

Wolseley Overseas Holdings Limited
Annual report and financial statements
for the year ended 31 July 2010

Registered number 6167793

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Wolseley Overseas Holdings Limited
Annual report and financial statements
for the year ended 31 July 2010

Contents

	Page
Directors' report for the year ended 31 July 2010	1
Independent auditors' report to the members of Wolseley Overseas Holdings Limited	4
Profit and loss account for the year ended 31 July 2010	6
Balance sheet as at 31 July 2010	7
Notes to the financial statements for the year ended 31 July 2010	8

Directors' report for the year ended 31 July 2010

The directors present their annual report and the audited financial statements of the Company for the year ended 31 July 2010

Principal activities and business review

The Company is a wholly owned subsidiary of Wolseley plc and operates within the Wolseley Group's general corporate division

The Group's principal business activities are the distribution of heating and plumbing products to the professional market and the supply of building materials in Europe and North America. The principal activity of the Company is that of an investment company. There have been no significant changes in the Company's principal activity in the year under review. The directors do not foresee, at the date of this report, that there will be any major changes in the Company's activities in the next year.

The Company continues to invest in measures to limit the financial risks to the Group structure including cost-effective borrowing structures. This has enabled the Group to adjust its funding profile to match more precisely its investment profile. The directors regard this type of investment as necessary for the continuing success in the medium to long term future.

The balance sheet on page 7 of the financial statements shows the Company's financial position as at the year end.

In June 2010, the Company issued one £1 ordinary share to its parent company, Wolseley Group Holdings Limited, for total consideration of £891,187,000. The consideration was met by Wolseley Group Holdings Limited transferring its wholly owned subsidiary Jule B4 Limited to the Company. The Company immediately transferred Jule B4 Limited to Wolseley Overseas Limited, the consideration being met by Wolseley Overseas Limited issuing another share to the Company, thus increasing the Company's investment in Wolseley Overseas Limited by £891,187,000.

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business. The key performance indicators of the general corporate division of Wolseley plc, which includes the Company, are discussed in the Group's Annual Report which does not form part of this report.

Principal risks and uncertainties

The Company does not operate external to the Group and therefore its financial risks are governed by the Group policies and procedures. The Group is exposed to market risks arising from its international operations. The Group has well defined and consistently applied policies for the management of foreign exchange and interest rate exposures. There has been no change since the year end in the major financial risks faced by the Group. The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and foreign currency risk. The treasury committee of the Wolseley plc Board reviews and agrees policies for managing each of these risks at Group level and these policies are regularly reviewed.

Group risks are discussed in depth in the Group's annual report which does not form part of this report.

Directors' report for the year ended 31 July 2010 (continued)

Health, safety and environment

The Group recognises the importance of its environmental responsibilities. A key driver of the Wolseley Group's success has been the high degree of autonomy which has been afforded to local management, allowing them to serve local markets in the most appropriate manner. Within this decentralised structure, the Board has set down a number of health, safety and environment principles with which all businesses are required to comply. The principles relating to environment cover the integration of environmental management into business operations, a commitment to the adoption and achievement of best practice wherever this is practicable, a commitment to prevent pollution, compliance with local environmental legislation, the adoption where practicable of local formal environmental management systems, a commitment to strive for continual improvement, and a commitment to ensure proper communication with employees on environmental matters.

The Company operates in accordance with Group policies which are described in the Group's annual report which does not form part of this report.

Results and dividends

The results of the Company for the year ended 31 July 2010 are set out in the profit and loss account on page 6.

There have been no dividends paid or proposed during the year. In 2009 a preference dividend of £25,816,000 being 6.08p per share was paid. The loss of £2,449,463,000 (2009: £nil) has been deducted from reserves.

During the year, provisions for impairment were recorded against the fixed asset investments held in Wolseley Overseas Limited (£2,449,463,000), as the net assets of Wolseley Overseas Limited and the recoverable amount of its subsidiaries were considered to be less than the value of the investment held.

Going concern

The Company is fully supported by the Group. The directors consider that the Group and Company have adequate resources to continue in operational existence in the foreseeable future. Consequently the financial statements have been prepared on a going concern basis.

Post balance sheet events

On 1 December 2010 the Company subscribed for 375,000,000 £1 ordinary shares for a total cash consideration of £3,750,000,000 in its wholly owned subsidiary company Wolseley Overseas Limited.

On 2 December 2010 the Company completed a capital reorganisation reducing share capital by £3,043,315,000 and share premium by £3,243,572,000 with a corresponding increase to distributable reserves of £6,286,887,000. Following the capital reorganisation the Company had share capital of 3,043,345,461 shares of £0.00001.

On 1 February 2011, the Company issued 257,893,431 £0.00001 ordinary shares to its parent company, Wolseley Group Holdings Limited, for total cash consideration of £257,893,000.

Directors

The directors of the Company during the year ended 31 July 2010 and up to the date of signing the financial statements were:

R I Shoylekov
M J R Verrier
M J Webb
S P Webster

Appointed 1 April 2010
Resigned 31 March 2010

Directors' report for the year ended 31 July 2010 (continued)

Directors' responsibilities statement

The directors are responsible for preparing the Directors' 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). 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,
- prepare 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.

Statement of disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware. The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' indemnities

Wolseley plc maintains directors' and officers' liability insurance which gives appropriate cover for any legal action brought against its directors.

By order of the Board,



R I Shoyilekov
Company Secretary

Registered office:
Parkview 1220
Arlington Business Park
Theale
Reading
Berkshire
RG7 4GA
United Kingdom

Date: 28 February 2011

Independent auditors' report to the members of Wolseley Overseas Holdings Limited

We have audited the financial statements of Wolseley Overseas Holdings Limited for the year ended 31 July 2010 which comprise the Profit and Loss account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement on page 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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 consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 July 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Wolseley Overseas Holdings Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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



Richard Lawson (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date: 28 February 2011

Wolseley Overseas Holdings Limited
Annual report and financial statements
for the year ended 31 July 2010

Profit and loss account for the year ended 31 July 2010

	Note	2010 £'000	2009 £'000
Income from shares in Group undertakings	3	-	25,816
Impairment of fixed asset investments	6	(2,449,463)	-
Interest payable and similar charges	4	-	(25,816)
Loss on ordinary activities before taxation		(2,449,463)	-
Tax on loss on ordinary activities	5	-	-
Loss for the financial year	9	(2,449,463)	-

The Company has no recognised gains or losses other than those included in the profit and loss account above, and therefore no separate statement of total recognised gains and losses has been presented

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial years stated above and their historical cost equivalents

Wolseley Overseas Holdings Limited
Annual report and financial statements
for the year ended 31 July 2010

Balance sheet as at 31 July 2010

	Note	2010 £'000	2009 £'000
Fixed assets			
Investments	6	4,261,814	5,820,089
Current assets			
Cash at bank and in hand		-	1
Net current assets		-	1
Creditors: amounts falling due after one year	7	-	(424,359)
Net assets		4,261,814	5,395,731
Capital and reserves			
Called up share capital	8	3,467,704	3,043,345
Share premium account	9	3,243,573	2,352,386
Profit and loss account	9	(2,449,463)	-
Total shareholders' funds	10	4,261,814	5,395,731

The notes on pages 8 to 12 form part of these financial statements

The financial statements on pages 6 to 12 were approved by the Board on 28 February 2011 and signed on its behalf by



M J Webb
Director

Wolseley Overseas Holdings Limited
Registered number: 6167793

Date: 28 February 2011

Notes to the financial statements for the year ended 31 July 2010

1. Accounting policies

Accounting convention

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies that have been consistently applied are set out below.

Going concern

The Company is fully supported by the Group. The directors consider that the Group and Company have adequate resources to continue in operational existence in the foreseeable future. Consequently the financial statements have been prepared on a going concern basis.

Fixed asset investments

Fixed asset investments are stated 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.

Dividends payable

Dividends on ordinary shares are recognised in the Company's financial statements in the year in which the dividends are approved by the shareholders of the Company (generally in the case of the final dividend) or paid (in the case of interim dividends).

Preference shares

Preference shares issued by the Company are classified as equity where they have similar characteristics to ordinary shares and are not entitled to a preference dividend. In the prior year preference shares were classified as a liability in accordance with FRS 25 "Financial Instruments: Disclosure and Presentation" with the dividends paid on these preference shares classified as an interest expense.

Consolidated financial statements

As a wholly owned subsidiary of Wolseley plc and in accordance with Section 400 of the Companies Act 2006, the Company has not prepared consolidated financial statements. The results of the Company and its subsidiaries are consolidated in the financial statements of Wolseley plc, a company registered in England.

Cash flow statement

Wolseley plc, the ultimate parent company, has included a cash flow statement in its Group financial statements for the year ended 31 July 2010. Under paragraph 5(a) of FRS 1 "Cash flow statements" (revised 1996), no cash flow statement is therefore required in the financial statements of this Company.

2. Employees, directors' remuneration and audit fees

The Company had no employees during the year under review (2009: none).

None of the directors received any emoluments in respect of their services to the Company during the year (2009: £nil).

The audit fee for the year of £2,000 (2009: £2,000) was borne by Wolseley (Group Services) Limited and was not recharged to the Company.

Notes to the financial statements for the year ended 31 July 2010 (continued)

3. Income from shares in Group undertakings

	2010	2009
	£'000	£'000
Dividend received from fixed asset investment	-	25,816

4. Interest payable and similar charges

	2010	2009
	£'000	£'000
Preference share dividend paid (2009 6 0835p) per £1 share	-	25,816

5. Tax on loss on ordinary activities

Current tax	2010	2009
	£'000	£'000
Tax at the UK corporation tax rate of 28% (2009 28%)	-	-

The standard rate of corporation tax in the UK will change from 28% to 27% with effect from 1 April 2011

The tax assessed for the year is lower than (2009 equal to) the standard rate of taxation in the UK of 28% (2009 28%) The differences are explained below

Tax reconciliation	2010	2009
	%	%
Loss on ordinary activities at effective rate of corporation tax in the UK of 28% (2009 28%)	28	28
Fixed asset investment impairment not taxable	(28)	-
	-	28

6. Fixed asset investments

	Shares in Group undertakings
Cost	£'000
Cost as at 1 August 2009	5,820,089
Additions	1,782,375
Disposals	(891,187)
Cost as at 31 July 2010	6,711,277
Provision for impairment	
Provision for impairment as at 1 August 2009	-
Movement in provision	(2,449,463)
Provision for impairment as at 31 July 2010	(2,449,463)
Net book value as at 31 July 2010	4,261,814
Net book value as at 1 August 2009	5,820,089

Notes to the financial statements for the year ended 31 July 2010 (continued)

6. Fixed asset investments (continued)

In June 2010, the Wolseley Group Holdings Limited transferred its wholly owned subsidiary, Jule B4 Limited to the Company for total consideration of £891,187,000. The Company immediately transferred Jule B4 Limited to Wolseley Overseas Limited for the same consideration, thus increasing the Company's investment in Wolseley Overseas Limited by £891,187,000.

During the year, provisions for impairment were recorded against the fixed asset investments held in Wolseley Overseas Limited (£2,449,463,000), as the net assets of Wolseley Overseas Limited and the recoverable amount of its subsidiaries were considered to be less than the value of the investment held.

As at the year end, the Company had the following direct investments

Name of company	Country of Incorporation	Investment held	Type of share held	Principal activities
Wolseley Overseas Limited	United Kingdom	100%	£1 Ordinary	Investment
Wolseley UK Holdings Limited	United Kingdom	50%	£1 Preference	Investment

In the opinion of the directors, the value of the investment in the subsidiary undertaking and other Group undertakings is not less than the aggregate amount at which they are stated in the financial statements.

In addition to the investments listed above, the Company has indirect interests in a number of subsidiary undertakings which are immaterial to the operations of the Company and inclusion of which would lead to a statement of excessive length.

7. Creditors: amounts falling due after one year

	2010		2009	
	Number	£'000	Number	£'000
Authorised.				
Preference shares of £1 each	-	-	425,000,000	425,000
Allotted and fully paid:				
Preference shares of £1 each	-	-	424,359,219	424,359

The rights of the preference shares have changed such that they are no longer entitled to a dividend and have no redemption entitlement and have therefore now been classified as equity rather than debt (see note 8). In 2009 a preference dividend of 6.0835p per £1 share was paid amounting to £25,816,000.

Wolseley Overseas Holdings Limited
Annual report and financial statements
for the year ended 31 July 2010

Notes to the financial statements for the year ended 31 July 2010 (continued)

8. Called up share capital

	2010		2009	
	Number	£'000	Number	£'000
Authorised:				
Ordinary shares of £1 each	3,043,345,461	3,043,345	3,043,345,460	3,043,345
Preference shares of £1 each	425,000,000	425,000	-	-
		3,468,345		3,043,345
Allotted and fully paid:				
Ordinary shares of £1 each	3,043,345,461	3,043,345	3,043,345,460	3,043,345
Preference shares of £1 each	424,359,219	424,359	-	-
		3,467,704		3,043,345

In June 2010, the Company issued one £1 ordinary share to its parent company, Wolseley Group Holdings Limited, for total consideration of £891,187,000

The preference shares have no redemption entitlement. On a winding up the holders have priority before all other classes of share to receive repayment of the nominal value of the preference shares. The holders shall not have the right to vote at a general meeting of the Company.

9. Reserves

	Share premium account £'000	Profit and loss account £'000
As at 1 August 2009	2,352,386	-
Ordinary shares issued in the financial year	891,187	-
Loss for the financial year	-	(2,449,463)
As at 31 July 2010	3,243,573	(2,449,463)

10. Reconciliation of movements in shareholders' funds

	2010 £'000	2009 £'000
Ordinary shares issued in the financial year	891,187	-
Reclassification of preference share capital	424,359	-
(Loss) / Result for the financial year	(2,449,463)	-
Net deduction in shareholders' funds	(1,133,917)	-
Opening shareholders' funds	5,395,731	5,395,731
Closing shareholders' funds	4,261,814	5,395,731

11. Related party transactions

The Company has taken advantage of the exemption available under FRS 8 "Related party disclosures" to dispense with the requirement to disclose transactions with fellow subsidiaries, all of whose voting rights are held within the Group, and which are included in the consolidated financial statements of Wolseley plc.

Notes to the financial statements for the year ended 31 July 2010 (continued)

12. Ultimate parent company and controlling party

The immediate parent company is Wolseley Group Holdings Limited. The ultimate parent company and controlling party at 31 July 2010 was Wolseley plc, which is registered in England and was the smallest and largest parent undertaking to consolidate these financial statements as at 31 July 2010. On 25 November 2010 Wolseley plc re-registered as Wolseley Limited. Copies of the Group financial statements may be obtained from The Company Secretary, Wolseley Limited, Parkview 1220, Arlington Business Park, Theale, Reading, RG7 4GA.

On 23 November 2010, a new holding company, also called Wolseley plc, a company which is registered in Jersey, became the ultimate parent company and controlling party.

13. Post balance sheet events

On 1 December 2010 the Company subscribed for 375,000,000 £1 ordinary shares for a total cash consideration of £3,750,000,000 in its wholly owned subsidiary company Wolseley Overseas Limited.

On 2 December 2010 the Company completed a capital reorganisation reducing share capital by £3,043,315,000 and share premium by £3,243,572,000 with a corresponding increase to distributable reserves of £6,286,887,000. Following the capital reorganisation the Company had share capital of 3,043,345,461 shares of £0.00001.

On 1 February 2011, the Company issued 257,893,431 £0.00001 ordinary shares to its parent company, Wolseley Group Holdings Limited, for total cash consideration of £257,893,000.