000	2018 £'000
Due between one and two years	260	423
Due between two and five years	571	565
Due in more than five years	-	164
	831	1,152

Other creditors

	2019 £'000	2018 £'000
Due between one and two years	2,168	277
Due between two and five years	2,205	22
	4,373	299

Wolseley UK Limited

Notes to the financial statements (continued)

For the year ended 31 July 2019

16 Provisions for liabilities

	Restructuring £'000	Property dilapidations £'000	Environmental £'000	Guarantees & Legal £'000	Deferred Taxation £'000	Total £'000
At 1 August 2018	24,677	12,324	3,931	1,818	8,805	51,555
Charged/credited to profit and loss account	2,267	1,642	-	556	(749)	3,716
Credited to profit and loss account	(3,472)	(773)	-	(222)	-	(4,467)
Credited to other comprehensive income	-	-	-	-	(3,923)	(3,923)
Transfer	65	(65)	-	-	-	-
Utilised	(9,829)	(586)	(263)	(125)	-	(10,803)
Unwinding of discount	17	40	-	-	-	57
At 31 July 2019	13,725	12,582	3,668	2,027	4,133	36,135

Restructuring provisions

The majority of the restructuring provision relates to onerous lease rentals on closed branches and is expected to be utilised over the next two years. The amounts credited to the profit and loss account primarily relate to settlement of lease obligations for less than previously provided.

Property dilapidations

The dilapidations provision is the estimated costs to be incurred under leasehold property dilapidation claims and decommissioning costs associated with the leased distribution centres. The decommissioning provision has been stated on a discounted basis using various discount rates depending on the expiry date of the lease.

Wolseley UK Limited

Notes to the financial statements (continued)

For the year ended 31 July 2019

16 Provisions for liabilities (continued)

Environmental

This includes an amount of £2,745,000 (2018: £2,745,000) for asbestos litigation. This amount was actuarially determined as at 31 July 2018, followed by a desktop review in July 2019 which indicated no change to environmental litigation exposure. Insurance is in place for asbestos litigation and accordingly an insurance receivable of £2,235,000 (2018: £2,235,000) has been recorded in other debtors. The provision is expected to unwind over the next twenty six years.

Guarantees & legal

This includes £1,218,000 (2018: £800,000) for property lease provisions arising from disposals. This also includes a provision for goods sold by the Company under its own brand label amounting to £406,000 (2018: £287,000).

Deferred tax

The elements of deferred tax are as follows:

	2019 £'000	2018 £'000
Accelerated capital allowances	8,947	11,917
Deferred tax arising in relation to retirement benefit obligations	(23,365)	(21,891)
Other timing differences	193	1,169
Trade losses	10,092	-
Deferred tax liability	(4,133)	(8,805)

Wolseley UK Limited

Notes to the financial statements (continued)

For the year ended 31 July 2019

16 Provisions for liabilities (continued)

Deferred tax reconciliation	2019 £'000	2018 £'000
(Liability)/Asset at beginning of year	(8,805)	10,480
Amount credited/(charged) to the profit and loss account (note 8)	749	(6,812)
Amount credited/(charged) to other comprehensive income (note 8)	3,923	(12,473)
Total liability at end of year	(4,133)	(8,805)

The Company has unrecognised gross UK capital losses of £1,761,711 (2018: £1,100,068) that are available indefinitely for offset against future capital gains. Deferred tax assets have not been recognised in respect of these losses as it is not probable that there will be sufficient capital gains in the future against which these losses can be utilised.

17 Called-up share capital and reserves

	2019 £'000	2018 £'000
Allotted, called-up and fully-paid		
24,530,792 (2018: 24,530,792) ordinary shares of £1 each	24,531	24,531

The Company's other reserves are as follows:

- The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.
- The foreign currency retranslation reserve represents currency translation differences on translation of the operating results and assets and liabilities of overseas branch operations and previously currency translation differences on foreign currency borrowings to the extent that they were covered by exchange differences on equity investments.
- The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

Wolseley UK Limited

Notes to the financial statements (continued)

For the year ended 31 July 2019

18 Contingent liabilities

The Company, together with certain other group companies, has given a number of banks authority to transfer at any time any sum outstanding to the credit of the Company against or towards satisfaction of the liability to those banks of these other group companies. No security has been provided by the Company under these arrangements.

19 Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings		Other		Total	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Within one year	20,429	18,504	7,042	6,537	27,471	25,041
Between one and five years	47,039	45,096	11,187	6,455	58,226	51,551
After five years	18,806	23,172	154	179	18,960	23,351
	86,274	86,772	18,383	13,171	104,657	99,943

Wolseley UK Limited

Notes to the financial statements (continued)

For the year ended 31 July 2019

20 Pension costs

The Company participates in the Wolseley Group Retirement Benefits Plan ("the Plan") which provides benefits based on final pensionable salaries. The assets are held in separate trustee administered funds. The plan was closed to new entrants in 2009. The Plan closed to future accrual at 31 December 2013 and was replaced by a defined contribution plan.

The most recent actuarial valuation of scheme assets and the present value of the defined benefit obligation was carried out at 30 April 2016.

The total cost for the combined Plan was £8,537,000 (2018: £2,235,000). The cost for the company was £8,337,000 (2018: £2,021,000).

The Company paid 100% (2018: 100%) of the contributions to the Plan. The total figures for the Plan are shown below and the pension asset is for the whole of the Plan.

At 31 July 2019, £nil (2018: £nil) of contributions were prepaid into the Plan and the Company expects to contribute £2,000,000 (2018: £2,000,000) to the UK defined benefit scheme in the year ending 31 July 2020.

On 26 October 2018, the High Court issued a judgement in a claim involving Lloyds Banking Group's defined benefit pension schemes. This judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. Following actuarial calculation the impact was a £3,702,000 past service cost as it increased benefits payable from the scheme. The adjustment was calculated using method C2 as set out by the High Court judgement and was applied at 0.3% of plan liabilities at 31 January 2019.

Financial assumptions

The financial assumptions used to calculate scheme liabilities are:

	2019	2018
	Projected Unit	Projected Unit
Valuation method		
Discount rate	2.2%	2.7%
Inflation rate	3.2%	3.2%
Increase to deferred benefits during deferment	2.1%	2.1%
Increases to pensions in payment	3.2%	3.2%
Salary increases	2.1%	2.1%

Wolseley UK Limited

Notes to the financial statements (continued)

For the year ended 31 July 2019

20 Pension costs (continued)

The life expectancy assumptions used to estimate the defined benefit obligation are:

	2019	2018
Current pensioners (at age 65) – male	21.0	21.5
Current pensioners (at age 65) – female	23.0	23.4
Future pensioners (at age 65) – male	23.2	23.7
Future pensioners (at age 65) – female	25.3	25.7

The assets in the scheme were:

	Value at 31 July 2019 £'000	Value at 31 July 2018 £'000
Equities	198,510	262,770
Bonds	524,039	546,189
Insurance policies	476,655	477,272
Other	271,813	103,808
Total market value of assets	1,471,017	1,390,039
Present value of scheme liabilities	(1,324,284)	(1,242,686)
Surplus in the scheme	146,733	147,353

Reconciliation of fair value of scheme assets

	2019 £'000	2018 £'000
At the beginning of the year	1,390,039	1,336,923
Interest income	37,241	34,173
Actuarial gain (return on plan assets)	102,789	12,550
Employers' contributions	26,700	72,120
Administrative expenses	(3,139)	(2,221)
Benefits paid	(82,613)	(63,506)
At the end of the year	1,471,017	1,390,039

Wolseley UK Limited

Notes to the financial statements (continued)

For the year ended 31 July 2019

20 Pension costs (continued)

	2019 £'000	2018 £'000
Actual return on scheme assets	140,030	46,723

Reconciliation of present value of scheme liabilities

	2019 £'000	2018 £'000
At the beginning of the year	(1,242,686)	(1,333,794)
Current service cost	(3,139)	(2,235)
Past service cost	(3,702)	-
Interest cost	(32,948)	(33,202)
Administrative expenses	3,139	2,221
Benefits paid	82,613	63,506
Actuarial (loss)/gain	(125,866)	60,818
Settlement loss	(1,696)	-
At the end of the year	(1,324,284)	(1,242,686)

Analysis of total expense recognised in the profit and loss account

	2019 £'000	2018 £'000
Current service cost	3,139	2,235
Settlement loss	1,696	-
Past service cost (note 6)	3,702	-
Charged to operating profit*	8,537	2,235
Interest on pension liabilities	32,948	33,202
Expected return on scheme assets	(37,241)	(34,173)
(Credited) to other finance expense	(4,293)	(971)
Total net charge	4,244	1,264

* Pension costs of £200,000 (2018: £214,000) were reimbursed by other Group companies. The total pension cost for the Plan was £8,537,000 (2018: £2,235,000). The pension cost for the Company was £8,337,000 (note 3) (2018: £2,021,000).

Wolseley UK Limited

Notes to the financial statements (continued)

For the year ended 31 July 2019

20 Pension costs (continued)

Analysis of amount recognised in statement of comprehensive income:

	2019 £'000	2018 £'000
Actual return less return on plan assets	102,789	12,550
Changes in assumptions underlying the present value of the scheme liabilities	(125,866)	60,818
Actuarial (loss)/gain recognised in the statement of comprehensive income	(23,077)	73,368

21 Derivative financial instruments

During the year, the Company entered into short-term currency contracts. At 31 July 2019, there were no outstanding short term currency contracts. A credit of £7,000 was made to the profit and loss account in relation to these contracts. (2018: charge of £290,000)

22 Ultimate parent company and parent undertakings

The Company's immediate parent company is Wolseley Group Holdings Limited, a company registered in England and Wales.

The ultimate parent and controlling company at 31 July 2019 was Ferguson plc, a company incorporated in Jersey whose registered office is 26 New Street, St Helier, Jersey, JE2 3RA, Channel Islands. Ferguson plc was the smallest and largest parent undertaking to consolidate this Company's financial statements as at 31 July 2019. Copies of the Group financial statements of Ferguson plc may be obtained from the Group Company Secretary, Ferguson plc, 1020 Eskdale Road, Winnersh Triangle, Wokingham, Berkshire, RG41 5TS, United Kingdom.

23 Subsequent events

Since the year end, Ferguson plc has announced their intention to demerge its UK operations, subject to shareholder approval. On completion of the transaction, the company will no longer be part of the Ferguson Group.

On 21 August 2019 the company announced the acquisition of Continental Product Engineering Limited, a market leader in the supply of product, assemblies and the development of technical solutions for the domestic and commercial mains-to-meter markets.

Wolseley UK Limited

Notes to the financial statements (continued)

For the year ended 31 July 2019

24 Full list of subsidiary undertakings

A full list of subsidiaries in which the Company has a controlling interest of 100% as at 31 July 2019 is set out below. The country of incorporation is also detailed below. Unless otherwise noted, the share capital comprises ordinary shares which are indirectly held by Wolseley UK Limited.

Fully owned subsidiaries:

A. C. Electrical Holdings Limited (England) ⁽ⁱ⁾	Northern Heating Supplies Limited (Scotland) ^{(ii)(iii)b}
A. C. Electrical Wholesale Limited (England)	Sellers of Leeds Limited (England)
Broughton's Limited (England) ^{(i)(ii)(iii)a}	Caselco Limited (England) ^{(ii)(iii)a}
Fusion Provida Holdco Limited (England) ⁽ⁱ⁾⁽ⁱⁱ⁾	Reay Electrical Distributors Limited (England) ^{(ii)(iii)a}
Fusion Provida UK Limited (England) ⁽ⁱ⁾	Sellers of Leeds (Group Services) Limited (England) ^{(ii)(iii)a}
Utility Power Systems Limited (England) ⁽ⁱⁱⁱ⁾	Sellers of Leeds International Limited (England) ^{(ii)(iii)a}
Hall & Co Limited (England) ⁽ⁱ⁾⁽ⁱⁱ⁾	William Wilson (Rugby) Limited (England) ^{(ii)(iii)a}
Homeoutlet Online Limited (England) ^{(i)(ii)(iv)}	William Wilson & Co. (Aberdeen) Limited (Scotland) ^{(ii)(iii)b}
King & Company (1744) Limited (England) ^{(i)(ii)(iii)a}	William Wilson Limited (Scotland) ^{(iii)b}
MPS Builders Merchants Limited (England) ⁽ⁱ⁾⁽ⁱⁱ⁾	T & R Electrical Wholesalers Limited (England)
Nevill Long Limited (England) ^{(i)(iv)}	William Wilson & Company (Glasgow) Limited (Scotland) ^{(ii)(iii)b}
WM. C. Yuille & Company Limited (Scotland) ^{(i)(iii)b}	Wolseley ECD Limited (N.Ireland) ^{(i)(iii)e(iv)}
Thomson Brothers Limited (Scotland) ^{(i)(iii)b}	Wolseley Haworth Limited (England) ^{(i)(iv)}
Glegg & Thomson Limited (Scotland) ^{(ii)(iii)b}	Wolseley UK Directors Limited (England) ⁽ⁱ⁾⁽ⁱⁱ⁾
Rosco Industrial Limited (Scotland) ^{(ii)(iii)b}	Wolseley Utilities Limited (England) ⁽ⁱ⁾
Wholesale Supplies (CI) Limited (Jersey) ^{(i)(ii)d}	Wright (Bedford) Limited (England) ^{(i)(ii)(iii)a}
William Wilson Holdings Limited (Scotland) ^{(i)(iii)b}	B Participations SAS (France) ^{(i)(iii)f}
A C Ferguson Limited (Scotland) ^{(ii)(iii)b}	
G. L. Headley Limited (England) ^{(ii)(iii)a}	
Northern Heating Limited (Scotland) ^{(i)(iii)b}	

- (i) Directly owned by Wolseley UK Limited;
- (ii) Dormant company;
- (iii) All of the above companies have the same registered office as the Company except as follows:-
 - a. 1020 Eskdale Road, Winnersh Triangle, Wokingham, RG41 5TS, United Kingdom
 - b. Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3QA, United Kingdom
 - c. 25/28 North Wall Quay, Dublin 1, Ireland
 - d. 47 Esplanade, St Helier, Jersey, JE1 0BD, Jersey
 - e. 42-46 Fountain Street, Belfast, Northern Ireland, BT1 5EF, United Kingdom
 - f. 3 avenue de l'Opera, 75001, Paris, France
- (iv) Struck off in November 2019