

**Registered no: 07180292**

# **Travis Perkins Financing Company No.3 Limited**

**Annual report  
for the period ended 31 December 2010**

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# **Travis Perkins Financing Company No.3 Limited**

## **Annual report for the period ended 31 December 2010**

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**Directors' report  
for the period ended 31 December 2010**

The directors present their report and the audited financial statements for the period from the date of incorporation, being 5 March 2010, to 31 December 2010. The accounting reference date was changed to 31 December to align with the ultimate parent company, Travis Perkins plc.

The Directors' report has been prepared in accordance with the special provisions relating to small companies under Section 415A of the Companies Act 2006.

**Principal activities**

The principal activity of the Company during the period was the provision of finance to Travis Perkins plc through participation in a syndicated loan.

**Review of developments and future prospects**

The profit and loss account is set out on page 7.

The Company made a pre-tax profit of £1,859,057 for the period ended 31 December 2010.

The directors believe the company is satisfactorily placed to enable it to trade profitably in future.

**Financial risk management**

The company follows the Travis Perkins plc financial risk management policies, details of which are in the Travis Perkins group accounts.

The overall aim of the Travis Perkins plc financial risk management policy is to minimise potential adverse effects on financial performance and net assets. Travis Perkins plc manages the principal financial risks within policies and operating parameters approved by the Travis Perkins plc Board of Directors and does not enter into speculative transactions.

Treasury activities are managed centrally under a framework of policies and procedures approved by and monitored by the Travis Perkins plc Board.

Details of the company's financial risks are described further below.

**Currency risk**

During the period the company entered into only transactions denominated in sterling.

**Directors Report (continued)****Credit risk**

Credit risk arises on financial instruments such as trade receivables and short-term bank deposits. The company only trades with Travis Perkins' group companies. Overall, the company considers that it is not exposed to a significant amount of credit risk.

**Statement of going concern**

The Company's business activities, together with the factors likely to affect its future development and position are set out in this report.

The Company is a subsidiary of Travis Perkins plc. The Company is reliant on other companies in the Group for financial support. The Company's ability to operate as a going concern is therefore directly linked to the Group's position.

The Board of Travis Perkins plc is currently of the opinion that having reviewed the Group's cash forecasts and revenue projections, and after taking account of reasonably possible changes in trading performance, the Group should be able to operate within its current facilities and comply with its banking covenants for the foreseeable future.

On the basis of their assessment of the Company's financial position, confirmation of financial support and enquires made of the Directors of Travis Perkins plc, the Company's Directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**Dividends**

No dividend has been paid in the current period. The retained profit of £1,859,057 has been transferred to reserves.

**Directors**

The directors of the Company who served during the period are listed below:

G I Cooper (appointed 22/03/2010)

P N Hampden Smith (appointed 22/03/2010)

N Harpham (appointed 5/3/2010) (resigned 22/03/2010)

The Company has made qualifying third party indemnity provisions for the benefits of its directors which were made during the period and remain in force at the date of this report.

## **Directors Report (continued)**

### **Auditors**

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

- 1) So far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- 2) 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 auditors are aware of that information

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

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

By order of the Board



**Paul Hampden Smith**

Finance Director

31 March 2011

## **Directors responsibility 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). 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 judgments and accounting estimates that are reasonable and prudent, 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.

## **Independent auditor's report to the members of Travis Perkins Financing Company No.3 Limited**

We have audited the financial statements of Travis Perkins Financing Company No 2 Limited for the period ended 31 December 2010 which comprise Profit and Loss Account, the Balance Sheet, Reconciliation of movement in shareholders funds, and the related notes 1 to 10. 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)

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 other 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.

### **Respective responsibilities of directors and auditor**

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. 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.

### **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 December 2010 and of its profit for the period 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

**Independent auditors' report (continued)**

**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

**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
- The Directors were not entitled to prepare the financial statements in accordance with the small company regime or take advantage of the small company's exemption in preparing the Directors report



Colin Hudson (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

London, United Kingdom

31 March 2011



**Profit and loss account  
for the period ended 31 December 2010**

	Notes	10 months to 31 December 2010 £
Net finance income	3	<u>1,859,057</u>
Operating profit and profit on ordinary activities before taxation		<u>1,859,057</u>
Tax on profit on ordinary activities	4	<u>(520,536)</u>
<b>Profit after taxation being profit for the period</b>	7	<u><b>1,338,521</b></u>

All results relate to continuing activities

There were no recognised gains or losses other than the loss for the period as shown above

**Balance sheet**  
**as at 31 December 2010**

	Notes	2010 £
Loans to group undertakings - amounts falling due in more than one year		<b>61,833,333</b>
<b>Current Assets</b>		
Debtors	5	<u><b>11,475,549</b></u>
<b>Current liabilities</b>		
Amounts falling due within one year	6	<u><b>(69,497,027)</b></u>
<b>Net current liabilities</b>		<u><b>(58,021,478)</b></u>
<b>Total assets less current liabilities</b>		<u><b>3,811,855</b></u>
Deferred income falling due outside one year		<u><b>(2,473,333)</b></u>
<b>Net assets</b>		<u><b>1,338,522</b></u>
<b>Capital and Reserves</b>		
Called up share capital	7	<b>1</b>
Profit and loss account	8	<u><b>1,338,521</b></u>
<b>Shareholders' funds</b>		<u><b>1,338,522</b></u>

The financial statements of Travis Perkins Financing Company No 3 Limited, registered company number 06755439, were approved by the Board of Directors on 31 March 2011 and signed on its behalf by



Paul Hampden Smith

Director

**Reconciliation of movement in shareholders' funds  
for the period ended 31 December 2010**

	Note	2010 £
Shareholders' funds at 5 March 2010		1
Profit attributable to shareholders of the company	8	1,338,521
<b>Shareholders' funds at 31 December</b>		<b>1,338,522</b>

**Notes to the financial statements  
for the period ended 31 December 2010****1 Accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. The principal accounting policies adopted are described below and have been applied consistently during the period.

**Basis of accounting**

The financial statements have been prepared under the historical cost convention.

The Company is a subsidiary of Travis Perkins plc. The Company is reliant on its ultimate parent company for financial support. The Company's ability to operate as a going concern is therefore directly linked to the Group's position.

A detailed consideration of the Group's going concern position, and the risks and uncertainties to which it is exposed is provided in the statement of going concern within the Directors Report.

After making enquiries, the Directors have formed a judgement at the time of approving the financial statements, that there is a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

The company has taken advantage of the exemption permitted by Financial Reporting Standard No 1 (revised) not to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Travis Perkins plc, which produces a consolidated cash flow statement in its group accounts.

**Loans**

Loans are accounted for at amortised cost. The loans are valued at inception at the amount of the initial advance. Subsequently the loan balances are then reduced where necessary by a provision for balances which are considered to be impaired.

Loans and receivables are reviewed for indications of possible impairment throughout the period and at each balance sheet date. Where loans exhibit objective evidence of impairment, the carrying value of the loans is reduced to the net present value of the expected cash flows, discounted at the original effective interest rate.

**Notes to the financial statements  
for the period ended 31 December 2010 (continued)**

**2 Directors' emoluments, employee information and auditors remuneration**

The directors are paid by other group companies and received total emoluments of £2,190,000 for the period, but it is not practicable to allocate their remuneration from other group companies for services rendered. In addition, one director is accruing benefits under the Travis Perkins Pensions and Dependents' Benefit Scheme which is a defined benefit pension scheme, in respect of their service to other group companies.

The Company had no employees.

Fees payable to the Company's auditors for the audit of the Company's annual accounts were borne by another Group company. Audit fees of £1,500 were payable for the period ended 31 December 2010.

**3 Net Finance Income**

	<b>10 months to 31 December 2010 £</b>
Interest payable	(8,594)
	<u>(8,594)</u>
Interest receivable	1,474,166
Waiver fee receivable	393,485
	<u>1,867,651</u>
Net finance income	<u>1,859,057</u>

**4 Tax on profit on ordinary activities**

	<b>10 months to 31 December 2010 £</b>
<b>Current tax</b>	
UK corporation tax on profits for the period	520,536
	<u>520,536</u>
<b>Total tax charge on profit on ordinary activities</b>	<u>520,536</u>

**Notes to the financial statements  
for the period ended 31 December 2010 (continued)**

**4 Tax on profit on ordinary activities (continued)**

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

	<b>10 months to 31 December 2010</b>
	<b>£</b>
Profit before tax	1,859,057
Tax on profit on ordinary activities at standard UK corporation tax rate of 28%	520,536
Current tax charge for the period	<u>520,536</u>

**5 Debtors**

	<b>2010 £</b>
Loans to group undertakings	11,242,424
Prepayments and accrued income	233,125
	<u>11,475,549</u>

The company participates in a syndicated loan facility provided to the ultimate parent company Travis Perkins plc. The loan is repayable in semi annual instalments with £11,242,424 falling due within one year and £61,833,333 falling due outside one year. The loan is repayable in full by April 2013. Interest receivable is calculated at LIBOR plus a variable margin.

**6 Creditors: amounts falling due within one year**

	<b>2010 £</b>
Amounts owed to group undertakings	69,047,330
Accruals and deferred income	449,697
	<u>69,497,027</u>

Amounts owed to group undertakings represents a loan payable to Travis Perkins plc. The loan is repayable on demand and no interest is payable.

**Notes to the financial statements  
for the period ended 31 December 2010 (continued)****7 Called-up share capital**

	2010 £
<b>Called up, allotted and fully paid</b>	
1 ordinary shares of £1	<u>1</u>

**8 Profit and loss account**

	£
At 5 March 2010	-
Profit attributable to shareholders of the company	<u>1,338,521</u>
At 31 December 2010	<u>1,338,521</u>

**9 Related party transactions**

The company has a related party relationship with its fellow group companies and with its directors

The Company has taken advantage of the exemption permitted by Financial Reporting Standard No 8 not to disclose transactions between group companies 100% of the voting rights over the company's shares are controlled within the group

The remuneration, and details of interests in the share capital of the company, of the directors are provided in note 2 Directors' emoluments and within the Directors' report

There have been no material related party transactions with directors

**10 Ultimate holding company**

The ultimate parent and controlling company is Travis Perkins plc, a company incorporated in England and Wales Copies of the Travis Perkins plc group financial statements are available from The Registrar of Companies, Companies House, Crown Way, Maundy, Cardiff, CF4 3UZ The largest and smallest group into which the company's results are consolidated is Travis Perkins plc