

Registered Number 636445

Wolseley UK Limited
(formerly Wolseley Centers Limited)
Annual report
for the year ended 31 July 2003



Wolseley UK Limited
(formerly Wolseley Centers Limited)

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for the year ended 31 July 2003

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Wolseley UK Limited (formerly Wolseley Centers Limited)

Directors and advisers

Executive Directors

C A Banks

A Barden

K Evans

K H D Jones

D E Moody

M J Neville

P G Shewbrook

I Tillotson

Secretary

M J White

Auditors

PricewaterhouseCoopers LLP

Benson House

33 Wellington Street

LEEDS

LS1 4JP

Registered Office

P O Box 21

Boroughbridge Road

Ripon

HG4 1SL

Registered Number

636445

Wolseley UK Limited (formerly Wolseley Centers Limited)

Directors' report for the year ended 31 July 2003

The directors submit their report and the audited accounts of the company for the year ended 31 July 2003.

Principal activities and business review

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

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

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

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

Future developments

The company has identified further areas of growth which it plans to exploit in the coming years.

Dividends and transfers to reserves

An interim dividend of £29,922,202 (2002: £64,134,000) has been proposed. No final dividend is proposed (2002: £Nil).

Payments to creditors

The policy of the company in respect of all suppliers is consistent with the CBI Prompt Payers Code.

Information about the Code and copies thereof may be obtained from the CBI, 103 New Oxford Street, London WC1A 1DU.

The number of days creditors outstanding at 31 July 2003 was 66 (2002: 69).

Directors and their interests

The directors of the company during the year ended 31 July 2003 were:

C A Banks

A Barden

D Bradley (resigned 1 November 2002)

K Evans

P Gauron (resigned 10 January 2003)

A J Hutton (resigned 31 July 2003)

K H D Jones

A Mander (appointed 1 August 2002 and resigned 3 June 2003)

D E Moody

M J Neville (appointed 1 August 2002)

P W Sheppard (resigned 13 January 2004)

P G Shewbrook

I Tillotson

Mr D Hufton was appointed a director on 1 September 2003.

Wolseley UK Limited (formerly Wolseley Centers Limited)

Directors and their interests (continued)

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

	Shares	
	Interest at 31 July 2003	Interest at 31 July 2002*
A Barden	3,893	2,967
K Evans	7,500	8,475
K H D Jones	-	46,750
D E Moody	6,682	23,363
M J Neville	-	-
P W Sheppard	19,408	19,414
P G Shewbrook	-	-
I Tillotson	843	843

	Executive and SAYE Options			
	31 July 2003	Granted	Exercised	31 July 2002*
A Barden	76,972	20,956	926	56,942
K Evans	69,763	16,383	3,396	56,776
K H D Jones	115,221	21,458	1,000	94,763
D E Moody	77,089	21,189	4,000	59,900
M J Neville	17,293	15,000	-	2,293
P W Sheppard	99,870	20,000	-	79,870
P G Shewbrook	54,294	15,458	14,200	53,036
I Tillotson	52,133	20,797	9,000	40,336

* or date of appointment if later

Directors and their interests (continued)

C A Banks and A J Hutton are directors of Wolseley plc and their interests are disclosed in the accounts of that company. Options under the Savings Related Share Option Scheme are normally exercisable between 2004 and 2008 at prices between 251.00p and 562.00p per share. Options under the Executive Share Option Schemes are normally exercisable between 1998 and 2012 at prices ranging from 349.75p to 543.00p per share.

The highest middle market price of the ordinary shares of Wolseley plc during the year was 706.75p and the lowest was 449.00p. The year end price was 674.25p.

Wolseley UK Limited (formerly Wolseley Centers Limited)

Statement of directors' responsibilities

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

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 July 2003 and that applicable accounting standards have been followed.

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

Donations

The Company's charitable donations in 2003 totalled £2,554 (2002: £nil). The company made no political donations.

Employment policies

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

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

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

Auditors

Following the transfer of substantially all of the business of the UK firm of PricewaterhouseCoopers to a limited liability partnership on 1 January 2003, PricewaterhouseCoopers resigned as auditors to the company on 31 March 2003 and the directors appointed the new auditors, PricewaterhouseCoopers LLP, with effect from 1 April 2003. PricewaterhouseCoopers LLP are willing to continue as auditors of the company and a resolution concerning their reappoint is to be proposed at the annual general meeting.

By order of the Board



M J Neville
Director
1 April 2004

Wolseley UK Limited (formerly Wolseley Centers Limited)

Independent auditors' report to the members of Wolseley UK Limited

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

Respective responsibilities of directors and auditors

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

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

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

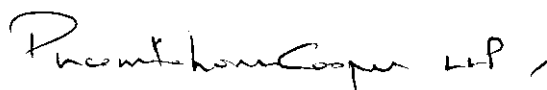
Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 July 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Leeds

1 April 2004

Wolseley UK Limited (formerly Wolseley Centers Limited)

Profit and loss account for the year ended 31 July 2003

	Note	2003 £'000	2002 £'000
Turnover	1	1,800,122	1,621,381
Change in stocks of finished goods and work in progress		16,604	12,908
Raw materials and consumables		(1,311,397)	(1,174,254)
Staff costs	2	(196,354)	(170,282)
Goodwill amortisation	7	(5,018)	(5,011)
Depreciation	8	(29,159)	(26,886)
Other operating charges		(153,773)	(151,228)
Other operating income		11,550	11,037
Operating profit	3	132,575	117,665
Income from shares in group undertakings		52,516	-
Profit on ordinary activities before interest		185,091	117,665
Interest receivable	4	16	178
Interest payable	4	(12,892)	(15,785)
Profit on ordinary activities before tax		172,215	102,058
Tax on profit on ordinary activities	5	(53,300)	(35,587)
Profit on ordinary activities after tax	16	118,915	66,471
Dividends	6, 16	(29,922)	(64,134)
Retained profit transferred to reserves	15	88,993	2,337

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

The above results relate wholly to continuing activities. Turnover includes £23,833,000 and operating profit includes £259,000 relating to acquisitions in the year.

Wolseley UK Limited (formerly Wolseley Centers Limited)

Statement of total recognised gains and losses for the year ended 31 July 2003

	Note	2003	2002
		£'000	£'000
Profit for the financial year		118,915	66,471
Currency translation differences	15	7,706	689
Total gains recognised since last annual report		126,621	67,160

Wolseley UK Limited (formerly Wolseley Centers Limited)

Balance sheet as at 31 July 2003

	Note	2003 £'000	2002 £'000
Fixed assets			
Intangible assets	7	145,632	131,868
Tangible assets	8	164,111	151,144
Investments	9	220,056	171,190
		529,799	454,202
Current assets			
Property awaiting disposal		3,198	3,497
Stocks	10	245,826	229,222
Debtors	11	551,272	289,313
		800,296	522,032
Creditors: amounts falling due within one year	12	(997,091)	(851,656)
Net current liabilities		(196,795)	(329,624)
Total assets less current liabilities		333,004	124,578
Creditors: amounts falling due after more than one year	12	(155,247)	(43,931)
Provisions for liabilities and charges	13	(7,378)	(6,967)
Net assets		170,379	73,680
Capital and reserves			
Called up equity share capital	14	31	31
Revaluation reserve	15	428	428
Exchange reserve	15	1,411	(6,295)
Profit and loss account	15	168,509	79,516
Equity shareholders' funds	16	170,379	73,680

The financial statements on pages 6 to 26 were approved by the board of directors on 1 April 2004 and were signed on its behalf by:



M J Neville
Director

Wolseley UK Limited (formerly Wolseley Centers Limited)

Accounting policies

Accounting convention

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

Turnover

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

Depreciation

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

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

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

Properties awaiting disposal

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

Stocks

Stocks are valued at the lower of cost and net realisable value, due allowance being made for obsolete or slow moving items.

Foreign currencies

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

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

Wolseley UK Limited (formerly Wolseley Centers Limited)

Taxation

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

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

Leased assets

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

Pensions

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

Goodwill

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

The net assets of businesses acquired are incorporated in the company at their fair value to the company. Fair value adjustments relate principally to adjustments necessary to bring the accounting policies of the acquired businesses into line with those of the company.

Dilapidation costs

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

Cash flow statement

Wolseley plc, the ultimate parent company, has included a cash flow statement in its group accounts for the year ended 31 July 2003. Under Financial Reporting Standard 1 no cash flow statement is therefore required in the accounts of this company.

Group accounts

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

Wolseley UK Limited (formerly Wolseley Centers Limited)

Notes to the financial statements for the year ended 31 July 2003

1 Turnover

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

2 Employees and directors

	2003 £'000	2002 £'000
Staff costs		
Wages and salaries	171,172	149,627
Social security costs	12,269	10,630
Other pension costs	12,153	9,081
Redundancy payments	760	944
	196,354	170,282

	2003 Number	2002 Number
Average monthly number of employees:		
Distribution	9,376	8,313
Administration	316	310
	9,692	8,623

	2003 £'000	2002 £'000
Directors' remuneration comprises:		
Emoluments (including pension contributions)	2,345	1,993
Compensation for loss of office	198	-
Total emoluments	2,543	1,993
Emoluments (including pension contributions) of the highest paid director:		
Aggregate emoluments	518	462
Accrued pension at end of year	155	138

Wolseley UK Limited (formerly Wolseley Centers Limited)

2 Employees and directors (continued)

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

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

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

C A Banks is a member of a defined contribution scheme run by the Wolseley plc group as in 2002. All of the other company's directors are members of a defined benefit scheme as referred to in note 19 (2002: All except C A Banks).

3 Operating profit

	2003 £'000	2002 £'000
Operating profit is stated after charging/(crediting):		
Hire of plant and machinery	890	862
Other operating leases	32,697	28,354
Auditors' remuneration		
Audit services	196	196
Taxation and other services	226	219
Rent receivable	(485)	(578)
Rentals receivable from hire of plant and machinery	(11,386)	(9,992)
Profit on sale of fixed assets	(950)	(897)

In addition, £212,000 (2002: £189,000) of payments made to the auditors for non-audit related services have been capitalised as part of the acquisition of subsidiaries.

Wolseley UK Limited (formerly Wolseley Centers Limited)

4 Interest

Interest receivable

	2003	2002
	£'000	£'000
Interest on cash deposits	16	178

Interest payable

	2003	2002
	£'000	£'000
Interest on bank overdrafts	2,933	2,883
Interest on bank loans	-	779
Finance lease interest	2	2
Interest payable to group undertakings	9,957	12,121
	12,892	15,785

5 Taxation

The tax charge for the year comprises:

	2003	2002
	£'000	£'000
UK corporation tax		
Current tax on income for the period	55,508	34,746
Total current tax	55,508	34,746
Deferred tax		
Current year	859	870
Prior year movement	(3,067)	(29)
	53,300	35,587

Wolseley UK Limited (formerly Wolseley Centers Limited)

5 Taxation (continued)

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

Tax reconciliation	2003	2002
	%	%
Standard UK corporation tax rate	30	30
Non-deductible and non-taxable items	3	5
Deferred tax origination and reversal of timing differences	(2)	(1)
Effective current tax rate on profit on ordinary activities before tax	31	34

The elements of deferred tax are as follows:	2003	2002
	£'000	£'000

Accelerated capital allowances	(3,401)	(1,203)
Other timing differences	(659)	(738)
Deferred tax asset	(4,060)	(1,941)

The movements in the deferred tax balance were as follows:

Asset at beginning of year	(1,941)	(2,782)
Amount (credited)/charged to profit and loss account	(2,208)	841
Provision transferred on acquisitions	89	-
Asset at end of year	(4,060)	(1,941)

There are other potential deferred tax assets in relation to tax losses totalling £0.2m (2002: £0.2m) that have not been recognised on the basis that their future economic benefit is uncertain.

No provision has been made for deferred tax gains recognised on revaluing property to its market value. The total amount unprovided for is £3.8m (2002: £3.7m). At present, it is not envisaged that any tax will become payable in the foreseeable future.

Wolseley UK Limited (formerly Wolseley Centers Limited)

6 Dividends

	2003	2002
	£'000	£'000
Interim dividend £958 (2002: £2,052) per ordinary share	29,922	64,134

7 Intangible fixed assets

	Goodwill
	£'000
Cost	
At 1 August 2002	152,404
Additions	18,782
At 31 July 2003	171,186
Aggregate amortisation	
At 1 August 2002	20,536
Charge for the year	5,018
At 31 July 2003	25,554
Net book amount	
At 31 July 2003	145,632
At 31 July 2002	131,868

Brooks Manson

The trade and assets of Brooks Manson Limited were acquired on 19 August 2002. Goodwill arising on the acquisition has been included above.

	Book value £'000	Consistency of accounting policy £'000	Fair value £'000
Fixed assets	6,700	(165)	6,535
Stock	3,376	-	3,376
Net assets	10,076	(165)	9,911
Goodwill			1,861
Consideration satisfied by cash			11,772

Wolseley UK Limited (formerly Wolseley Centers Limited)

7 Intangible fixed assets (continued)

During the year ended 31 July 2003 Wolseley UK Limited acquired Thomson Brothers Limited, Galley Matrix Limited and Lygon Holdings Limited. On 31 July 2003 the trade, assets and liabilities of Thomson Brothers Limited, Galley Matrix Limited, Unifix Limited (wholly owned subsidiary of Lygon Holdings Limited) and AP Technik (wholly owned subsidiary of Lygon Holdings Limited) were transferred to Wolseley UK Limited at book value and the amount relating to purchased goodwill totalling £16,212,000, arising on the original acquisitions, has been transferred from investments to intangible assets. The goodwill is being amortised over 20 years on a straight-line basis.

The additions for this year have also been increased by £709,000 which relates to fair value adjustments of prior year goodwill estimates.

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

Wolseley UK Limited (formerly Wolseley Centers Limited)

8 Tangible fixed assets

	Land and buildings £'000	Plant and machinery £'000	Fixtures, fittings tools and equipment £'000	Vehicles £'000	Total £'000
Cost or valuation					
At 1 August 2002	154,118	54,235	28,000	46,428	282,781
Acquisitions	4,750	16	42	4	4,812
Additions	12,199	6,153	7,887	12,936	39,175
Transferred from group companies	110	2,657	573	36	3,376
Disposals	(1,522)	(2,853)	(2,025)	(7,008)	(13,408)
Reclassifications	(9,795)	(480)	2,652	(82)	(7,705)
Exchange differences	-	-	7	3	10
Transfer to property awaiting disposal	(654)	-	-	-	(654)
At 31 July 2003	159,206	59,728	37,136	52,317	308,387
Balance remaining of:					
Valuation 1974	573				
Cost	158,633				
Total	159,206				
Depreciation					
At 1 August 2002	55,315	30,649	17,481	28,192	131,637
Charge for year	9,079	5,378	5,067	9,635	29,159
Transferred from group companies	16	2,387	416	15	2,834
Disposals	(553)	(2,727)	(1,642)	(6,508)	(11,430)
Reclassifications	(4,524)	(1,116)	(1,793)	(272)	(7,705)
Exchange differences	-	-	5	1	6
Transfer to property awaiting disposal	(225)	-	-	-	(225)
At 31 July 2003	59,108	34,571	19,534	31,063	144,276
Net book amount					
At 31 July 2003	100,098	25,157	17,602	21,254	164,111
At 31 July 2002	98,803	23,586	10,519	18,236	151,144

Wolseley UK Limited (formerly Wolseley Centers Limited)

8 Tangible fixed assets (continued)

Cost or valuation of land and buildings comprises:

	2003 £'000	2002 £'000
Freehold	87,833	80,957
Long leasehold	13,740	11,810
Short leasehold	57,633	61,351
	159,206	154,118

Freehold land, which is included above and amounts to £24,042,000 (2002: £20,841,000), is not depreciated. The cost and accumulated depreciation of assets held for hire to customers amounts to £20,415,000 (2002: £13,577,000) and £7,949,000 (2002: £7,812,000) respectively.

Historical cost

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

	2003 £'000	2002 £'000
Historical cost	150,837	153,525
Accumulated depreciation based on cost	(54,307)	(55,315)
Net book amount	96,530	98,210

Future capital expenditure authorised by the directors

	2003 £'000	2002 £'000
Contracted but not provided in the accounts	17,689	11,993

Wolseley UK Limited (formerly Wolseley Centers Limited)

9 Investments

Interest in group undertakings

	Shares at cost £'000	Loans £'000	Provision £'000	Transfer to Goodwill £'000	Net £'000
At 1 August 2002	179,247	409	(8,466)	-	171,190
Exchange gain on translation	16,418	-	-	-	16,418
At 1 August 2002	195,665	409	(8,466)	-	187,608
Acquisitions:					
Bathstore.com Limited	22,790	-	-	-	22,790
Thomson Brothers Limited	12,285	-	-	(7,360)	4,925
Galley Matrix Limited	7,347	-	-	(4,688)	2,659
Lygon Holdings Limited	6,238	-	-	(4,164)	2,074
At 31 July 2003	244,325	409	(8,466)	(16,212)	220,056

The transfer to goodwill represents the value of purchased goodwill associated with the transfer of trade of acquired companies into Wolseley UK Limited during the year.

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

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

Wolseley UK Limited (formerly Wolseley Centers Limited)

10 Stocks

	2003	2002
	£'000	£'000
Goods purchased for resale	245,826	229,222

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

11 Debtors

	2003	2002
	£'000	£'000
Amounts falling within one year		
Trade debtors	315,140	275,897
Amounts owed by parent and other group undertakings	220,334	2,463
Other debtors	2,047	820
Prepayments and accrued income	9,691	8,192
Amounts falling due after more than one year		
Deferred tax asset (note 5)	4,060	1,941
	551,272	289,313

12 Creditors

	2003	2002
	£'000	£'000
Amounts falling due within one year		
Bank overdraft	89,619	8,761
Loan from parent undertaking	332,558	304,313
Trade creditors	284,266	261,054
Amounts owed to group undertakings	219,355	206,542
Corporation tax	25,212	28,783
Other taxation and social security	12,214	11,276
Other creditors	703	1,469
Accruals and deferred income	33,164	29,458
	997,091	851,656

Wolseley UK Limited (formerly Wolseley Centers Limited)

12 Creditors (continued)

Of the loan from parent undertaking, which is unsecured and repayable on demand, £264,329,000 (2002: £244,244,000) is interest free with the remainder attracting interest at a rate based on the bank base rate.

Amounts falling due after more than one year

	2003	2002
	£'000	£'000
Unsecured term loan	155,247	43,931

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

	2003	2002
	£'000	£'000
Due between one and two years	155,247	43,931

13 Provisions for liabilities and charges

	1 August 2002	Released	Utilised	Created	31 July 2003
	£'000	£'000	£'000	£'000	£'000
Property dilapidations	6,967	(421)	(354)	1,186	7,378

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

14 Share capital

	2003	2002
	£'000	£'000
Authorised		
42,000 (2002: 42,000) ordinary shares of £1 each	42	42
170,000,000 (2002: 170,000,000) preference shares of £1 each	170,000	170,000
Total authorised	170,042	170,042
Allotted, issued and fully paid		
31,250 (2002: 31,250) ordinary shares of £1 each	31	31
Nil (2002: nil) preference shares of £1 each	-	-
Total allotted, issued and fully paid	31	31

Wolseley UK Limited (formerly Wolseley Centers Limited)

15 Reserves

	Revaluation reserve £'000	Exchange reserve £'000	Profit and loss £'000
Balance at 31 July 2002	428	(6,295)	79,516
Retained profit for the year	-	-	88,993
Exchange gain	-	7,706	-
Balance at 31 July 2003	428	1,411	168,509

£31,341,000 (2002: £31,341,000) of cumulative goodwill has been eliminated against reserves.

16 Reconciliation of movements in equity shareholders' funds

	2003 £'000	2002 £'000
Opening equity shareholders' funds	73,680	70,654
Profit on ordinary activities after tax	118,915	66,471
Dividends (note 6)	(29,922)	(64,134)
Exchange gains	7,706	689
Closing equity shareholders' funds	170,379	73,680

17 Contingent liabilities

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

Wolseley UK Limited (formerly Wolseley Centers Limited)

18 Obligations under leases

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

	Land and buildings	
	2003	2002
	£'000	£'000
Expiring:		
Within one year	1,373	884
Between one and five years	5,721	4,019
After five years	20,677	17,918
	27,771	22,821
	Other operating leases	
	2003	2002
	£'000	£'000
Expiring:		
Within one year	2,196	273
Between one and five years	4,068	4,500
	6,264	4,773

19 Pension costs

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

The total pension cost for the company was £12,153,000 (2002: £9,081,000).

The valuation used for FRS 17 disclosures with respect to the UK scheme has been based on the most recent actuarial valuation at 1 May 2001 and updated by the scheme actuary to take account of the requirements of FRS 17 in order to assess the liabilities of the scheme at 31 July 2003. Scheme assets are stated at their market value at 31 July 2003. Wolseley UK Limited paid 98.8% (2002: 96.6%) of the contributions to the Wolseley Group Retirement Benefits Plan. The total figures for the Plan have been shown below.

Wolseley UK Limited (formerly Wolseley Centers Limited)

19 Pension costs (continued)

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

	2003	2002	2001
Valuation method	Projected Unit	Projected Unit	Projected Unit
Discount rate	5.50%	6.00%	6.00%
Inflation rate	2.64%	2.45%	2.64%
Increase to deferred benefits during deferment	2.65%	2.50%	2.75%
Increases to pensions in payment	2.65%	2.50%	2.75%
Salary increases	4.65%	4.50%	4.75%

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

	Long-term rate of return expected at 31 July 2003	Value at 31 July 2003 £'000	Long-term rate of return expected at 31 July 2002	Value at 31 July 2002 £'000	Long-term rate of return expected at 31 July 2001	Value at 31 July 2001 £'000
Equities		144,600		130,100		164,300
Bonds		34,800		39,800		40,200
Overseas		106,600		92,600		119,500
Other		4,000		6,100		5,200
Total market value of assets		290,000		268,600		329,200
Present value of scheme liabilities		(432,400)		(354,700)		(342,100)
Deficit in the scheme		(142,400)		(86,100)		(12,900)
Related deferred tax asset		42,700		25,800		3,900
Net pension liability		(99,700)		(60,300)		(9,000)

Wolseley UK Limited (formerly Wolseley Centers Limited)

19 Pension costs (continued)

Analysis of amount charged to operating profit

	2003 £'000	2002 £'000
Current service cost	11,100	10,400

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

	2003 £'000	2002 £'000
Interest on pension liabilities	(21,600)	(20,600)
Expected return on scheme assets	18,000	22,200
	(3,600)	1,600

Movement in scheme deficit during year

	2003 £'000	2002 £'000
Deficit at 1 August	(86,100)	(12,900)
Current service cost	(11,100)	(10,400)
Contributions	11,800	9,000
Other finance income/(expenses)	(3,600)	1,600
Actuarial loss	(53,400)	(73,400)
Deficit at 31 July	(142,400)	(86,100)

History of experience gains and losses

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

Wolseley UK Limited (formerly Wolseley Centers Limited)

19 Pension costs (continued)

The pension liability included within the following disclosures has been restricted to 98.8% (2002: 96.6%) of the total scheme liability less deferred tax at 30% based on the share of contributions to the scheme.

Net Assets	2003 £'000	2002 £'000
Net assets	170,379	73,680
FRS 17 pension liability (net of deferred tax)	(98,500)	(60,300)
Net assets including pension liability	71,879	13,380
Reserves	2003 £'000	2002 £'000
Profit and loss reserve	168,509	79,516
FRS 17 pension liability (net of deferred tax)	(98,500)	(60,300)
Profit and loss reserve	70,009	19,216

20 Related party transactions

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

21 Parent company

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

22 Post balance sheet events

There have not been any significant post balance sheet events.