

Wolseley Finance (Hawk) Limited

Annual report and financial statements

for the period ended 31 July 2009

Registered number: 6569959

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Directors' report for the period ended 31 July 2009

The directors present their annual report and the audited financial statements of the Company for the period ended 31 July 2009.

Date of incorporation

The Company was incorporated on 18 April 2008. This report and financial statements have been prepared for the 67 week period from incorporation to 31 July 2009.

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 throughout 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 period 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 period.

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.

On incorporation the Company issued 100 US\$1 shares to Wolseley Investment Inc. for cash consideration. In May 2008, the Company issued 859,769,000 ordinary US\$1 shares to Wolseley Investment Inc. for a total consideration of US\$859,769,000. The consideration was met by Wolseley Investment Inc. in the form of a share exchange of Wolseley Investment Inc.'s 100% holding in Wolseley Capital Limited.

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

The Wolseley Group manages its operations on a segmental basis. For this reason, the Company's 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. The performance of the general corporate division of Wolseley plc, which includes the Company, is 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 period 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 period ended 31 July 2009 (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 period ended 31 July 2009 are set out in the profit and loss account on page 6. During the period, no dividends have been paid or proposed. The profit of £155,000 has been transferred to reserves.

Post balance sheet events

On 16 November 2009, the Company received 1,569,016 ordinary shares of US\$0.05 each at a consideration of US\$4.51 per share amounting to £4,342,864 in total from Wolseley Capital (Parkview) Limited in lieu of interest due on the outstanding loan balance. These shares were sold on the same day for the same value to another Group company, Wolseley Investments Inc.

Directors

The directors of the Company during the period ended 31 July 2009 were:

R I Shoykov	(Appointed 18 April 2008)
M J R Verrier	(Appointed 18 April 2008)
S P Webster	(Appointed 18 April 2008)

Statement of directors' responsibilities

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; and
- prepare financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Directors' report for the period ended 31 July 2009 (continued)

Statement of directors' responsibilities (continued)

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.

Independent auditors

During the year, the directors appointed PricewaterhouseCooper LLP as auditors to the Company.

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,



A Drew
Company Secretary

12 January 2010

Registered office:

Parkview 1220
Arlington Business Park
Theale
Reading
RG7 4GA
United Kingdom

Independent auditors' report to the members of Wolseley Finance (Hawk) Limited

We have audited the financial statements of Wolseley Finance (Hawk) Limited for the period ended 31 July 2009 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 pages 2 and 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 Sections 495 and 496 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 2009 and of its profit 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 Finance (Hawk)
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.



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

17 January 2010

Profit and loss account for the period ended 31 July 2009

	Notes	67 weeks ended 31 July 2009 £'000
Net interest receivable and similar income	3	216
Profit on ordinary activities before taxation		216
Tax on profit on ordinary activities	4	(61)
Profit for the financial period	9	155

There is no difference between the profit on ordinary activities before taxation and the profit for the financial period stated above and their historical cost equivalents.

Balance sheet as at 31 July 2009

	Notes	2009 £'000
Fixed assets		
Investments	5	435,128
Current assets		
Debtors	6	468,311
Cash at bank and in hand		230
		468,541
Creditors: amounts falling due within one year	7	(468,386)
Net current assets		155
Net assets		435,283
Capital and reserves		
Called up share capital	8	435,128
Profit and loss reserve	9	155
Total shareholders' funds	10	435,283

The notes on pages 8 to 11 form part of these financial statements

The financial statements on pages 6 to 11 were approved by the Board on *18 January 2010* and signed on its behalf by:



S P Webster
Director

Wolseley Finance (Hawk) Limited
Registered number: 6569959

Notes to the financial statements for the period ended 31 July 2009

1. Accounting policies

Accounting convention

These financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of certain fixed assets and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies that have been consistently followed are set out below.

Fixed asset investments

Fixed asset investments are stated at cost less provision for impairment.

Foreign currencies

Fixed asset investments denominated in a foreign currency that are hedged by foreign currency borrowings are translated at the exchange rate ruling at the balance sheet date. Foreign currency borrowings are translated at the exchange rate ruling at the balance sheet date. Any exchange differences arising from re-translation of foreign currency borrowings are dealt with through reserves to the extent of exchange differences arising on the fixed asset investments.

Other monetary assets and liabilities denominated in foreign currency are translated at exchange rates ruling at the balance sheet date. Exchange differences arising from retranslation and/or settlement are dealt with through the profit and loss account.

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 accounts for the period ended 31 July 2009. Under paragraph 5(a) of FRS 1 "Cash flow statements" (revised 1996), no cash flow statement is therefore required in the accounts of this Company.

2. Employees, directors' remuneration and audit fees

The Company had no employees during the period under review.

None of the directors received any emoluments in respect of their services to the Company during the period.

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

Notes to the financial statements for the period ended 31 July 2009 (continued)

3. Net interest receivable and similar income

	67 weeks ended 31 July 2009 £'000
Interest receivable from Group undertakings	18,986
Interest receivable and similar income	18,986
Interest payable to Group undertakings	(18,743)
Exchange losses on cash	(27)
Interest payable and similar charges	(18,770)
Net interest receivable and similar income	216

4. Tax on profit on ordinary activities

	67 weeks ended 31 July 2009 £'000
Tax at the UK Corporation tax rate of 28%	61

The tax assessed for the period is equal to the standard rate of tax in the UK of 28%. There are no significant reconciling items between the actual and effective tax rate for the period ended 31 July 2009.

5. Fixed asset investments

	Shares in Group undertakings 2009 £'000
At incorporation	-
Additions	435,128
Net book value as at 31 July 2009	435,128

In May 2008, the Company acquired a material investment in the shares of Wolseley Capital Limited for \$859,769,000 from Wolseley Investment Inc, by way of a share exchange. The translated cost on the date of acquisition was £435,128,000.

As at the period end, the Company had the following investments:

Name of company	Country of Incorporation	Investment held	Type of share Held	Nature of business
Wolseley Capital Limited	UK	100%	Ordinary	Investment company

In the opinion of the directors, the value of the investment in the subsidiary undertaking is not less than the aggregate amount at which it is stated in the accounts.

Notes to the financial statements for the period ended 31 July 2009 (continued)

5. Fixed asset investments (continued)

The company has indirect investments in the following company through Wolseley Capital Limited.

Name of company	Country of incorporation	Investment held	Type of share held	Principal Activities
Wolseley Finance Hawk LLC	USA	100%	Ordinary	Financing company

6. Debtors

	2009 £'000
Amounts owed by Group undertakings	468,311

Amounts owed by Group undertakings are unsecured and have no fixed repayment terms. £466,563,000 is interest bearing at rates that vary between LIBOR plus 0.5% and LIBOR plus 2.0%. The remainder of £1,748,000 is non-interest bearing.

7. Creditors: amounts falling due within one year

	2009 £'000
Amounts owed to Wolseley plc	37
Amounts owed to Group undertakings	468,325
Corporation tax	24
	468,386

Amounts owed to Wolseley plc and other Group undertakings are unsecured and have no fixed repayment terms. £12,000 owed to Wolseley plc and £466,563,000 owed to other Group undertakings bear interest at rates between LIBOR + 0.5% and LIBOR + 2.0%. The remaining £25,000 owed to Wolseley plc and £1,762,000 owed to other Group undertakings are non-interest bearing.

8. Called up share capital

	2009	
	Number	£'000
Authorised:		
Ordinary shares of US\$1 each	1,000,000,000	506,099
Issued, allotted and fully paid:		
Ordinary shares of US\$1 each	859,769,100	435,128

On incorporation the Company issued 100 US\$1 shares to Wolseley Investment Inc. for cash consideration. In May 2008, the Company issued 859,769,000 ordinary US\$1 shares to Wolseley Investment Inc. for a total consideration of US\$859,769,000. The consideration was met by Wolseley Investment Inc. in the form of a share exchange of Wolseley Investment Inc.'s 100% holding in Wolseley Capital Limited. Cumulatively, shares issued are stated at an exchange rate of US\$1.9759 to £1.

Notes to the financial statements for the period ended 31 July 2009 (continued)

9. Reserves

	Profit and loss reserve £'000
As at incorporation	-
Profit for the period	155
As at 31 July 2009	155

10. Reconciliation of movements in total shareholders' funds

	2009 £'000
Profit for the financial period	155
Ordinary shares issued in the period	435,128
Net additions to shareholders funds	435,283
Opening shareholders' funds	-
Closing shareholders' funds	435,283

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.

12. Ultimate parent company and controlling party

The immediate parent company is Wolseley Investments Inc. The ultimate parent company and controlling party is Wolseley plc which is registered in England and is the smallest and largest parent undertaking to consolidate these financial statements. Copies of the Group accounts may be obtained from The Secretary, Wolseley plc, Parkview 1220, Arlington Business Park, Theale, Reading, RG7 4GA.

13. Post balance sheet events

On 16 November 2009, the Company received 1,569,016 ordinary shares of US\$0.05 each at a consideration of US\$4.51 per share amounting to £4,342,864 in total from Wolseley Capital (Parkview) Limited in lieu of interest due on the outstanding loan balance. These shares were sold on the same day for the same value to another Group company, Wolseley Investments Inc.