Registration number: 03923995

Rudridge Limited

Annual report and financial statements

for the year ended 31 December 2018

Rudridge Limited

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Rudridge Limited

Company information

Directors	F.M. Elkins S. Harris TP Directors Ltd A.R. Williams
Company secretary	TPG Management Services Limited
Registered office	Lodge Way House Lodge Way Harlestone Road Northampton NN5 7UG
Auditors	KPMG LLP Statutory Auditor One Snowhill Snow Hill Queensway Birmingham B4 6GH

Rudridge Limited

Directors' report for the year ended 31 December 2018

The Directors present their Annual report and the audited financial statements for the year ended 31 December 2018.

Future developments

An indication of future developments of the business is included in the Strategic report on page 4.

Directors of the Company

The Directors who held office during the year were as follows:

F.M. Elkins
S. Harris (appointed 11 May 2018)
TP Directors Ltd (appointed 11 May 2018)
K. Griffin (resigned 27 February 2018)
A.R. Williams

Directors' liabilities

The Company made qualifying third party indemnity provisions for the benefits of its Directors during the year, which remain in force at the date of this report. This is a qualifying provision for the purposes of the Companies Act 2006.

Going concern

The Directors have a reasonable expectation that the Company has the resources to continue in operational existence for the twelve months from the date of signing these financial statements. Thus it continues to adopt the going concern assumption in preparing the annual financial statements. Further details regarding the going concern basis can be found in note 2 to the financial statements.

Dividends

Interim dividends of £1,500,000 (£29 per ordinary share) (2017: £1,500,000; £29 per ordinary share) was paid during the year. The Directors do not recommend payment of a final dividend (2017: £nil)

Political donations

During the year the Company made no political donations nor incurred any political expenditure.

Employees

Details of the Company's policies on disabled employees and employee consultation are given in the Strategic report on page 7.

Modern slavery

The Company will not accept slavery or human trafficking and works with suppliers and colleagues to ensure positive steps are taken to ensure that slavery has no place in the business or supply chain. If issues are identified, investigations and remedial actions will be taken. No instances of slavery or human trafficking have been identified.

The Company's approach to this issue is set out in greater detail in the Travis Perkins plc Annual Report, which does not form part of this report.

Disclosure of information to the auditors

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 steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Reappointment of auditors

The auditors, KPMG LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment was proposed at the Annual General Meeting.

Approved by the Board on 30/09/19 and signed on its behalf by:

Alan Williams

A.R. Williams
Director

Rudridge Limited

Strategic report for the year ended 31 December 2018

The Directors present their Strategic report for the year ended 31 December 2018.

Principal activities

The Company is a wholly owned subsidiary of Travis Perkins plc, the ultimate parent company.

The principal activity of the Company is the marketing and distribution of civils and drainage solutions to the building trade and construction industry.

Review of the business

Rudridge has worked hard through another challenging period with increasingly tough competition. However the impressive track record of providing first-class customer service and the strong working relationships with an extremely loyal customer base has enabled the company to continue to drive business forward and is reflected in this period's financial performance. The Directors believe that by continuing to focus on these key elements of their success will allow the business to continue.

Turnover for the period was £52.0m (2017: £54.4m). The Company made an operating profit of £2.2m (2017: £2.2m) and profit after tax was £1.8m (2017: £1.7m). The balance sheet shows the Company's net assets increased by £0.4m to £7.9m (2017: £7.5m).

There have been no events since the balance sheet date which materially affect the position of the Company.

Key performance indicators ('KPIs')

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 Contracts division of Travis Perkins plc, which includes the Company, is discussed in the Group's Annual Report, which does not form part of this report.

Future developments

The Directors expect the Company to continue to trade in a similar manner for the foreseeable future.

Principal risks and uncertainties

The Company operates in markets and an industry which by their nature are subject to a number of inherent gross risks. The Company is able to mitigate those risks by adopting different strategies and by maintaining a strong system of internal control. However, regardless of the approach that is taken, the Company has to accept a certain level of risk in order to generate suitable returns for shareholders and for that reason the risk management process is closely aligned to the Company's strategy.

The Group has a risk reporting framework that ensures it has visibility of the Company's key risks, the potential impacts on the Company and how and to what extent those risks are mitigated. As part of its risk management process, the principal risks stated in the risk register are reviewed, challenged and updated by the Group Board and monitored throughout the year. The Company maintains a separate risk register. The Group's risk register is used to determine strategies adopted by the Group's various businesses to mitigate the identified risks and are embedded in their operating plans.

In common with most large organisations the Company is subject to general commercial risks; for example, political and economic developments, changes in the cost of goods for resale, increased competition in its markets and the threat of emerging and disruptive competitors, material failures in the supply chain, failure to secure supply of goods for resale on competitive terms, cyber-security breaches and failure of the IT infrastructure.

The risk environment in which the Company operates does not remain static. During the year, the Directors have reviewed the principal risks and and have concluded that as the nature of the business and the environment in which it operates remain broadly the same, the principal risks it faces are largely unchanged. However, some previously identified risks in respect of business transformation have considerable overlap and so they have been combined, whilst the Directors have also concluded that with so many stakeholders interacting with operations, health and safety risk should be described separately from other legislative risk.

The nature of risk is that its scope and potential impact will change over time. As such the list below should not be regarded as a comprehensive statement of all potential risks and uncertainties that may manifest themselves in the future. Additional risks and uncertainties that are not presently known to the Directors, or which they currently deem immaterial, could also have an adverse effect on the Company's future operating results, financial condition or prospects.

Set out below, in no particular order, are the current principal risks that are considered by the Board to be material. Their potential impacts and the factors that mitigate them are detailed in the Travis Perkins plc Annual Report & Accounts. These key risks have been determined for the Group and are considered applicable to the Company:

- Changing customer and competitor landscape
- Colleague recruitment, retention and succession plans do not deliver the required skills and experience
- Supplier dependency, relationship and disintermediation leading to adverse impacts on ranging and price
- Unsafe practices result in harm to colleagues, customers, suppliers or the public
- Business transformation and improvement projects fail to deliver the expected benefits, cost more or take longer to implement than anticipated
- Uncertainty caused by the UK's decision to leave the European Union
- Market conditions leading to demand uncertainty
- Execution of planned disposals and potential acquisitions fails to deliver the expected benefits to the expected cost and timescale
- Data security
- The changing regulatory framework increases the risk of non-compliance and fines

Corporate responsibility

Environmental matters

The Travis Perkins plc 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 CO_2 emissions and minimising the consumption of water and the production of waste (both hazardous and non-hazardous).

Company employees

Details of the number of employees and related costs can be found in note 8 to the financial statements.

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.

The Company's employment policies have been designed to meet the needs of its 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 employees work.

The Company is firmly committed to ensuring that the manner in which it employs staff is fair and equitable. Its 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.

The Company maintains a policy of regular consultation and discussion with its employees on a wide range of issues that are likely to affect their interests and ensure that all employees are aware of the financial and economic performance of their business units and of the Company as a whole.

With 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.

Approved by the Board on 30/09/19 and signed on its behalf by:

Alan Williams

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A.R. Williams
Director

Rudridge Limited

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic report, 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 UK accounting standards and applicable law (UK Generally Accepted Accounting Practice) including FRS 102 *The Financial Reporting standard applicable in the UK and Republic of Ireland.*
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 their profit or loss 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 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they the either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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 and other irregularities.

Independent Auditor's Report to the Members of Rudridge Limited

Opinion

We have audited the financial statements of Rudridge Limited ('the Company') for the year ended 31 December 2018, which comprise the profit and loss account and other comprehensive income, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK")) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Other Matter

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease their operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Independent Auditor's Report to the Members of Rudridge Limited (continued)

Strategic report and directors' report

The Directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover these reports, and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view, such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Independent Auditor's Report to the Members of Rudridge Limited (continued)

G.H. Watts
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Greg Watts (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Date: 30/09/19

Rudridge Limited

Profit and loss account and other comprehensive income for the year ended 31 December 2018

	Note	2018 £000	2017 £000
Turnover	4	52,046	54,408
Cost of sales		(45,718)	(47,691)
Gross profit		6,328	6,717
Selling and distribution costs		(169)	(170)
Administrative expenses		(3,934)	(4,378)
Operating profit	5	2,225	2,169
Net interest income	10	7	2
Profit before taxation		2,232	2,171
Tax charge on profit	11	(409)	(495)
Profit and total comprehensive income for the financial year		1,823	1,676
Total comprehensive income for the year		1,823	1,676

The above results were derived from continuing operations.

Rudridge Limited

Balance sheet as at 31 December 2018

	Note	2018 £000	2017 £000
Fixed assets			
Tangible fixed assets	12	208	207
Intangible assets	13	7	12
		215	219
Current assets			
Stocks	14	1,965	1,717
Debtors	15	14,507	13,745
Cash at bank and in hand		429	881
		16,901	16,343
Creditors: amounts falling due within one year	16	(9,242)	(9,046)
Net current assets		7,659	7,297
Total assets less current liabilities		7,874	7,516
Provisions	17	-	(1)
Net assets		7,874	7,515
Capital and reserves			
Called up share capital	20	52	52
Share premium account	21	87	87
Capital contribution reserve	21	13	13
Profit and loss account	21	7,722	7,363
Total equity		7,874	7,515

The notes on pages 14 to 27 form an integral part of these financial statements.

The financial statements of Rudridge Limited, registered number 03923995, were approved and authorised by the Board on 30/09/19 and signed on its behalf by:

Alan Williams

A.R. Williams
Director

Rudridge Limited

Statement of changes in equity for the year ended 31 December 2018

	Share capital £000	Share premium £000	Capital redemption reserve £000	Profit and loss account £000	Total £000
At 1 January 2017	52	87	13	7,187	7,339
Total comprehensive income	-	-	-	1,676	1,676
Dividends paid on equity shares	-	-	-	(1,500)	(1,500)
At 31 December 2017	52	87	13	7,363	7,515
Total comprehensive income	-	-	-	1,823	1,823
Dividends paid on equity shares	-	-	-	(1,500)	(1,500)
Share based payments	-	-	-	36	36
At 31 December 2018	52	87	13	7,722	7,874

1 General information

The Company is a private company limited by share capital, incorporated in the United Kingdom under the Companies Act 2006.

The address of its registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 4 to 6.

2 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (as amended following its Triennial review in 2017).

Basis of preparation

These financial statements have been prepared using the historical cost convention, except that as disclosed in the accounting policies certain items are shown at fair value.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

Summary of disclosure exemptions

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. Exemptions have been taken in relation to share-based payments, financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

Going concern

The Company is a subsidiary of Travis Perkins plc. The Company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The Company is a guarantor company for the Group's borrowing facilities. The Company's ability to operate as a going concern is therefore directly linked to the Group's position.

As described in the viability assessment on page 32 of the Travis Perkins plc group Annual Report, the Board of Travis Perkins plc had a reasonable expectation as at 25 February 2019, based upon the assessment it had undertaken which was described in the directors' statement, that the Group will be able to continue in operation and meet its liabilities as they fall due over the three year period of their assessment.

On the basis of their assessment of the Company's financial position and the viability assessment by the Board 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 12 months from the date of signing these financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2 Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible fixed assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation is charged on a straight-line basis so as to write off the cost of assets, other than land and tangible fixed assets under construction, over their estimated useful lives, as follows:

Asset class	Depreciation rate
Short leasehold property	Over the term of the lease
Plant and equipment	20% per annum
Fixtures and fittings	20% - 33.33% per annum

Intangible fixed assets - other

Intangible fixed assets are shown at historical cost less accumulated amortisation and any accumulated impairment losses.

Amortisation

Amortisation is provided on intangible fixed assets on a straight-line basis so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Software	10%-40% per annum

Financial instruments

Recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell. Cost is determined using the weighted average method.

Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired the carrying amount is reduced to its selling price less costs to sell; the impairment loss is recognised immediately in the profit and loss account.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in operating profit in the profit and loss account as a charge to administrative expenses.

2 Accounting policies (continued)

a) Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from the measurement of the present value of the future cash flows of the cash-generating units ('CGUs') of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in a previously recognised impairment loss, the prior impairment loss is tested to determine whether a reversal is required. An impairment loss is reversed on an individual impaired asset (other than goodwill) to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

b) Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss account, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge, including UK corporation tax and foreign tax, is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

2 Accounting policies (continued)

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements. 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.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference. Deferred tax relating to tangible fixed assets measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.
The tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Defined contribution pension obligation

The Group operates a defined contribution pension plan for its employees. A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Company has no legal or constructive obligation to pay further contributions.

The amounts charged to the profit and loss account in respect of pension costs and other post-retirement benefits are the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Defined benefit pension obligation

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

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 102, thus in accordance with the rules set out in FRS 102, contributions to the Group's defined benefit scheme are charged to the profit and loss account as they become payable.

2 Accounting policies (continued)

Supplier income

Supplier income comprises fixed price discounts, volume rebates and customer sales support.

Fixed price discounts and volume rebates received and receivable in respect of goods which have been sold are initially deducted from the cost of inventory and therefore reduce cost of sales in the profit and loss account when the goods are sold. Where goods on which the fixed price discount or volume rebate has been earned remain in inventory at the year-end, the cost of that inventory reflects those discounts and rebates (see stock accounting policy).

The Company receives customer sales support payments that are made entirely at the supplier's option, that are requested by the Company when a specific product is about to be sold to a specific customer and for which payment is only received after the sale has been completed. All customer sales support receipts received and receivable are deducted from cost of sales when the sale to the third party has been completed, i.e. when the customer sales support payment has been earned.

Supplier income receivable is netted off against trade creditors when there is a legally binding arrangement in place and it is management's intention to do so, otherwise amounts are included in other debtors in the balance sheet.

Other promotional arrangements are not significant.

Customer rebates

Where the Company has rebate agreements with its customers, the value of customer rebates paid or payable, calculated in accordance with the agreements in place, is deducted from turnover in the year in which the rebate is earned.

Revenue recognition

Turnover is recognised when goods 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 provided in the normal course of business, net of customer rebates, discounts and value added tax. The Company supplies all goods within the United Kingdom.

Share capital

Equity instruments represent the ordinary share capital of the Company and are recorded at the proceeds received, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

3 Critical accounting judgements and key sources of estimation uncertainty

These financial statements have been prepared in accordance with the Company's accounting policies, which are described in note 2. The preparation of financial statements requires the Directors to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. Future events and their effects cannot be determined with certainty. Therefore, the determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions. The Directors frequently re-evaluate these significant factors and make adjustments where facts and circumstances dictate.

The Directors believe that the following items are critical due to the degree of estimation required and / or the potential material impact the judgements may have on the Company's financial position and performance.

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Stocks

In determining the cost of inventories the Directors have to make estimates to arrive at cost and net realisable value.

The Company has entered into a large number of rebate and fixed price discount agreements, the effects of which have to be offset against the gross invoice price paid for goods. The calculation of the value deferred into stock is complicated due to the number, nature and structure of the agreements in place. However, a well tested methodology is consistently applied

Furthermore, determining the net realisable value of the wide range of products held in many locations requires judgement to be applied to determine the likely saleability of the product and the potential price that can be achieved. In arriving at any provisions for net realisable value the Directors take into account the age, condition and quality of the product stocked and the recent trend in sales.

Supplier income

The overwhelming majority of supplier income, in excess of 85% by value is determined by reference to fixed price discounts on actual purchases with less than 5% being volume rebates that are subject to stepped rebate targets, the rebate percentage increasing as values or volumes purchased reach pre-agreed targets. However, by the year-end the Company knows whether those targets were reached.

Approximately 80% of amounts receivable for supplier income are received during the year as they are earned and settled monthly, although some agreements may also stipulate quarterly, bi-annual or annual payments; with only two of the arrangements not being co-terminus with the Company's statutory year end. Therefore the key judgements relate to the total value of rebates and fixed price discounts still to be received at the year-end and the amount to be set against the gross value of inventory. These are determined using established methodologies and in the case of collectability management's knowledge of the parties involved and historical collection trends. Changes in the assessment of the collectability of outstanding balances may result in adjustments to receivables and stock in the next financial year, however these would not be expected to be material.

4 Revenue

Turnover is recognised when goods 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 provided in the normal course of business, net of customer rebates, discounts and value added tax. The Company supplies all goods within the United Kingdom.

All turnover (2017: all turnover) is generated from the sale of goods.

5 Operating profit

Operating profit is stated after charging:

	2018 £000	2017 £000
Depreciation of tangible fixed assets	74	67
Amortisation of intangible fixed assets	5	7
Operating lease expense - property	432	431

6 Auditor's remuneration

The analysis of auditor's remuneration is as follows:

	2018 £	2017 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	17,000	16,000

These fees were borne by another group company. Auditor's remuneration for non-audit services is disclosed within the Travis Perkins plc Annual Report. No non-audit services were provided by the auditor directly to the Company in either the current or prior year.

7 Directors' remuneration

Four (2017: three) of the Directors are paid by other group companies and received total emoluments (including non-performance related bonuses) of £1,747,000 (2017: £1,974,000) and performance-related bonus of £nil (2017: £nil) during the year, but it is not practicable to allocate their remuneration from other group companies for services rendered. In addition, of these Directors, none (2017: one) is accruing benefits under the Travis Perkins Pensions and Dependents' Benefit Scheme, which is a defined benefit pension scheme, and three (2017: one) are contributing towards the Travis Perkins Pension Plan, which is a defined contribution scheme, in respect of their service to other group companies.

There were no Directors paid directly by the Company for the current year and previous year.

Three Directors paid by another group company exercised share options during the year (2017: three).

8 Staff costs

The average number of persons employed by the company (including Directors) during the year, analysed by category, was as follows:

	2018 No.	2017 No.
Administration and support	4	15
Sales	63	60
	67	75

The aggregate payroll costs (including Directors' remuneration) were as follows:

	2018 £000	2017 £000
Wages and salaries	2,073	2,172
Social security costs	206	204
Pension costs	49	55
Share-based payment expenses	36	-
	2,364	2,431

9 Share-based payments

The total expense recognised in profit and loss account for the year was £36,000 (2017: £nil).

a) SAYE

The employee Save-As-You-Earn (SAYE) share purchase plan is open to all employees with at least three months' service and provides for the purchase of shares at a price equal to the three 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.

b) 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.

10 Net interest income

	2018 £000	2017 £000
Interest receivable and similar income		
Interest income on financial assets	7	2
Net interest income	7	2

11 Tax

Tax charged/(credited) in the profit and loss account

	2018 £000	2017 £000
Current taxation		
UK corporation tax	452	438
UK corporation tax adjustment to prior periods	(33)	66
	419	504
Deferred taxation		
Origination and reversal of timing differences	(2)	(9)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	(8)	-
Total deferred taxation	(10)	(9)
Tax expense in the income statement	409	495

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2017: higher than the standard rate of corporation tax in the UK) of 19% (2017: 19.25%).

The differences are reconciled below:

11 Tax (continued)

	2018 £000	2017 £000
Profit before tax	2,232	2,171
Corporation tax at standard rate	424	418
Effect of expenses not deductible for tax purposes	16	14
(Decrease)/increase in UK current tax from adjustment for prior periods	(41)	58
Effect of capital allowances and depreciation	5	5
Effect of exercise of employee share options	5	-
Total tax charge	409	495

The tax rate for the current period is lower than the prior period due to changes in the UK Corporation tax rate which decreased from 20% to 19% from 1 April 2017.

This reduction to the UK Corporation tax rate was substantively enacted as part of the Summer Finance Bill 2015 on 26 October 2015 and the 2016 Finance Bill on 15 September 2016, A further reduction will reduce the main rate to 17% from 1 April 2020. The deferred tax assets and liabilities at the balance sheet date have been measured using these enacted rates in these financial statements.

12 Tangible fixed assets

	Short leasehold property £000	Plant and equipment £000	Fixtures and fittings £000	Total £000
Cost				
At 1 January 2018	365	205	182	752
Additions	-	47	29	76
Disposals	-	-	(1)	(1)
At 31 December 2018	365	252	210	827
Depreciation				
At 1 January 2018	250	148	147	545
Charge for the year	27	23	24	74
At 31 December 2018	277	171	171	619
Net book value				
At 31 December 2018	88	81	39	208
At 31 December 2017	115	57	35	207

Tangible fixed assets are included at full historical cost to the Company.

13 Intangible fixed assets

	Software £000	Total £000
Cost		
At 1 January 2018	19	19
At 31 December 2018	19	19
Amortisation and impairment		
At 1 January 2018	7	7
Amortisation charge	5	5
At 31 December 2018	12	12
Net book value		
At 31 December 2018	7	7
At 31 December 2017	12	12

Computer software is amortised over its useful economic life of 3 to 10 years.

14 Stocks

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

Stocks are stated after provisions for impairment of £120,000 (2017: £120,000).

	2018 £000	2017 £000
Goods for resale	1,965	1,717

15 Debtors

	2018 £000	2017 £000
Trade debtors	10,778	10,654
Other debtors	172	53
Prepayments and accrued income	3,373	3,038
Amounts owed by group undertakings	175	-
Deferred tax asset (note 18)	9	-
	14,507	13,745

Trade debtors are stated after provisions for impairment of £nil (2017: £nil). Amounts owed by group undertakings include loans and trade balances. The loans are interest free and have no fixed date for repayment.

16 Creditors: amounts falling due within one year

	2018 £000	2017 £000
Due within one year		
Trade creditors	7,346	7,805
Amounts due to group undertakings	1,111	371
Corporation tax liability	276	254
Accruals and deferred income	509	611
Other taxation and social security	-	5
	9,242	9,046

Amounts due to group undertakings include loans and trade balances. The loans are interest free and have no fixed date for repayment. No security has been given in relation to any creditors.

17 Provisions

	Deferred tax £000	Total £000
At 1 January 2018	1	1
Charged to the profit and loss account	(1)	(1)
At 31 December 2018	-	-

18 Deferred tax

	Provided 2018 £000	2017 £000
Capital allowances in excess of depreciation	9	(1)
	9	(1)

There are no unused tax losses or unused tax credits.

19 Pension schemes

The Company's employees are able to 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").

The Travis Perkins Pensions and Dependants Benefit Scheme is closed to new members. The Group Scheme is a 1/60th scheme for the majority of members. Employees are entitled to start drawing a pension, based on their membership of the Scheme, on their normal retirement date. If employees choose to retire early and draw their pension, then the amount they receive is scaled down accordingly.

19 Pension schemes (continued)

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

The date of the most recent comprehensive actuarial valuation was 30 September 2017. A full actuarial valuation of the Group Scheme was carried out on 30 September 2017 and it was updated to 31 December 2018 by a qualified actuary.

The Group accounts for pensions 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 102.

During the year the Company made contributions to the Group Scheme of £nil (2017: £nil).

The Plan is a defined contribution scheme. Contributions of £49,000 (2017: £55,000) were made to the plan scheme during the year.

Principal actuarial assumptions

The principal actuarial assumptions at the statement of financial position date are as follows:

	2018 %	2017 %
Rate of increase of salaries	-	2.50
Rate of increase of pensions in payment 1997-2006	3.10	3.15
Rate of increase of pensions in payment post 2006	2.10	2.20
Inflation assumption – CPI	2.25	2.25
Inflation assumption – RPI	3.25	3.25
Discount rate	2.90	2.55

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	2018 £000	2017 £000
Fair value of scheme assets	1,103,800	1,128,900
Present value of defined benefit obligations	(1,021,500)	(1,122,300)
Defined benefit pension scheme surplus	82,300	6,600
Related deferred tax asset	(15,600)	(1,300)
Defined benefit pension scheme net surplus	66,700	5,300

20 Share capital

Allotted, called up and fully paid shares

	No.	2018 £000	No.	2017 £000
Ordinary shares of £1 each	51,613	52	51,613	52

Rights, preferences and restrictions

There were no changes to share capital during the year.

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

21 Reserves

The share premium reserve records the amount above the nominal value received for shares sold. The share premium account cannot be distributed under the Companies Act 2006.

The capital contribution reserve represents contributions received from the Company's parent undertaking.

The profit and loss account represents cumulative profits or losses.

22 Dividends

	2018 £000	2017 £000
Interim dividend of £29 (2017: £29) per each Ordinary share	1,500	1,500

23 Commitments

Capital commitments

The total amount contracted for but not provided in the financial statements was £nil (2017: £nil) relating to property, plant and equipment.

Operating leases

The Company had the following future minimum lease payments under non-cancellable operating leases:

	2018 £000	2017 £000
Not later than one year	1,379	87
Later than one year and not later than five years	2,451	2,625
Later than five years	240	1,958
	4,070	4,670

24 Related party transactions

The Company has taken advantage of the exemption contained within FRS 102 and not disclosed transactions or balances with companies that are fellow wholly-owned subsidiaries of Travis Perkins plc.

25 Parent and ultimate parent undertaking

The immediate and ultimate parent undertaking, controlling party and smallest and largest group to consolidate these financial statements is Travis Perkins plc, a company registered in England and Wales.

Copies of the Travis Perkins plc group financial statements are available from The Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ..