

WOLSELEY H LIMITED
(REGISTERED NUMBER 3603372)

DIRECTORS REPORT AND ACCOUNTS

31 JULY 1999



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COMPANIES HOUSE 15/01/00

WOLSELEY H LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 JULY 1999

The directors submit their report and the audited accounts of the company for the period from incorporation to 31 July 1999.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company was incorporated on 20 July 1998. Its principal activity is that of an investment holding company.

The company has not traded since incorporation and accordingly no profit and loss account has been produced. Auditor's remuneration is borne by the ultimate parent company.

YEAR 2000

The directors recognise the potential impact of the Year 2000 problem. Detailed plans have been prepared to evaluate the risks and implement solutions.

The company's objective is that adequate and timely action to ensure that systems continue to support normal business without interruption in to the Year 2000. The plans currently in place are expected to permit the achievement of the objective without material cost in excess of the company's normal replacement expenditure.

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 and 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 the 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.

DIRECTORS

The directors of the company during the period ended 31 July 1999 were:

| | |
|-------------|--------------------------|
| DA Branson | (appointed 20 July 1998) |
| AJ Bushnell | (appointed 20 July 1998) |
| SP Webster | (appointed 20 July 1998) |

WOLSELEY H LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 JULY 1999 (CONTINUED)

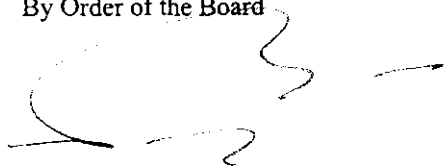
DIRECTORS' INTERESTS IN SHARES

The notifiable interest 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.

| <u>Name of Director</u> | <u>Share interests at 31 July 1999</u> | <u>Share interests at date of appointment</u> | <u>Interests at 31 July 1999</u> | <u>Options</u> | | <u>Interests at date of appointment</u> |
|-------------------------|--|---|--|----------------|------------------|---|
| | | | | <u>Granted</u> | <u>Exercised</u> | |
| DA Branson | 39,758 | 43,684 | 51,206 | 8,500 | - | 42,706 |
| AJ Bushnell | - | - | - | - | - | - |

Mr Webster is a director of Wolseley plc, accordingly his interest is not shown.

By Order of the Board



DA Branson
Director

23 September 1999

PricewaterhouseCoopers
Cornwall Court
19 Cornwall Street
Birmingham B3 2DT
Telephone +44 (0) 121 200 3000
Facsimile +44 (0) 121 200 2464

AUDITORS' REPORT TO THE MEMBERS OF WOLSELEY H LIMITED

We have audited the financial statements on pages 4 to 6 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including as described on page 1 the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

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 implications for our report if we become aware of any apparent mis-statements or material inconsistencies with the financial statements.


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 mis-statement, 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 as at 31 July 1999 and of its result for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors**

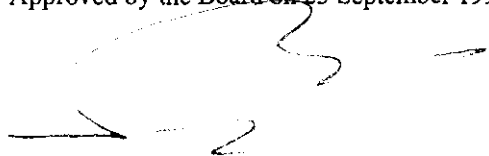
23 September 1999

WOLSELEY H LIMITED

BALANCE SHEET - 31 JULY 1999

| | <u>Notes</u> | <u>1999</u> £ |
|-----------------------------|--------------|---------------------------|
| FIXED ASSETS | | |
| Investments | 2 | 725,859,626 |
| | | <u><u> </u></u> |
| CAPITAL AND RESERVES | | |
| Called up share capital | 3 | 152 |
| Share premium account | 4 | <u>725,859,474</u> |
| | | <u><u>725,859,626</u></u> |

Approved by the Board on 23 September 1999



DA Branson
DIRECTOR

WOLSELEY H LIMITED

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 JULY 1999

1 ACCOUNTING POLICIES

(1) Accounting convention

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

(2) Group accounts

In accordance with Section 228, Companies Act 1985 group accounts have not been prepared as the company is itself a wholly owned subsidiary.

(3) 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 1999. Under paragraph 5a of Financial Reporting Standard 1 (Revised) no cash flow statement is therefore required in the accounts of this company.

2 FIXED ASSETS - INVESTMENTS

| | <u>Cost (net)</u> £ |
|------------------------------|------------------------|
| Shares in group undertakings | |
| At 20 July 1998 | - |
| Acquisitions | 725,859,626 |
| At 31 July 1999 | <u>725,859,626</u> |

| <u>Name of company</u> | <u>Country of incorporation</u> | Proportion of nominal <u>value of issued shares</u> |
|------------------------|---------------------------------|--|
| Wolseley H2 | England | 100% |

The subsidiary company is an investment holding company.

In accordance with Section 228 companies Act 1985 group accounts have not been prepared. In the opinion of the directors the value of investments in subsidiary undertakings is not less than the aggregate amounts at which they are stated in the accounts.

3 SHARE CAPITAL

| | <u>1999</u> £ |
|---|------------------|
| Authorised share capital – ordinary shares of £1 each | <u>1,000</u> |
| Allotted, issued and fully paid – ordinary share capital of £1 each | <u>152</u> |

WOLSELEY H LIMITED

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 JULY 1999 (CONTINUED)

4 SHARE PREMIUM

| | <u>1999</u> £ |
|-------------------------|-----------------------------|
| Balance at 31 July 1999 | £725,859,474 |
| | <u> </u> |

5 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | <u>1999</u> £ |
|-------------------------------------|--------------------|
| New share capital subscribed | <u>725,859,626</u> |
| Net addition to shareholders' funds | <u>725,859,626</u> |
| Closing shareholders' funds | <u>725,859,626</u> |

6 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 companies.

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

7 PARENT COMPANY

The ultimate parent company is Wolseley plc. Copies of the group accounts may be obtained from The Secretary, Wolseley plc, Vines Lane, Droitwich, Worcestershire, WR9 8ND.