

Registered no: 02780063

Benchmarx Kitchens and Joinery Limited

**Annual report and accounts
for the year ended 31 December 2012**

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Benchmarx Kitchens and Joinery Limited

Annual report and accounts for the year ended 31 December 2012

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**Directors' report
for the year ended 31 December 2012**

The Directors present their report and the audited financial statements for the year ended 31 December 2012.

Business review and principal activities

The Directors regard Travis Perkins plc as the ultimate and immediate controlling company

The principal activity of the Company is the supply of materials to the specialist joiners, developers and general builders

Turnover was £70.0m for the year ended 31 December 2012 (2011: £55.0m). The Company made a loss after tax of £0.8m for the year ended 2012 (2011: loss of £2.0m), but the Directors believe that the business is now firmly established and can compete effectively with more established players. The Company has been targeting the contracts market and the investment made is now starting to pay off with the business expected to become profitable shortly. The Company is carrying opening losses from new branches opened during 2011 and it is believed that such branches are not expected to be in profit for three years from opening.

The balance sheet on page 10 of the financial statements shows that net liabilities have increased to £12.2m (2011: £11.7m). Details of amounts owed by and to other group undertakings are shown in notes 11 and 12.

The Travis Perkins plc group (the "Group") manages its operations on a divisional 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 specialist merchanting division of Travis Perkins plc, which includes this company, is discussed in the Group's Annual Report which does not form part of this report.

Directors' report (continued)**Principal risks and uncertainties**

Competitive pressure in the UK is a continuing risk for the Company which could result in it losing sales to its key competitors. The Company manages this risk by selling competitively priced goods and providing added value services to its customers.

The Company follows the Group's financial risk management policies, details of which are given in the Group's accounts.

The overall aim of the Group's 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 its 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 of Directors.

Details of the Company's financial risk are described further below.

Interest rate and liquidity risk

The Group borrows in Sterling at floating rates and, where necessary, uses interest rate derivatives to fix rates on approximately 33% to 75% of external debt to generate the preferred interest rate profile and to manage its exposure to interest rate fluctuations. The Company is a party to the Travis Perkins plc cross guarantee policy (note 12).

Currency risk

The Group buys currency through forward contracts and at spot rates. Forward contracts are used to cover between 30% and 70% of forecasted requirements up to 12 months forward.

Credit risk

Credit risk arises on financial assets such as trade receivables and short-term bank deposits. Policies and procedures exist to ensure that the trade debtors have an appropriate credit history. 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 any factors likely to affect its future development and position are set out in this report.

The Company is a subsidiary of Travis Perkins plc. Given the Company has net liabilities, it 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.

Directors' report (continued)**Statement of going concern (continued)**

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

The results of the Company for the year ended 31 December 2012 are set out on page 9.

There were no dividends paid in either year.

Directors

The Directors of the Company who served during the year and subsequently are listed below.

J. P. Carter
G. I. Cooper
A. J. Davidson
P. N. Hampden Smith (resigned 28 February 2013)
C. Kavanagh
C. J. Larkin
M. R. Meech
R. D. Proctor

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

Corporate responsibility**Environment**

The Group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Group's activities.

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. Initiatives designed to minimise the Company's impact on the environment include improving energy use efficiency, reducing the amount of CO₂ emissions and minimising the consumption of water and the production of waste (both hazardous and non-hazardous).

Employees

Details of the number of employees and related costs can be found in note 5 to the financial statements on pages 16 and 17.

Directors' report (continued)**Corporate responsibility (continued)****Employees (continued)**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged.

It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Our employment policies have been designed to meet the needs of our business, and follow best practice whilst complying with both current and anticipated legislation. Applied consistently throughout the Company they provide a fair framework within which our employees work.

The Company is firmly committed to ensuring that the manner in which it employs staff is fair and equitable. Our equal opportunities policy is designed to ensure that no person or group of individuals will be treated less favourably because of their race, colour, ethnic origin, gender or sexual orientation, age or disability. Our commitment to training and development at all levels of the organisation gives our employees the opportunity to realise their full potential. We have in place an annual performance review process that enables

- A better understanding of what is expected of staff,
- Recognition of achievement,
- The opportunity for development and career progression,
- Effective succession planning,
- A sound basis for ongoing performance management.

We regularly consult with our workforce. Throughout our branch network staff meet with management on a formal basis to consult over matters such as health and safety and customer service. We also distribute a number of company newsletters and encourage wide use of our intranet, both providing valuable information and inviting feedback. Employees are regularly informed of the Group's financial results and the market conditions in which it operates and are consulted regarding any changes in employment conditions. To encourage the involvement of employees in the Group's performance, it operates a Save-As-You-Earn share option scheme. There is a commitment at board level to ensure that employees and management are effectively inducted into the Company and given the necessary training to fulfil their roles and to develop their full capabilities. Particular emphasis is placed on customer service, health and safety and youth training. Our investment in management development continues and programmes are in place with the principal aims of ensuring consistent standards of management practice across the Group and strong succession into senior appointments. Management retention is a critical factor in our ongoing success and it was pleasing to see that retention of our managers continued to be strong in 2012.

With 85 branches throughout the United Kingdom, the Company recognises its role in and responsibilities towards local communities. Branches are encouraged to support their local communities through involvement in local affairs, such as by sponsoring organisations or donating materials to projects.

Directors' report (continued)**Supplier payment policy**

The Company's policy is to pay all of its suppliers in accordance with established terms. However, given the Group structure and its centralised systems, it is not possible to distinguish the Company's trade creditors from those of its fellow subsidiaries, and thus any calculation of its own creditor days measurement would not be meaningful. Trade creditors for the Group at 31 December 2012 represent 53 days (2011: 57 days) of average purchases of goods and services.

Charitable and political donations

During the year the Company made charitable donations of £1,000 (2011: £1,000) principally to local charities serving the communities in which the Company operates.

Auditor

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

- So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- The Director has taken all 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 auditor is aware of that information.

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

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

By order of the Board

A. S. Pike
Secretary

15 April 2013

Directors' responsibilities 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,
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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
Benchmarx Kitchens and Joinery Limited**

We have audited the financial statements of Benchmarx Kitchens and Joinery Limited for the year ended 31 December 2012 which comprise the profit and loss account, the balance sheet, the reconciliation of movements in shareholders' deficit and the related notes 1 to 20. 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 and express an opinion on 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2012 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

Independent auditor's report (continued)

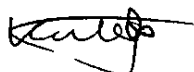
Opinion on other matter prescribed by the Companies Act 2006

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.



Kate Hadley (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Birmingham, United Kingdom
15 April 2013

**Profit and loss account
for the year ended 31 December 2012**

	Notes	2012 £'000	2011 £'000
Turnover	2	69,988	55,018
Operating loss on ordinary activities	3	(1,015)	(2,651)
Net interest payable	7	(11)	(6)
Loss on ordinary activities before taxation		(1,026)	(2,657)
Tax credit on loss on ordinary activities	8	186	632
Loss on ordinary activities after taxation being loss for the financial year	15	(840)	(2,025)

All results relate to continuing activities

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

**Balance sheet
as at 31 December 2012**

	Notes	2012 £'000	2011 £'000
Fixed assets			
Tangible assets	9	5,813	6,386
Current assets			
Stocks	10	6,982	8,241
Debtors	11	1,346	3,766
Cash at bank and in hand		746	586
		<u>9,074</u>	<u>12,593</u>
Creditors: amounts falling due within one year	12	<u>(26,385)</u>	<u>(30,074)</u>
Net current liabilities		<u>(17,311)</u>	<u>(17,481)</u>
Total liabilities less current liabilities		<u>(11,498)</u>	<u>(11,095)</u>
Provisions for liabilities	13	<u>(728)</u>	<u>(631)</u>
Net liabilities		<u>(12,226)</u>	<u>(11,726)</u>
Capital and Reserves			
Called up share capital	14	384	384
Share premium account	15	69	69
Profit and loss account	15	<u>(12,679)</u>	<u>(12,179)</u>
Shareholders' deficit		<u>(12,226)</u>	<u>(11,726)</u>

The financial statements of Benchmarx Kitchen and Joinery Limited, registered number 02780063, were approved by the Board of Directors on 15 April 2013 and were signed on its behalf by



G I Cooper

Director

**Reconciliation of movement in shareholders' deficit
for the year ended 31 December 2012**

	2012 £'000	2011 £'000
Shareholders' deficit at 1 January	(11,726)	(9,963)
Loss attributable to shareholders of the Company	(840)	(2,025)
Share-based payments	340	262
Net decrease in shareholders' deficit	(500)	(1,763)
Shareholders' deficit at 31 December	(12,226)	(11,726)

**Notes to the financial statements
for the year ended 31 December 2012****1 Accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom

The particular accounting policies adopted are described below and have been applied consistently in both years.

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 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.

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.

Tangible fixed assets

Tangible fixed assets are stated in the balance sheet at cost less depreciation net of any impairment.

Depreciation

Depreciation is provided on tangible fixed assets on a straight-line basis to write off the cost of those assets over their estimated useful lives. The principal rates of depreciation are

Leasehold property	Over the terms of the lease
Fixed plant and equipment	10% per annum
Mobile plant	12.5% per annum (20% at distribution warehouses)
Motor vehicles	12.5%-20% per annum
Computer installations	20%-25% per annum

Stocks

Stocks are stated at the lower of cost and net realisable value. Provision is made where necessary for obsolete and slow moving items.

Notes to the financial statements (continued)**1 Accounting policies (continued)****Foreign currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of transaction or if hedged, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Taxation

Current UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the standard tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Operating leases

Rental costs under operating leases are charged to the profit and loss account in equal annual instalments over the periods of the leases.

Pension costs

For defined benefit schemes, operating profit is charged with the cost of providing pension benefits earned by the employees in the period. The Group accounts for pensions using IAS 19 – Employee Benefits. The Company accounts for pensions using FRS 17, thus as stated in note 18 and in accordance with the rules set out in FRS 17, contributions to the Group's defined benefit scheme are charged to the profit and loss account as they become payable.

The Group also operates a defined contribution pension scheme on behalf of certain of its employees. Contributions to the scheme are charged to the profit and loss account as incurred.

Notes to the financial statements (continued)**1 Accounting policies (continued)****Share-based payments**

The Company has applied the requirements of FRS 20 Share-based Payments. In accordance with the transitional provisions, FRS 20 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 January 2005.

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, having been adjusted to reflect an estimate of the number of shares that will eventually vest and for the effect of non market-based vesting conditions.

Fair value is measured by use of the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The Group also provides employees with the ability to purchase the Group's ordinary shares at 80% of the current market value. These are measured at fair value at the date of the grant and expensed on a straight-line basis over the vesting period.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

2 Turnover

Turnover is recognised when goods or services are received by the customer and the risks and rewards of ownership have passed to them. Turnover is measured at the fair value of consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and value added tax. The Company supplies all goods and services within the United Kingdom.

Notes to the financial statements (continued)**3 Operating loss**

	2012	2011
	£'000	£'000
Turnover	69,988	55,018
Cost of sales	(45,592)	(36,114)
Gross profit	24,396	18,904
Selling and distribution costs	(20,313)	(16,769)
Administrative expenses	(5,098)	(4,786)
Operating loss	(1,015)	(2,651)
Operating loss is stated after charging:	2012	2011
	£'000	£'000
Depreciation and other amounts written off tangible fixed assets	1,278	992
Loss on disposal of fixed assets	14	-
Hire of plant and equipment	407	355
Other leasing charges – property	3,933	3,383
The analysis of auditor's remuneration is as follows:		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	6	5

Auditor's remuneration for non-audit services is disclosed within the Travis Perkins plc Annual Report. No non-audit services were provided directly to this company in either the current or prior year.

Notes to the financial statements (continued)**4 Directors' emoluments**

Of the Directors, J P. Carter, G I Cooper, A Davidson, P N. Hampden Smith, C Kavanagh, M R. Meech and R D. Proctor and are paid by other group companies and received total emoluments of £3,963,000 for the year (2011 £4,829,000), but it is not practicable to allocate their remuneration from other group companies for services rendered. In addition, of the seven directors (2011 seven), none (2011: two), are accruing benefits under the Travis Perkins Pensions and Dependents' Benefit Scheme, which is a defined benefit pension scheme and two (2011 two) are contributing towards the Travis Perkins Pension Plan, which is a defined contribution scheme, in respect of their service to other group companies.

The remuneration paid directly to the Directors of Benchmarx Kitchens and Joinery Limited by the Company was

	2012 £'000	2011 £'000
Salary	115	110
Pension contributions	12	12
Other emoluments (including performance related bonus)	24	24
	151	146
	2012 Number	2011 Number
Number of directors who are members of a defined benefit scheme	1	1

No directors paid directly by the company exercised share options during the year (2011 nil). Four directors paid by another group company exercised share options during the year (2011 seven).

5 Employee information

The average number of employees was

	2012 Number	2011 Number
Selling and distribution	398	333
Administration	17	19
	415	352

Notes to the financial statements (continued)**5 Employee information (continued)**

The associated staff costs were

	2012 £'000	2011 £'000
Wages and salaries	11,460	9,787
Social security costs	1,183	1,016
Pension and post retirement benefit contributions (note 18)	266	183
Share-based payments (note 6)	340	262
	<hr/> 13,249	<hr/> 11,248

6 Share-based payments**Executive options**

The Group operates an executive share option scheme for senior employees. The option exercise price is set at a price equal to the average quoted market price of Travis Perkins plc shares on the date of grant. The vesting period is three years and is subject to performance conditions. Options are forfeited if the employee leaves the Group before the options vest.

SAYE options

The employee Save-As-You-Earn (SAYE) share purchase plan is open to all employees with at least 3 months service and provides for the purchase of shares at a price equal to the 3 day average market price before the date of invitation to the plan, less 20%. Employees may participate in the Employee Share Savings Plan for a three or five year period.

Nil price options

The Group operates a share matching scheme, a performance share plan and a deferred share bonus plan for senior employees. Options are granted at a price equal to the average quoted market price of Travis Perkins plc shares on the date of grant and there is no exercise price. The vesting period is three years and is subject to performance conditions. Options are forfeited if the employee leaves the Group before the options vest.

Notes to the financial statements (continued)

6 Share-based payments (continued)

Valuation of options

The Black-Scholes option-pricing model is used to calculate the fair value of the options and the amount to be expensed. No performance conditions were included in the fair value calculations. The inputs into the model expressed as weighted averages are as follows

	SAYE		Nil price options	
	2012	2011	2012	2011
Share price at grant date (pence)	1,114	833	1,062	975
Option exercise price (pence)	818	657	-	-
Volatility (%)	38.4	48.6	40.9	61.4
Option life (years)	3.3	3.5	3.0	3.0
Risk-free interest rate (%)	0.4	0.9	0.5	1.7
Expected dividends as a dividend yield (%)	2.3	1.8	2.3	1.9

Volatility was based on historic share prices over a period of time equal to the vesting period. Option life used in the model has been based on options being exercised in accordance with historical patterns. For executive options the vesting period is 3 years. If options remain unexercised after a period of 10 years from the date of grant, these options expire. Options are forfeited if the employee leaves the Group before options vest. SAYE options vest after 3 or 5 years and expire 3½ or 5½ years after the date of grant.

The risk-free interest rate of return is the yield on zero-coupon UK Government bonds on a term consistent with the vesting period. Dividends used are based on actual dividends where data is known and future dividends estimated using a dividend cover of 3 times.

The expected life used in the model has been adjusted, based upon management's best estimate, for the effect of non-transferability, exercise restrictions and behavioral considerations.

Notes to the financial statements (continued)

6 Share-based payments (continued)

The number and weighted average exercise price of share options is as follows

	2012			2011		
	Weighted average exercise price	Number of options	Number of nil price options	Weighted average exercise price	Number of options	Number of nil price options
<i>In thousands of options</i>	p	No.	No.	p	No	No
Outstanding at the beginning of the year	672	133	96	634	146	76
Transfers between group companies	791	31	(39)	163	1	(5)
Forfeited during the year	645	(8)	(2)	800	(30)	-
Exercised during the year	588	(8)	-	350	(33)	-
Granted during the year	837	34	18	657	49	25
Outstanding at the end of the year	729	182	73	672	133	96
Exercisable at the end of the year	885	25	-	879	23	-

Share options were exercised on a regular basis throughout the year. The weighted average share price on the day for options exercised during the financial year was 1,000 pence (2011: 802).

Notes to the financial statements (continued)
6 Share-based payments (continued)

Details of the options outstanding at 31 December 2012 were as follows

	2012			2011		
	Executive options	SAYE	Nil price options	Executive options	SAYE	Nil price options
Range of exercise prices (pence)	201 to 1,611	442 to 1,114	-	201 to 1,611	442 to 1,114	-
Weighted average exercise price (pence)	824	677	-	850	626	-
Number of shares (thousands)	65	117	73	28	105	96
Weighted average expected remaining life (years)	1.0	2.2	1.0	0.5	2.7	1.4
Weighted average contractual remaining life (years)	6.0	2.7	7.9	4.7	3.2	8.4

SAYE options were granted on 1 December 2012. The estimated fair value of the shares at that date was £111,000

Shares were granted under the share matching scheme on 2 March 2012. The estimated fair value of the shares at that date was £114,000.

Shares were granted under the performance share plan on 2 March, 20 August and 22 August 2012. The estimated fair value of the shares at those dates was £90,000

Shares were granted under the deferred share bonus plan on 2 March 2012. The estimated fair value of the shares at that date was £4,000

The Company charged £340,000 (2011: £262,000) to the income statement in respect of equity-settled share-based payment transactions.

7 Interest payable

	2012 £'000	2011 £'000
Finance charges payable to other group companies	11	6

Notes to the financial statements (continued)

8 Tax on loss on ordinary activities

	2012	2011
	£'000	£'000
Current tax		
UK corporation tax on losses for the year	(89)	(687)
Adjustment in respect of prior years	(31)	3
Total current tax	<u>(120)</u>	<u>(684)</u>
Deferred tax		
Origination and reversal of timing differences	(44)	69
Adjustment in respect of prior years	(22)	(17)
Total deferred tax (note 13)	<u>(66)</u>	<u>52</u>
Total tax credit on loss on ordinary activities	<u>(186)</u>	<u>(632)</u>

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

	2012	2011
	£'000	£'000
Tax on loss on ordinary activities at standard UK corporation tax rate of 24.5% (2011: 26.5%)	(251)	(704)
Effects of		
Capital allowances in excess of depreciation	48	(74)
Depreciation on non-qualifying property	12	13
Expenses not deductible for tax purposes	19	9
Share-based payments	83	69
Adjustment in respect of prior years	(31)	3
Current tax credit for the year	<u>(120)</u>	<u>(684)</u>

In the 2012 budget, issued on 21 March 2012, the Chancellor announced that the main rate of corporation tax would be reduced to 24% with effect from 1 April 2012, with further annual 1% reductions down to 22% by 1 April 2014. In the 2013 Budget, issued on 20 March 2013, the Chancellor announced a further reduction in the main rate of corporation tax to 21% from 1 April 2014 and to 20% with effect from 1 April 2015. Accordingly the tax rate for the year of 24.5% is a blended rate of 26% up to 1 April 2012 and 24% thereafter. Subsequent future rate reductions had not been enacted at the balance sheet date, and therefore have not been reflected in these financial statements. The effect of these rate reductions will be accounted for in the period in which the changes are substantively enacted. Deferred tax balances at the balance sheet date have been calculated at 23%.

Notes to the financial statements (continued)

9 Tangible fixed assets

	Short leasehold property £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 January 2012	498	9,018	9,516
Additions	1	710	711
Disposals	-	(166)	(166)
Intragroup transfers	-	47	47
At 31 December 2012	499	9,609	10,108
Depreciation			
At 1 January 2012	190	2,940	3,130
Charge for the year	50	1,228	1,278
Disposals	-	(156)	(156)
Intragroup transfers	-	43	43
At 31 December 2012	240	4,055	4,295
Net book value			
At 31 December 2012	259	5,554	5,813
At 31 December 2011	308	6,078	6,386

10 Stocks

Stocks consist of goods for resale. There is no material difference between the balance sheet valuation of stocks and their replacement cost.

11 Debtors

	2012 £'000	2011 £'000
Amounts falling due within one year		
Amounts owed by group undertakings	-	2,546
Corporation tax	87	685
Prepayments and accrued income	1,259	535
	1,346	3,766

Notes to the financial statements (continued)

12 Creditors: amounts falling due within one year

	2012	2011
	£'000	£'000
Amounts owed to group undertakings	24,558	28,607
Other creditors	791	609
Accruals and deferred income	1,036	858
	26,385	30,074

A £40 million (2011 £40 million) overdraft facility advanced to the Travis Perkins' group is guaranteed by the Company, along with other group companies. At the year-end, the overdraft facility was not utilised.

Along with other group companies the Company is also guarantor of certain agreements entered into during the normal course of business by the Group which at the year-end totalled £12.7 million (2011 £12.7 million).

13 Provisions for liabilities

	Deferred tax	Other provisions	Total
	£'000	£'000	£'000
At 1 January 2012	276	355	631
Charged to profit and loss account	(66)	177	111
Utilised	-	(14)	(14)
At 31 December 2012	210	518	728

Other provisions relate to outstanding insurance claims where the final settlement date is uncertain. The provided and unprovided amounts of deferred tax are:

	Provided		Unprovided	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Capital allowances in excess of depreciation	210	276	-	-

Notes to the financial statements (continued)

14 Called-up share capital

	2012 £'000	2011 £'000
Allotted, called up and fully paid		
2 ordinary shares of £1 each	-	-
384,000 preference shares of £1 each	384	384
	<u>384</u>	<u>384</u>

Dividends are payable at the discretion of the Company's Directors. Preference shareholders have priority over ordinary shareholders in respect of the right to receive a distribution of assets upon the winding up of the Company, up to a maximum value of £1 per share. Therefore, all shares rank equally. The preference shares have no voting rights.

15 Reserves

	Share premium £'000	Profit and loss £'000
At 1 January 2012	69	(12,179)
Loss for the financial year	-	(840)
Share-based payments	-	340
At 31 December 2012	<u>69</u>	<u>(12,679)</u>

16 Operating lease commitments

For the 12 months ended 31 December 2012 the Company is due to pay rentals of £4,216,000 (2011 £3,819,000) for the use of land and buildings and £273,000 (2011 £101,000) for motor vehicles. These rentals are paid to other group undertakings at a commercial rate.

17 Capital commitments

	2012 £'000	2011 £'000
Contracted for but not provided in the accounts	<u>22</u>	<u>207</u>

18 Pension commitments

The Company's employees each contribute to one of two pension schemes, the Travis Perkins Pensions and Dependents' Benefit Scheme (the "Group Scheme") or the Travis Perkins Pension Plan (the "Plan").

Notes to the financial statements (continued)

18 Pension commitments (continued)

The Group Scheme is a final salary scheme. The assets of the Group Scheme were held in a separate Trustee administered fund, funded by contributions from the Group companies and the employees. Contributions are paid to the Trustees on the basis of advice from an independent professionally qualified actuary who carries out a valuation of each scheme every three years.

A full actuarial valuation of the Group Scheme was carried out on 30 September 2011. The FRS 17 valuation has been based upon the results of the 30 September 2011 valuation, then updated to 31 December 2012 by a qualified actuary.

The Group accounts for pension using IAS 19 – Employee Benefits. However, because the Company's share of the net assets and liabilities of the Group Scheme cannot be separately identified, the Company accounts for its pension contributions to the Group Scheme on a defined contribution basis, as allowed by FRS 17. During the year the Company made contributions to the Group Scheme of £147,000 (2011 £86,000).

The Plan is a defined contribution scheme, contributions of £119,000 (2011 £97,000) were made to this scheme during the year.

The following information relates to the Group Scheme:

	31 December 2012		31 December 2011	
Rate of increase of salaries	2.25%		2.25%	
Rate of increase of pensions in payment	2.5%		2.4%	
Discount rate	4.6%		4.9%	
Inflation assumption	3.0%		3.1%	

	31 December 2012		31 December 2011	
	Expected return	£m	Expected return	£m
Equities	8.0%	359.5	8.0%	335.2
Bonds, gilts and cash	4.0%	276.7	3.95% - 4.2%	215.0
Pensions SPV	3.7%	42.0	7.0%	44.0
Property	5.2%	59.8	5.2%	58.0
Total fair value of assets		738.0		652.2
Actuarial value of liability		(736.4)		(632.9)
Surplus in scheme		1.6		19.3
Related deferred tax liability		(0.4)		(4.9)
Net pension asset		1.2		14.4

Notes to the financial statements (continued)**19 Related party transactions**

The Company has related party relationships 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 of the Directors is provided in note 4 - Directors' emoluments

20 Ultimate parent company

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