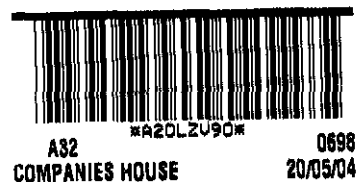


Wolseley-Hughes Limited
Annual report and accounts
for the year ended 31 July 2003

Registered number 518206



Wolseley-Hughes Limited

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Wolseley-Hughes 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 activity and business review

The principal activity of the company is to invest any surplus funds and borrow funds to meet the short-term requirements of the Wolseley group. In the latter part of the year this activity was curtailed. The results for the year are set out in the profit and loss account on page 4.

Auditors remuneration is borne by the ultimate parent company.

Dividends and transfers to reserves

No final dividend is proposed (2002: £Nil). The profit of £635,000 has been transferred to reserves (2002: profit of £1,857,000).

Directors

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

MJ Verrier
SP Webster
MJ White
EG Parker (resigned 31 August 2002)

Directors' interest in shares

The notifiable interests of the directors in the 25p ordinary shares of Wolseley plc and options on those shares granted pursuant to the terms of the various Wolseley plc share option schemes are shown below.

Name of director	Shares			Share Options		
	Interests at 31 July 2003	Interests at 1 August 2002	Interests at 31 July 2003	Granted	Exercised	Interests at 1 August 2002
MJ Verrier	5,985	5,769	43,198	28,000	-	15,198
MJ White	-	-	23,986	23,986	-	-

Mr SP Webster is a director of Wolseley plc, accordingly his interests are not shown.

Wolseley-Hughes Limited

Directors' report for the year ended 31 July 2003 (continued)

Statement of directors' responsibilities

The directors are required by United Kingdom company law to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss for that period.

Following discussions with the auditors, the directors consider that in preparing the accounts, appropriate accounting policies have been used and applied consistently, supported by reasonable and prudent judgements and estimates, and that applicable accounting standards have been followed.

The accounts have been prepared on the going concern basis.

The directors are also responsible for maintaining adequate accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the accounts comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud or any other irregularities.

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 in office and their re-appointment will be proposed at the Annual General Meeting.

By Order of the Board



MJ White
Director

10 May 2004

Independent auditors' report to the members of Wolseley-Hughes Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

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 on page 2.

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 opinion has been prepared for and only for the company's members 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 in to whose hands it may come save where expressly agreed by our prior 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. 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.

We read the other information contained in the Annual Report and consider the information for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.


Basis of 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.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers LLP', is written over the printed name of the firm.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham

10 May 2004

Wolseley-Hughes Limited

Profit and loss account for the year ended 31 July 2003

	Notes	2003	2002
		£000	£000
Exchange gain		907	2,629
Operating expenses		(1)	(1)
Operating profit		906	2,628
External interest receivable		428	4,754
Interest receivable from group undertakings		878	4,368
Interest payable to group undertakings		(778)	(3,789)
Bank interest payable		(527)	(5,332)
Profit on ordinary activities before taxation		907	2,629
Tax on charge on profit on ordinary activities	3	(272)	(772)
Profit for the financial year taken to reserves	7	635	1,857

The profit for the financial year includes all recognised gains and losses in the year.

Wolseley-Hughes Limited

Balance sheet as at 31 July 2003

	Notes	2003 £000	2002 £000
Current assets			
Debtors	4	42,423	860,266
Cash at bank and on deposit		1	9,761
		42,424	870,027
Creditors: amounts falling due within one year	5	(39,591)	(867,829)
Net current assets		2,833	2,198
Total assets less current liabilities		2,833	2,198
Capital and reserves			
Called up share capital	6	-	-
Profit and loss account	7	2,833	2,198
Total shareholders' funds – all equity		2,833	2,198

Approved by the Board on 10 May 2004.



MJ White
Director

Wolseley-Hughes Limited

Notes to the accounts for the year ended 31 July 2003

1 Accounting policies

Accounting convention

The accounts have been prepared under the historical cost convention in accordance with applicable accounting standards.

Deferred Tax

Deferred tax has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more tax in the future or a right to pay less tax in the future. An asset is not recognised to the extent that the transfer of economic benefit in the future is uncertain. Deferred tax assets and liabilities have not been discounted.

Investment income

Interest on money market deposits and other investments is accounted for on an accruals basis.

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 paragraph 5(a) of Financial Reporting Standard 1 (Revised) no cash flow statement is therefore required in the accounts of this company.

Foreign currencies

All assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date. The exchange differences arising from re-translation are dealt with through the profit and loss account.

2 Directors emoluments

None of the directors received any emoluments in respect of their services to the company (2002: £Nil).

3 Tax on profit on ordinary activities

	2003	2002
	£000	£000
Corporation tax charge at 30% (2002: 30%)		
Current year charge	272	788
Adjustment in respect of prior years	-	(16)
	272	772

Wolseley-Hughes Limited

Notes to the accounts for the year ended 31 July 2003 (continued)

3 Tax on profit on ordinary activities (continued)

Tax reconciliation

	2003	2002
	%	%
Profit on ordinary activities at standard rate of corporation tax in the UK of 30% (2002: 30%)	30	30
Adjustment in respect of prior years	-	(1)
	30	29

4 Debtors

	2003	2002
	£000	£000
Amounts owed by group undertaking	-	32,006
Amounts owed by Wolseley plc	42,423	828,260
	42,423	860,266

5 Creditors (amounts falling due within one year)

	2003	2002
	£000	£000
Bank overdraft (unsecured)	39,132	17,270
Amounts owed to group undertakings	-	849,441
Interest payable	187	531
Corporation tax	272	587
	39,591	867,829

6 Share capital

	2003	2002
	£	£
Authorised, issued, allotted and fully paid		
100 ordinary shares of £1 each	100	100

Wolseley-Hughes Limited

Notes to the accounts for the year ended 31 July 2003 (continued)

7 Reserves

	Profit and loss account
	£000
Balance at 1 August 2002	2,198
Retained profit for the year	635
Balance at 31 July 2003	2,833

8 Reconciliation of movements in shareholders' funds

	2003	2002
	£000	£000
Opening shareholders' funds	2,198	341
Retained profit	635	1,857
Closing shareholders' funds	2,833	2,198

9 Contingent liabilities

In addition to its own bank account the company has a joint bank account with Wolseley plc and certain other group companies which is taken into the accounts of Wolseley plc and is not therefore taken into these accounts.

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

The company, together with certain other group companies, is party to a group VAT registration.

10 Parent company

The ultimate parent company is Wolseley plc which is registered in England. Copies of the group accounts may be obtained from The Secretary, Wolseley plc, Parkview 1220, Arlington Business Park, Theale, Reading, RG7 4GA.

11 Related party transactions

The company has taken advantage of the exemption to subsidiaries and other group undertakings granted by FRS 8 not to disclose related party transactions.