

Registered number: 00029846

WOLSELEY LIMITED  
Annual Report 2016

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**WOLSELEY LIMITED**

**Annual report and financial statements  
for the year ended 31 July 2016**

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**Strategic report**  
**for the year ended 31 July 2016**

**Business review**

The Company is a wholly owned subsidiary of Wolseley plc.

The principal activity of the Company is that of an internal investment company for the Wolseley plc Group (the "Group"). There have been no significant changes in the Company's principal activity in the year under review. At the date of this report the directors do not foresee there will be any major changes in the Company's activities in the next year.

In September 2015, the Company sold its subsidiary Wholesale Supplies (C.I.) Limited to another Group company for cash consideration of £10 million, giving rise to no gain or loss on disposal.

In July 2016, the Company received a cash dividend of £338 million from its subsidiary Wolseley Investments, Inc. The Company then paid a dividend to its parent company, Wolseley plc, of the same amount, £338 million. This dividend paid was equivalent to 1.81p per ordinary share of £0.00001.

During the year, provisions for impairment of £176 million (2015 - £166 million) and £14 million (2015 - £nil) were recorded against the Company's investments in Wolseley Nordic Holdings AB and Luxury for Less Limited respectively, as the recoverable amount of the net assets was considered to be less than the value of the investments held.

The balance sheet on page 8 of the financial statements shows the Company's financial position at 31 July 2016.

The loss for the year amounted to £18 million (2015 - loss of £157 million).

**Principal risks and uncertainties**

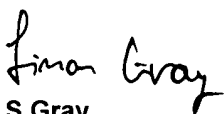
The Company does not operate external to the Group except for the purchase of derivative instruments to implement the Group's risk management and hedging strategy. The Group is exposed to market risks arising from its international operations. The Group has well defined and consistently applied policies 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. The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and foreign currency risk. The treasury committee of Wolseley plc reviews and agrees policies for managing each of these risks for the Group and these policies are regularly reviewed and updated.

Group risks are discussed in depth in the Group's 2016 Annual Report which does not form part of this report.

**Financial key performance indicators**

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business. The key performance indicators of the Group, which includes the Company, are discussed in the Group's 2016 Annual Report which does not form part of this report.

This report was approved by the board and signed on its behalf.



**S Gray**  
**Director**

Date: 20 January 2017

**Directors' report**  
**for the year ended 31 July 2016**

The directors present their report and the audited financial statements for the year ended 31 July 2016.

**Directors**

The directors who served during the year and up to the date of signing the financial statements were:

S Gray  
D L Keltner (appointed 23 August 2016)  
J W Martin (resigned 23 August 2016)  
R I Shoylekov  
M R Verrier (resigned 20 November 2015)  
M Wall (appointed 8 March 2016, resigned 31 October 2016)

**Dividends**

During the year the Company paid a dividend of £338 million (2015 - £nil).

**Directors' responsibilities statement**

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements 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.

**Qualifying third party indemnity provisions**

As permitted by the Articles of Association, the directors and certain persons who are directors of subsidiary companies have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. These indemnities were in force throughout the last financial year and are currently in force. The Group also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors.

**Directors' report (continued)**  
**for the year ended 31 July 2016**

**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Post balance sheet events**

In October 2016, the Company received a cash dividend of £362 million from its subsidiary Wolseley Investments, Inc. The Company then paid a dividend to its parent company, Wolseley plc, of the same amount, £362 million. This dividend paid was equivalent to 1.94p per ordinary share of £0.00001.

**Matters covered in the strategic report**

Information relating to future developments and financial risk management are provided in the strategic report on page 2.

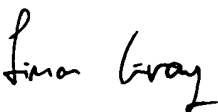
**Auditors**

Deloitte LLP have been deemed re-appointed under section 487 of the Companies Act 2006.

**Approval of reduced disclosures**

The Company, as a qualifying entity, has taken advantage, in respect of its separate financial statements, of the disclosure exemptions in FRS 102 paragraph 1.12. The Company's shareholder has been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

This report was approved by the board and signed on its behalf.



**S Gray**  
**Director**

Date: 20 January 2017

Parkview 1220  
Arlington Business Park  
Theale, Reading  
Berkshire  
RG7 4GA

### **Independent auditors' report to the members of Wolseley Limited**

We have audited the financial statements of Wolseley Limited for the year ended 31 July 2016 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 21. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 July 2016 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.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

**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.



**Jane Makrakis FCA (Senior statutory auditor)**  
**for and on behalf of Deloitte LLP**  
**Chartered Accountants and Statutory Auditors**  
**Reading, UK**

Date: 20 January 2017

**Profit and loss account**  
**for the year ended 31 July 2016**

	Note	2016 £m	2015 £m
Administrative expenses		-	(1)
<b>Operating loss</b>			(1)
Income from shares in Group undertakings	8	338	-
Profit on disposal of fixed asset investments		3	-
Amounts written off investments	9	(190)	(172)
Interest receivable and similar income	5	187	250
Interest payable and similar charges	6	(361)	(296)
<b>Loss before tax</b>		(23)	(219)
Tax on loss on ordinary activities	7	5	62
<b>Loss for the year</b>		(18)	(157)

All amounts relate to continuing activities.

There were no recognised gains and losses for 2016 or 2015 other than those included in the profit and loss account.

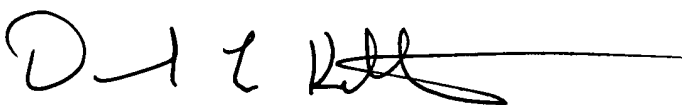


Registered number: 00029846

**Balance sheet**  
**at 31 July 2016**

	Note	£m	2016 £m	£m	2015 £m
<b>Fixed assets</b>					
Investments	9		<u>6,544</u>		<u>6,744</u>
			6,544		6,744
<b>Current assets</b>					
Debtors: amounts falling due after more than one year	10	95		159	
Debtors: amounts falling due within one year	10	<u>3,921</u>		<u>3,318</u>	
		4,016		3,477	
Creditors: amounts falling due within one year	11	<u>(1,060)</u>		<u>(1,266)</u>	
<b>Net current assets</b>			<u>2,956</u>		<u>2,211</u>
<b>Total assets less current liabilities</b>			<b>9,500</b>		<b>8,955</b>
Creditors: amounts falling due after more than one year	12		<b>(8,129)</b>		<b>(7,225)</b>
<b>Provisions for liabilities</b>					
Other provisions		<u>-</u>		<u>(3)</u>	
			-		(3)
<b>Net assets</b>			<u><b>1,371</b></u>		<u><b>1,727</b></u>
<b>Capital and reserves</b>					
Share capital	15		-		-
Share premium account	16		5		5
Profit and loss account	16		<u>1,366</u>		<u>1,722</u>
			<u><b>1,371</b></u>		<u><b>1,727</b></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf.



**D L Keltner**  
**Director**  
Date: 20 January 2017

The notes on pages 10 to 23 form part of these financial statements.

**Statement of changes in equity**  
**at 31 July 2016**

	<b>Share capital £m</b>	<b>Share premium account £m</b>	<b>Profit and loss account £m</b>	<b>Total equity £m</b>
At 31 July 2014 as previously stated	-	5	1,879	1,884
Loss for the financial year	/-	-	(157)	(157)
At 31 July 2015	<hr style="width: 100%; border: 0.5px solid black;"/> -	<hr style="width: 100%; border: 0.5px solid black;"/> 5	<hr style="width: 100%; border: 0.5px solid black;"/> 1,722	<hr style="width: 100%; border: 0.5px solid black;"/> 1,727
Loss for the financial year	-	-	(18)	(18)
Dividends paid on equity shares (note 8)	-	-	(338)	(338)
At 31 July 2016	<hr style="width: 100%; border: 0.5px solid black;"/> <hr style="width: 100%; border: 0.5px solid black;"/> -	<hr style="width: 100%; border: 0.5px solid black;"/> <hr style="width: 100%; border: 0.5px solid black;"/> 5	<hr style="width: 100%; border: 0.5px solid black;"/> <hr style="width: 100%; border: 0.5px solid black;"/> 1,366	<hr style="width: 100%; border: 0.5px solid black;"/> <hr style="width: 100%; border: 0.5px solid black;"/> 1,371

**Notes to the financial statements**  
**for the year ended 31 July 2016**

**1. Accounting policies**

**1.1 General information and basis of accounting**

Wolseley Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 4. The nature of the Company's operations and its principal activities are set out in the strategic report on page 2.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The prior year financial statements were restated for material adjustments on adoption of FRS 102 in the current year. For more information see note 21.

The functional currency of Wolseley Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Wolseley Limited 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 separate financial statements. The Company is consolidated in the financial statements of its ultimate parent, Wolseley plc, which may be obtained from the Group Company Secretary, Wolseley plc, Grafenauweg 10, CH 6301, Zug, Switzerland. Exemptions have been taken in these separate Company financial statements in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

**1.2 Going concern**

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic report on page 2.

The Company participates in the Group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

The directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Group to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment, the Company's directors have a reasonable expectation that the Company will be able 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.

**1.3 Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

The Company used derivative financial instruments, in particular foreign exchange swaps, to reduce exposure to foreign exchange risk. There is no trading activity in derivative financial instruments.

Derivative financial instruments are recognised as assets and liabilities at their fair values at the balance sheet date. Where derivative financial instruments do not fulfil the criteria for hedge accounting, changes in their fair values are recognised in the profit and loss account.

**Notes to the financial statements**  
**for the year ended 31 July 2016**

**1. Accounting policies (continued)**

**1.4 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 profit or loss as described below.

*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.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset 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.

*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.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset 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.

**1.4 Foreign currency**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Other exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on transactions entered into to hedge certain foreign currency risks.

**1.5 Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**Notes to the financial statements**  
**for the year ended 31 July 2016**

**1. Accounting policies (continued)**

**1.6 Tax**

Tax for the year comprises current and deferred tax. With the exception of changes in tax arising on the initial recognition of a business combination, tax is presented in profit or loss, other comprehensive income or equity depending on where the transaction that resulted in the tax is presented.

Current tax is tax payable (refundable) in respect of the taxable profit (tax loss) for the current period or past reporting periods. Current tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of the current and previous periods.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- deferred tax assets shall be recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- deferred tax shall be reversed if and when all conditions for retaining associated tax allowances for the cost of a fixed asset have been met.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the Company is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is not recognised on permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is determined using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

**2. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

***Key source of estimation uncertainty – impairment of fixed asset investments***

Determining whether fixed asset investments are impaired requires an estimation of their recoverable amount and whether this exceeds their carrying value. The recoverable amount is estimated using the higher of its fair value less cost to sell and its value in use.

**Notes to the financial statements**  
**for the year ended 31 July 2016**

**3. Auditors' remuneration**

The remuneration for the audit of the financial statements for the year of £30,000 (2015 - £30,000) was borne by Wolseley (Group Services) Limited and was not recharged to the Company.

**4. Staff costs**

The Company has no employees (2015 - none) other than the directors, who did not receive any remuneration in respect of their services to the Company (2015 - £nil).

**5. Interest receivable**

	2016 £m	2015 £m
Interest receivable from Group companies	170	188
Bank interest receivable	17	27
Exchange gains	-	35
	187	250

**6. Interest payable and similar charges**

	2016 £m	2015 £m
Bank interest payable	19	34
Other loan interest payable	1	1
Loans from Group undertakings	314	261
Exchange losses	27	-
	361	296

**7. Tax on loss on ordinary activities**

	2016 £m	2015 £m
<b>Current tax</b>		
UK corporation tax on loss for the year	(1)	(5)
Adjustments in respect of prior years	3	(34)
<b>Total current tax charge/(credit)</b>	2	(39)
<b>Deferred tax</b>		
Origination and reversal of timing differences	(17)	(12)
Adjustments in respect of prior years	8	(11)
Effect of changes in tax rates	2	-
<b>Total deferred tax credit</b>	(7)	(23)
<b>Tax on loss on ordinary activities</b>	(5)	(62)

**Notes to the financial statements**  
**for the year ended 31 July 2016**

**7. Tax on loss on ordinary activities (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is equal to (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 – 20.67%). The differences are explained below:

	<b>2016</b>	<b>2015</b>
	<b>£m</b>	<b>£m</b>
Loss on ordinary activities before tax	<b>(23)</b>	<b>(219)</b>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 – 20.67%)	<b>(5)</b>	<b>(45)</b>
<b>Effects of:</b>		
Adjustments in respect of prior years	<b>11</b>	<b>(45)</b>
Amounts written off investments	<b>39</b>	<b>35</b>
Tax rate changes	<b>2</b>	<b>-</b>
Non-taxable dividends from Group companies	<b>(68)</b>	<b>-</b>
Non-deductible interest expense	<b>14</b>	<b>-</b>
Expenses not deductible	<b>2</b>	<b>-</b>
Non-taxable adjustment on the adoption of FRS 102	<b>-</b>	<b>(7)</b>
<b>Total tax credit for the year</b>	<b>(5)</b>	<b>(62)</b>

**Tax rate changes**

The main rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly, the Company's losses for this accounting year are taxed at a rate of 20% (2015 – the effective tax rate was 20.67%).

The Finance (No. 2) Act 2015 enacted a reduction of the main rate of UK corporation tax from 20% to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020. The Finance Act 2016 introduced a further reduction in the main rate of UK corporation tax to 17% effective from 1 April 2020, instead of the 18% rate previously enacted. For the year ended 31 July 2016, the reduction in the rate below 18% had not been substantively enacted at the balance sheet date and therefore deferred tax has been calculated at a rate of 19%. This rate materially reflects the rate for the period in which the deferred tax balance is expected to reverse.

The further rate change to 17% would have no impact on the Company's deferred tax asset balance as it is expected to be utilised before 1 April 2020.

**8. Dividends**

	<b>2016</b>	<b>2015</b>
	<b>£m</b>	<b>£m</b>
Dividends paid on equity capital	<b>338</b>	<b>-</b>
	<b>338</b>	<b>-</b>

In July 2016, the Company received a cash dividend of £338 million from its subsidiary Wolseley Investments, Inc. The Company then paid a dividend to its parent company, Wolseley plc, of the same amount, £338 million. This dividend was equivalent to 1.81p per ordinary share of £0.00001.

**Notes to the financial statements**  
**for the year ended 31 July 2016**

**9. Fixed asset investments**

	<b>Investments in subsidiary companies</b>
	<b>£m</b>
<b>Cost or valuation</b>	
At 1 August 2015	6,911
Disposals	(10)
At 31 July 2016	6,901
<b>Impairment</b>	
At 1 August 2015	167
Charge for the year	190
At 31 July 2016	357
<b>Net book value</b>	
At 31 July 2016	6,544
At 31 July 2015	6,744

In September 2015, the Company sold its subsidiary Wholesale Supplies (C.I.) Limited to another Group company for cash consideration of £10 million, giving rise to no gain or loss on disposal.

During the year, provisions for impairment of £176 million (2015 - £166 million) and £14 million (2015 - £nil) were recorded against the Company's investments in Wolseley Nordic Holdings AB and Luxury for Less Limited respectively, as the recoverable amount of the net assets was considered to be less than the value of the investments held.

The impairment for the investment in Wolseley Nordic Holdings AB arose due to the continuing challenging market conditions and uncertainty over performance in the Nordic region. The impairment for the investment in Luxury for Less Limited has been made due to uncertainty of the timing of profitability, as it has incurred losses since acquisition despite generating good revenue growth.



**Notes to the financial statements**  
**for the year ended 31 July 2016**

**9. Fixed asset investments (continued)**

**Subsidiary undertakings**

The following were material subsidiary undertakings of the Company at 31 July 2016:

<b>Name</b>	<b>Country of incorporation</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
Wolseley Group Holdings Limited	United Kingdom	Ordinary	100%	Holding
Wolseley Investments, Inc.	USA	Ordinary	100%	Financing
Wolseley Capital Inc.	USA	Ordinary	100%	Financing
Wolseley Nordic Holdings AB	Sweden	Ordinary	100%	Holding
Luxury for Less Limited (TA Soak.com)	United Kingdom	Ordinary	67.7%	Trading

**10. Debtors**

	<b>2016</b> <b>£m</b>	<b>2015</b> <b>£m</b>
<b>Due after more than one year</b>		
Amounts owed by Group undertakings	<b>62</b>	133
Deferred tax asset (see note 14)	<b>33</b>	26
	<b>95</b>	159

At 31 July 2016 and at 31 July 2015 amounts owed by Group undertakings were unsecured. At 31 July 2016 £49 million was loaned at an interest rate of LIBOR plus 3.5% under a revolving credit facility expiring October 2017 (2015 - £117 million expiring October 2016) and £nil (2015 - £7 million) under a facility expiring June 2017. A further £13 million (2015 - £9 million) was loaned to Luxury for Less Limited at an interest rate of 10% under an agreement expiring February 2020.

**Notes to the financial statements**  
**for the year ended 31 July 2016**

**10. Debtors (continued)**

	2016 £m	2015 £m
<b>Due within one year</b>		
Amounts owed by Group undertakings	3,916	3,310
Corporation tax	1	8
Prepayments and accrued income	2	-
Financial instruments	2	-
	3,921	3,318

At 31 July 2016 and at 31 July 2015 amounts owed by Group undertakings were unsecured.

At 31 July 2016 £647 million was loaned at LIBOR plus 0.75% expiring August 2016, £8 million was loaned at LIBOR plus 3.5% expiring June 2017 and £3,250 million was loaned under a revolving credit facility bearing interest at a rate of LIBOR plus 3.5% expiring July 2017. The balance of £11 million was non-interest bearing and was repayable on demand. Included within this balance were short-term foreign exchange contracts with Group undertakings. At the balance sheet date the fair value of these contracts was not materially different to the retranslated value included above. Amounts owed by Group undertakings in relation to these contracts were £7 million.

At 31 July 2015 £172 million was loaned at LIBOR plus 0.5% expiring August 2015, £3,087 million was loaned under a revolving credit facility bearing interest at a rate of LIBOR plus 3.5% expiring July 2016. The balance of £51 million was non-interest bearing and was repayable on demand. Included within this balance were short-term foreign exchange contracts with Group undertakings. At the balance sheet date the fair value of these contracts was not materially different to the retranslated value included above. Amounts owed by Group undertakings in relation to these contracts were £12 million.

Financial instruments comprise forward foreign currency contracts and are recognised at fair value through profit or loss. At the balance sheet date the fair value of these contracts was not materially different to the retranslated value included above.

**11. Creditors: Amounts falling due within one year**

	2016 £m	2015 £m
Bank overdrafts	566	89
Amounts owed to Group undertakings	492	1,176
Accruals and deferred income	2	1
	1,060	1,266

At 31 July 2016 amounts owed to Group undertakings were unsecured. £452 million was borrowed under a short-term agreement at a rate of LIBOR plus 0.75%. The remaining £40 million was non-interest bearing.

At 31 July 2015 amounts owed to Group undertakings were unsecured. £968 million was borrowed under a short-term agreement at a rate of LIBOR plus 0.5%. A further £144 million was borrowed at LIBOR plus 0.2% expiring November 2015. The remaining £64 million was non-interest bearing. Included within this balance are short-term foreign exchange forward contracts with Group undertakings. At the balance sheet date the fair value of these contracts was not materially different to the retranslated value included above. Amounts owed to Group undertakings in relation to these contracts were £3 million.

**Notes to the financial statements**  
**for the year ended 31 July 2016**

**12. Creditors: Amounts falling due after more than one year**

	2016 £m	2015 £m
Bank loans (see note 13)	95	120
Amounts owed to Group undertakings	8,034	7,105
	8,129	7,225

At 31 July 2016 and 31 July 2015 amounts owed to Group undertakings were unsecured.

At 31 July 2016 £936 million was interest bearing at fixed rates between 2% to 4% under revolving credit facilities expiring between November 2017 and September 2027. The remaining £7,098 million was interest bearing at LIBOR plus 0.5% to 3.5% under revolving loan facilities expiring from October 2017 onwards.

At 31 July 2015 £303 million was interest bearing at LIBOR plus 0.2%, £1,037 million was interest bearing at LIBOR plus 0.5% and £5,765 million was interest bearing at LIBOR plus 3.5% under revolving loan facilities expiring between 31 October 2016 and 16 November 2020.

**13. Bank loans**

Analysis of the maturity of loans is given below:

	2016 £m	2015 £m
<b>Amounts falling due after more than 5 years</b>		
Bank loans	95	120

During the prior year the Company entered into an £800 million revolving credit facility with a number of third party banking institutions which was due to mature in September 2020. During the current year this facility has been extended to September 2021. At 31 July 2016 £95 million (2015 - £120 million) was drawn under this facility.

**14. Deferred tax**

	2016 £m	2015 £m
At beginning of year	26	3
Credited to the profit and loss account	7	23
	33	26

The deferred tax asset is made up as follows:

	2016 £m	2015 £m
Losses carried forward	33	23
Share based payments	-	3
	33	26

The total net deferred tax asset of £33 million is expected to reverse next year (2015: no reversal of the net deferred tax asset of £26 million was expected to occur in the following year).

**Notes to the financial statements**  
**for the year ended 31 July 2016**

**15. Share capital**

	2016 £m	2015 £m
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
18,674,179,648 (2015 – 18,674,179,648) Ordinary shares of £0.00001 each	-	-
301,963 Ordinary shares of £0.10 each	-	-
1 Ordinary A share of £0.10	-	-
	-	-
	-	-

**16. Reserves**

**Share premium**

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

**Profit and loss account**

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

**17. Related party transactions**

The Company has taken advantage of the exemption available under FRS 102 Section 33.1A to dispense with the requirement to disclose transactions with wholly owned subsidiaries.

**18. Post balance sheet events**

In October 2016, the Company received a cash dividend of £362 million from its subsidiary Wolseley Investments, Inc. The Company then paid a dividend to its parent company, Wolseley plc, of the same amount, £362 million. This dividend paid was equivalent to 1.94p per ordinary share of £0.00001.

**19. Ultimate parent undertaking and controlling party**

The immediate parent company and ultimate controlling party is Wolseley plc, a company incorporated in Jersey whose registered office is 26 New Street, St Helier, Jersey JE2 3RA. It is the smallest and largest parent undertaking to consolidate these financial statements. Copies of the Group financial statements may be obtained from the Group Company Secretary, Wolseley plc, Grafenauweg 10, CH 6301, Zug, Switzerland.

**Notes to the financial statements**  
**for the year ended 31 July 2016**

**20. Subsidiary undertakings**

A full list of subsidiaries, joint ventures and companies in which Wolseley Limited has a controlling interest as at 31 July 2016 is shown below. The country of incorporation and the effective percentage of equity owned (if less than 100 per cent) is also detailed below. Unless otherwise noted, the share capital comprises ordinary shares which are indirectly held by Wolseley Limited.

**Fully owned subsidiaries**

8933111 Canada Inc. (Canada)(ix)	Ferguson Enterprises Real Estate, Inc (US)(iii)
A C Electrical Holdings Limited (England)(x)	Ferguson Fire & Fabrication Inc. (US)(iii)
A C Electrical Wholesale Limited (England)(iii)	Ferguson Panama, S.A. (Panama)(ix)
A C Ferguson Limited (Scotland)(ii)(iii)	Ferguson Receivables, LLC. (US)(xi)
Advancechief Limited (England)(ii)(iii)	Firstbase Timber Limited (Scotland)(ii)(iii)
B Holding SAS (France)(iii)	Fusion Provida Holdco Limited (England)(iii)
B Participations SAS (France)(iii)	Fusion Provida UK Limited (England)(iii)
Beijer Byggmaterial AB (Sweden)(iii)	G. L. Headley Limited (England)(ii)(iii)
Beijer Byggmaterial i Uppsala AB (Sweden)(iii)	Galley Matrix Limited (England)(ii)(iii)
British Fittings Central Limited (England)(i)(ii)(iii)	Glegg & Thomson Limited (Scotland)(ii)(iii)
British Fittings Company (North Eastern) Limited (England)(ii)(x)	Greenhow & Welch Limited (England)(ii)(iii)
British Fittings Group Limited (England)(ii)(iii)	Gunn Bros. (Builders Merchants) Limited (England)(ii)(iii)
British Fittings Limited (England)(i)(ii)(iii)	H.P. Products Corporation (US)(ix)
Broughton's Limited (England)(ii)(iii)	H.R. Sandvold AS (Norway)(iii)
Build Center Limited (England)(i)(ii)(iii)	Hall & Co. Limited (England)(ii)(iii)
Build.com, Inc. (US)(ix)	Health Equipment Hire Limited (England)(i)(ii)(iii)
Builder Center Limited (England)(i)(ii)(iii)	Heating Replacement Parts & Controls Limited (England)(ii)(iii)
Building & Engineering Plastics Limited (England)(ii)(iii)	Heatmerchants Limited (England)(i)(ii)(iii)
Caselco Limited (England)(ii)(iii)	Het Onderdeel BV (Netherlands)(iii)
Clayton International, LLC (US)(xi)	Hobro Ny Trælast A/S (Denmark)(iii)
Controls Center Limited (England)(i)(ii)(x)	Homeoutlet Online Limited (England)(iii)
Crew-Davis Limited (England)(i)(ii)(iii)	HP Logistics, Inc. (US)(ix)
Dansk Braendimprægnering A/S (Denmark)(iii)	Huggjärnet 6 Kommanditbolag (Sweden)(xii)
Davidson Group Leasing Co. LLC (US)(xi)	J F Lord Limited (England)(ii)(iii)
Drain Center Limited (England)(i)(ii)(iii)	Julise Limited (England)(ii)(iii)
DT 1 A/S (Denmark)(ii)(iii)	Keramikland AG (Switzerland)(iii)
DT 2 A/S (Denmark)(ii)(iii)	King & Company (1744) Limited (England)(ii)(iii)
DT 3 A/S (Denmark)(ii)(iii)	Kommanditbolaget Näringen 8:4 (Sweden)(xi)
DT 4 A/S (Denmark)(ii)(iii)	Lindera Limited (Northern Ireland)(ii)(iii)
DT 5 A/S (Denmark)(ii)(iii)	Living Direct, Inc. (US) (ix)
DT Finland Oy (Finland)(iii)	Lygon Holdings Limited (England)(ii)(x)
DT Group Danmark A/S (Denmark)(iii)	M. A. Ray & Sons Limited (England)(i)(ii)(iii)
DT Group Holdings A/S (Denmark)(iii)	Melanie Limited (England)(i)(ii)(iii)
DT Holding (Sweden) AB (Sweden)(iii)	MPS Builders Merchants Limited (England)(iii)
DT Holding 1 AS (Denmark)(iii)	nettofox.ch (Switzerland) (iii)
Electro Energy A/S (Denmark)(iii)	Neumann Bygg AS (Norway)(iii)
Endries International Canada Inc (Canada)(iii)	Nevill Long Limited (England)(iii)
Endries International de Mexico, S.A. de C.V. (Mexico)(iv)	Northern Heating Limited (Scotland)(ii)(iii)
Endries International Europe BV (Netherlands)(iii)	Northern Heating Supplies Limited (Scotland)(ii)(iii)
Endries International, Inc. (US)(viii)	Nu-Way Heating Plants Limited (England)(i)(ii)(iii)
Energy & Process Corporation (US)(iii)	O.B.C. Limited (England)(i)(ii)(iii)
Ferguson Enterprises, Inc. (US)(ix)	O.B.C. Limited (Northern Ireland)(i)(ii)(iii)

**Notes to the financial statements**  
**for the year ended 31 July 2016**

**20. Subsidiary undertakings (continued)**

Oil Burner Components Limited (England)(i)(ii)(iii)	Wolseley Canada Inc. (Canada)(ix)
P.D.M. (Plumbers Merchants) Limited (Scotland)(i)(ii)(iii)	Wolseley Capital, Inc. (US)(i)(vii)
Parts Center Limited (England)(i)(ii)(iii)	Wolseley Centers Limited (England)(i)(ii)(iii)
Pat Murphy Industrial (Sales & Service) Limited (Republic of Ireland)(iii)	Wolseley Centres Limited (England)(i)(ii)(iii)
PB&M SAS (France)(iii)	Wolseley Developments Limited (England)(i)(ii)(iii)
Pipeline Controls Limited (England)(i)(ii)(iii)	Wolseley Directors Limited (England)(i)(ii)(iii)
Plumb-Center Limited (England)(i)(ii)(iii)	Wolseley ECD Limited (Northern Ireland)(ii)(iii)
Power Equipment Direct Inc. (US)(ix)	Wolseley ECL Limited (England)(i)(ii)(iii)
Promandis Limited (England)(i)(ii)(iii)	Wolseley Engineering Limited (England)(i)(ii)(iii)
Reay Electrical Distributors Limited (England)(ii)(iii)	Wolseley Europe Limited (England)(i)(iii)
Rosco Industrial Limited (Scotland)(ii)(iii)	Wolseley Finance (Isle of Man) Limited (Isle of Man)(i)(vi)(xiii)
Sellers of Leeds (Group Services) Limited (England)(ii)(iii)	Wolseley Finance (Thames) Limited (England)(i)(ii)(iii)
Sellers of Leeds International Limited (England)(ii)(iii)	Wolseley Finance (Theale) Limited (England)(ii)(vi)
Sellers of Leeds Limited (England)(viii)	Wolseley France Bois et Matériaux SNC (France)(iii)
SEMSCO Barbados, LLC (US)(ii)(xi)	Wolseley France SAS (France)(iii)
Shawmac Limited (Northern Ireland)(ii)(x)	Wolseley Green Deal Services Limited (England)(iii)
Sindberg Eksport A/S (Denmark)(iii)	Wolseley Group Holdings Limited (England)(i)(iii)
Soak B.V.(Netherlands)(ii)(iii)	Wolseley Haworth Limited (England)(iii)
St. Nicholas Finance Limited (England)(i)(ii)(viii)	Wolseley Holding A/S (Denmark)(iii)
STARK Foroyar PF (Denmark) (iii)	Wolseley Holdings (Ireland) (Republic of Ireland)(ii)(iii)(xiii)
Stark Kalaallit Nunaat A/S (Greenland)(iii)	Wolseley Holdings Canada Inc. (Canada)(ix)
Starkki Property Oy (Finland)(iii)	Wolseley Industrial Canada Inc. (Canada)(iii)
Stock Loan Services LLC (US)(xi)	Wolseley Integrated de Mexico, S.A. de C.V. (Mexico)(iv)
T & R Electrical Wholesalers Ltd (England)(iii)	Wolseley Investments Limited (England)(i)(ii)(iii)
Tellum Construction, LLC (US)(xi)	Wolseley Investments North America, Inc. (US)(iii)
Thames Finance Company Limited (England)(i)(ii)(iii)	Wolseley Investments, Inc. (US)(i)(iii)
Thomson Brothers Limited (Scotland)(iii)	Wolseley NA Construction Services, LLC (US)(xi)
Tobler Haustechnik AG (Switzerland)(iii)	Wolseley Nordic Holdings AB (Sweden)(i)(iii)
Uni-Rents Limited (England)(i)(ii)(iii)	Wolseley North America, Inc. (US)(ii)(iii)
Utility Power Systems Limited (England)(v)	Wolseley Overseas Limited (England)(iii)
Wasco Distributiecentrum B.V. (Netherlands)(iii)	Wolseley Pension Trustees Limited (England)(i)(ii)(iii)
Wasco Energie Centrum B.V. (Netherlands)(iii)	Wolseley Properties Limited (England)(ii)(iii)
Wasco Groothandelsgroep B.V. (Netherlands)(iii)	Wolseley QUEST Limited (England)(i)(ii)(iii)
Wasco Holding B.V. (Netherlands)(iii)	Wolseley Raven Limited (England)(ii)(iii)
Wasco Twello B.V. (Netherlands)(iii)	Wolseley Treasury (USD) (England)(i)(iii)
Westile (Aberdeen) Limited (Scotland)(ii)(iii)	Wolseley Trinidad Ltd (Trinidad and Tobago)(iii)
Wholesale Supplies (C.I.) Ltd (Jersey)(iii)	Wolseley UK Directors Limited (England)(iii)
William Wilson & Co. (Aberdeen) Limited (Scotland)(ii)(iii)	Wolseley UK Finance Limited (Guernsey)(ii)(iii)(xiii)
William Wilson & Company (Glasgow) Limited (Scotland)(ii)(iii)	Wolseley UK Limited (England)(viii)
William Wilson (Rugby) Limited (England)(ii)(iii)	Wolseley Utilities Limited (England)(iii)
William Wilson Holdings Limited (Scotland)(v)	Wolseley-Hughes Limited (England)(ii)(iii)
William Wilson Ltd (Scotland)(iii)	Wolseley-Hughes Merchants Limited (England)(ii)(iii)
WM. C. Yuille & Company Limited (Scotland)(ii)(iii)	Wright (Bedford) Limited (England)(i)(iii)
Wolseley (Barbados) Ltd (Barbados)(iii)	Yorkshire Heating Supplies Limited (England)(ii)(iii)
Wolseley (Group Services) Limited (England)(iii)	
Wolseley Bristol Limited (England)(ii)(iii)	

**Notes to the financial statements**  
**for the year ended 31 July 2016**

**20. Subsidiary undertakings (continued)**

**Joint ventures**

Brabyggare Sverige AB (Sweden) (iii)

**Controlling interests**

Luxury for Less Limited (England, 68%) (vii)

SCI de Lhoumaille (France, 53%) (ii)

Shanghai Du De International Trading Company (China) (ii)(xiv)

**Notes:**

(i) Directly owned by Wolseley Limited

(ii) Dormant company

(iii) Ownership held in ordinary shares

(iv) Ownership held in class of A shares

(v) Ownership held in classes of A and B shares

(vi) Ownership held in classes of A, B, C and D shares

(vii) Ownership held in classes of A1, A2, B, C, D, E, G shares

(viii) Ownership held in ordinary and preference shares

(ix) Ownership held in common stock

(x) Ownership held in common stock and preferred stock

(xi) Ownership held as membership interests

(xii) Ownership held as partnership interests

(xiii) Companies controlled by the Group based on management's assessment

(xiv) Ownership held 100% by Luxury for Less Limited

(xv) Ownership held in B shares

**21. Explanation of transition to FRS 102**

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for the year ended 31 July 2015 and the date of transition to FRS 102 was therefore 1 August 2014. As a consequence of adopting FRS 102, a number of accounting policies have changed to comply with that standard (see note 1).

**Reconciliation of equity**

	<b>At 1 August</b>	<b>At 31 July</b>
	<b>2014</b>	<b>2015</b>
	<b>£m</b>	<b>£m</b>
<b>Equity reported under previous UK GAAP</b>	<b>1,884</b>	<b>1,788</b>
Fixed asset investments no longer revalued	-	(61)
<b>Equity reported under FRS 102</b>	<b>1,884</b>	<b>1,727</b>

Under previous UK GAAP, fixed asset investments denominated in a foreign currency that were hedged by foreign currency borrowings were translated at the exchange rate ruling at the balance sheet date and exchange differences recorded in reserves. Under FRS 102, this net investment hedging is not permissible and therefore the fixed asset investments are held at retranslated cost as at 1 August 2014. The exchange movement which had previously been included in reserves is now charged (or credited) to the profit and loss account.

**Reconciliation of profit or loss for the year ended 31 July 2015**

	<b>£m</b>
<b>Loss for the financial year under previous UK GAAP</b>	<b>(185)</b>
Increased amounts written off investments	(7)
Exchange on hedged items through profit and loss	35
<b>Loss for financial year under FRS 102</b>	<b>(157)</b>

**Notes to the financial statements**  
**for the year ended 31 July 2016**

**21. Explanation of transition to FRS 102 (continued)**

Under previous UK GAAP, fixed asset investments denominated in a foreign currency that were hedged by foreign currency borrowings were translated at the exchange rate ruling at the balance sheet date and exchange differences recorded in reserves. Under FRS 102, this net investment hedging is not permissible and therefore the fixed asset investments are held at retranslated cost as at 1 August 2014.

The disposal of an investment in the year ended 31 July 2015 gave rise to an increase in the reversal of a previous impairment as the exchange to the date of disposal was reversed under FRS 102. This movement would previously have been included in reserves.

The exchange on items used to hedge against the foreign currency investments which was previously recorded in reserves under previous UK GAAP must now be recognised in profit and loss.