

Wolseley Europe Limited

Annual report and financial statements

for the year ended 31 July 2008

Registered number: 5309042

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Directors and advisors

Directors

R H Marchbank
D M Kirby
R I Shoyilekov

Company secretary

A Drew

Registered office

Parkview 1220
Arlington Business Park
Theale, Reading
RG7 4GA
United Kingdom

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
1 Embankment Place
London
WC2N 6RH
United Kingdom

Directors' report for the year ended 31 July 2008

The directors present their report and the audited financial statements of the Company for the year ended 31 July 2008.

Principal activities and business review

The Company is a wholly owned subsidiary of Wolseley plc and operates within the Group's general corporate division.

The Group's principal business activities are the distribution of heating and plumbing products to the professional market and the supply of building materials through 27 countries. The principal activity of the Company is that of a sourcing company, leveraging the Group's purchasing power across its European operations. There have been no significant changes in the Company's principal activity in the year under review. The directors do not intend, at the date of this report, that there will be a major change to the Company's principal activity in the next year, although the scale of its product sourcing may decrease.

During the period, the Company entered into further new agreements with more of its European suppliers which resulted in an increase in the amount of rebates collected and allocated to Wolseley Group operating companies. In addition, the Company continued its product sourcing operations during the year, purchasing products from international suppliers and selling them on to Wolseley Group operating companies.

Details of amounts due from and to the Company's parent company and other Group undertakings are shown in notes 7 and 8 on pages 11 and 12 respectively. There have been no significant events since the balance sheet date.

The Wolseley Group manages its operations on a segmental 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 general corporate division of Wolseley plc, which includes the Company, is discussed in the Group's Annual Report which does not form part of this report.

Principal risks and uncertainties

The Company does not operate external to the Group and therefore its financial risks are governed by the Group policies and procedures. The Group is exposed to market risks arising from its international operations. The Group has well defined and consistently applied policies for the management of foreign exchange and interest rate exposures. There has been no change since the year end in the major financial risks faced by the Group. Wolseley Europe's products are distributed solely to fellow subsidiaries within the Group and the Company's results are consequently dependent on the levels of activity in the respective markets and competitive positions of its fellow subsidiaries. The market price and the availability of the products distributed by the Company, such as steel, copper and plastic can fluctuate. These fluctuations can affect the Company's operating results.

While the Company is not engaged in a "regulated" industry, its operations are affected by various statutes, regulations and laws in the countries and markets in which it operates. The Company monitors regulation across its markets to ensure that the effects of changes are minimised.

Group risks are discussed in depth in the Group's Annual Report which does not form part of this report.

Directors' report for the year ended 31 July 2008 (continued)

Health, safety and environment

The Group recognises the importance of its environmental responsibilities. A key driver of Wolseley Group's success has been the high degree of autonomy which has been afforded to local managements, allowing them to serve local markets in the most appropriate manner. Within this decentralised structure, the Board has set down a number of health, safety and environment principles with which all businesses are required to comply. The principles relating to environment cover: the integration of environmental management into business operations; a commitment to the adoption and achievement of best practice wherever this is practicable; a commitment to prevent pollution; compliance with local environmental legislation; the adoption where practicable of local formal environmental management systems; a commitment to strive for continual improvement; and a commitment to ensure proper communication with employees on environmental matters.

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.

Results and dividends

The results for the Company for the year ended 31 July 2008 are set out in the profit and loss account on page 7.

During the year, no dividends were paid or proposed (2007: £nil). The profit of £1,016,000 (2007: loss of £584,000) has been transferred to/from reserves.

Post balance sheet events

There are no significant post balance sheet events.

Directors

The directors of the Company during the year ended 31 July 2008 were:

D M Kirby	
R H Marchbank	
R I Shoyilekov	(appointed 9 November 2007)
C P Watters	(resigned 9 November 2007)

Directors' report for the year ended 31 July 2008 (continued)

Statement of directors' responsibilities in respect of the Annual report and the financial statements

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). The financial statements are required by law to 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 those 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 1985. 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.


Statement of disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware. The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, PricewaterhouseCoopers LLP, are willing to continue in office for a further year.

By Order of the Board,



A Drew
Company Secretary

22 May 2008

Independent auditors' report to the members of Wolseley Europe Limited

We have audited the financial statements of Wolseley Europe Limited for the year ended 31 July 2008 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report to the members of Wolseley Europe Limited (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 July 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

26 May 2008

Profit and loss account for the year ended 31 July 2008

	Notes	2008 £'000	2007 £'000
Turnover	1	18,207	13,176
Cost of sales		(12,044)	(11,164)
Gross profit		6,163	2,012
Administrative expenses		(4,861)	(3,132)
Operating profit / (loss)	3	1,302	(1,120)
Interest receivable and similar income	4	135	286
Profit / (loss) on ordinary activities before taxation		1,437	(834)
Tax (charge)/credit on profit/(loss) on ordinary activities	5	(421)	250
Profit / (loss) for the financial year	11	1,016	(584)

The notes on pages 9 to 13 form part of these financial statements.

The profit for the financial year relates to continuing activities and includes all recognised gains and losses in the year above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

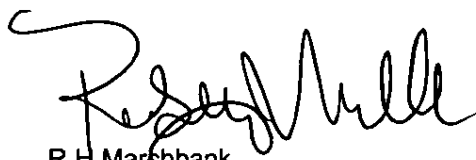
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Balance sheet as at 31 July 2008

	Notes	2008 £'000	2007 £'000
Current assets			
Stock	6	1,034	390
Debtors	7	17,035	17,046
Cash at bank and in hand		3,926	2,110
		21,995	19,546
Creditors: amounts falling due within one year	8	(21,242)	(19,809)
Net current assets / (liabilities)		753	(263)
Net assets / (liabilities)		753	(263)
Capital and reserves			
Called up share capital	9	-	-
Profit and loss reserve	10	753	(263)
Total shareholders' funds / (deficit)	11	753	(263)

The notes on pages 9 to 13 form part of these financial statements.

The financial statements on pages 7 to 13 were approved by the Board on 22 May 2008 and signed on its behalf by:


R H Marchbank
Director

Notes to the financial statements for the year ended 31 July 2008

Accounting policies

Accounting convention

These financial statements are prepared on the going concern basis, under the historical cost convention in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies, which are consistently applied, are set out below.

Turnover

Turnover is comprised of the sale of sourced products to other Group undertakings and rebates receivable from European suppliers.

Turnover from the sale of sourced products is recognised when the risks and rewards of ownership of the products have been transferred to the customer, a Wolseley Group undertaking. The risks and rewards of ownership of goods are deemed to have been transferred when the goods are shipped to, or are picked up by, the customer.

The Company has entered into agreements with certain European suppliers that provide for inventory purchase rebates on purchases made by Wolseley Group's European operating companies. These purchase rebates are accrued as earned and recorded as turnover when the products to which they relate are sold by the Wolseley Group. Turnover is shown net of rebates receivable centrally by the Company that have or will be allocated to Wolseley Group's European operating companies.

Stock

Stock is stated at the lower of cost and net realisable value.

Foreign currencies

Foreign denominated currency balances are translated at the exchange rate ruling at the balance sheet date with exchange differences arising taken to the profit and loss account.

Cash flow statement

Wolseley plc, the ultimate parent company, has included a cash flow statement in its Group accounts for the year ended 31 July 2008. Under paragraph 5(a) of Financial Reporting Standard 1 "Cashflow Statements" (revised 1996), no cash flow statement is therefore required in the accounts of this company.

Deferred tax

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

Provision is made for UK or foreign taxation arising on the distribution to the UK of retained profits of overseas subsidiary undertakings where dividends have been recognised as receivable.

Accrued income

Accrued income is credited to the profit and loss account over the period for which the service is provided or to which the incentive relates.

Notes to the financial statements for the year ended 31 July 2008 (continued)

1. Turnover

	2008	2007
	£'000	£'000
Sales of sourced products	15,100	12,203
Rebate income	3,107	973
	18,207	13,176

2. Employee information and directors' remuneration

The company had no employees during the year under review (2007: nil).

None of the directors received any emoluments in respect of their services to the Company during the year (2007: £nil).

3. Operating profit / (loss)

	2008	2007
	£'000	£'000
Operating profit/(loss) is stated after charging:		
Administration fee charged by other Group undertakings	4,783	3,132

The administration fee charged to the Company relates to administrative operating costs incurred by other Group undertakings on behalf of the Company.

The audit fee for the year was borne by Wolseley (Group Services) Limited (a fellow subsidiary of Wolseley plc) and was not recharged to the Company.

4. Interest receivable and similar income

	2008	2007
	£'000	£'000
Bank interest receivable	64	160
Interest receivable from Wolseley plc	71	126
	135	286

Notes to the financial statements for the year ended 31 July 2008 (continued)

5. Tax charge / (credit) on profit/ (loss) on ordinary activities

	2008 £'000	2007 £'000
Tax charge / (credit) at UK corporation tax rate of 29.33% (2007: 30%)	421	(250)

The standard rate of Corporation Tax in the UK changed from 30% to 28% with effect from 1 April 2008. Accordingly, the Company's profits for this accounting period are taxed at an effective rate of 29.33% and will be taxed at 28% in the future.

There are no significant reconciling items between the actual and effective tax rate for the year ended 31 July 2008.

6. Stock

	2008 £'000	2007 £'000
Goods purchased for resale	1,034	390

7. Debtors

	2008 £'000	2007 £'000
Trade debtors	5,192	2,705
Amounts owed by Wolseley Plc	-	2,037
Amounts owed by other group undertakings	6,769	2,860
Corporation tax	374	796
Other tax and social security	-	158
Accrued income	4,700	8,490
	17,035	17,046

Accrued income relates to rebates receivable from European suppliers.

Amounts owed by Wolseley plc are unsecured, have no fixed repayment terms and are interest bearing at a rate of LIBOR + 0.5%. Amounts owed by other group undertakings are unsecured, have no fixed repayment terms and do not bear any interest.

Notes to the financial statements for the year ended 31 July 2008 (continued)

8. Creditors – amounts falling due within one year

	2008 £'000	2007 £'000
Trade creditors	1,246	1,843
Other tax and social security	174	-
Amounts owed to other group undertakings	19,596	17,858
Accruals	226	108
	21,242	19,809

Amounts owed to other Group undertakings are unsecured, have no fixed repayment terms and do not bear any interest.

9. Share Capital

	2008 £	2007 £
Authorised:		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted, issued and fully paid:		
1 ordinary share of £1 each	1	1

10. Reserves

	Profit and loss reserve £'000
As at 1 August 2007	(263)
Profit for the year	1,016
As at 31 July 2008	753

11. Reconciliation of movements in total shareholders' funds / (deficit)

	2008 £000	2007 £000
Opening shareholders' (deficit) / funds	(263)	321
Profit/(loss) for the year	1,016	(584)
Closing shareholders' funds / (deficit)	753	(263)

Notes to the financial statements for the year ended 31 July 2008 (continued)

12. Ultimate parent company

The ultimate parent company is Wolseley plc which is registered in England and is the smallest and largest parent undertaking to consolidate these financial statements. Copies of the Group accounts may be obtained from the Company Secretary, Wolseley plc, Parkview 1220, Arlington Business Park, Theale, Reading, RG7 4GA.

13. Related party transactions

The Company has taken advantage of the exemption available under FRS8 "Related party disclosures" to dispense with the requirement to disclose transactions with fellow subsidiaries, 90% or more whose voting rights are held within the Group, and which are included in the consolidated financial statements of Wolseley plc.

14. Contingent liabilities

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

15. Post balance sheet events

There are no significant post balance sheet events.