Registered number: 13134776

Wolseley Group Holdings Limited
Annual report and financial statements
for the year ended 31 July 2023

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Wolseley Group Holdings Limited

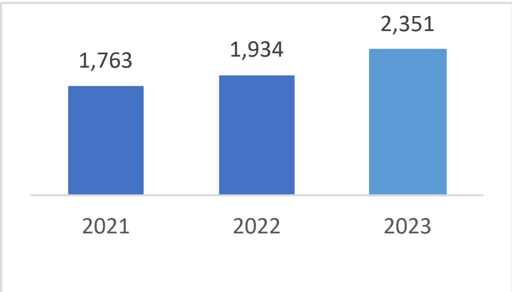
Strategic report

The Directors present their strategic report on Wolseley Group Holdings Limited ("the Company") and its subsidiaries (together "the Group" or "Wolseley"), together with the Group financial statements, for the year ended 31 July 2023.

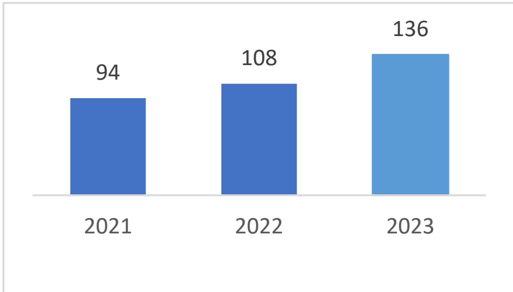
Highlights

In order to present the Group's performance in the most meaningful way within the strategic report, certain unaudited data is presented for the 12 months ended 31 July 2021 including the data below. The Group was formed in January 2021 and the data is presented as if Wolseley Group had owned Wolseley UK Limited and its subsidiaries for the whole year to enable comparability, the data prior to January 2021 is unaudited. See page 24 for further details of Company history.

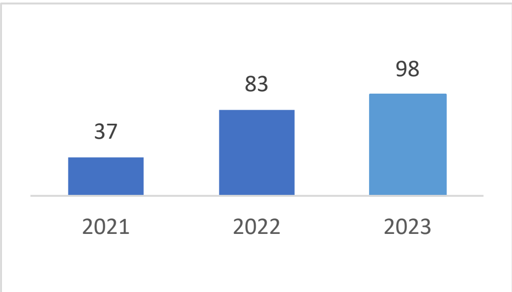
Revenue (£ million)



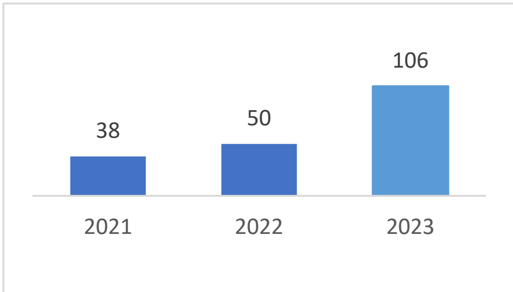
Adjusted EBITDA[1] (£ million)



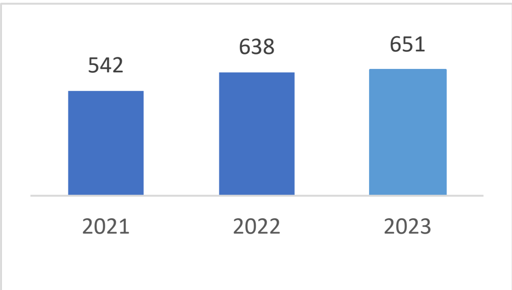
Operating profit (£ million)



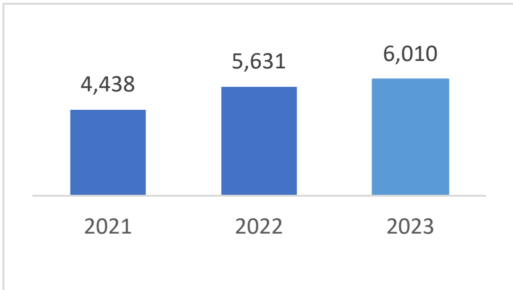
Cash from operations[2] (£ million)



Number of branches at 31 July



Number of FTEs[3] at 31 July



[1] Adjusted EBITDA is operating profit before charges/credits relating to depreciation, amortisation, impairment, exceptional items, share option charges and the impact of IFRS 16. The Group uses Alternative Performance Measures ("APMs"), which are not defined or specified under International Financial Reporting Standards ("IFRS"), to provide additional helpful information. These measures are not considered to be a substitute for IFRS measures and are consistent with how business performance is planned, reported and assessed internally by management and the Board. For further information on APMs, including a description of the policy, purpose, definitions and reconciliations to equivalent IFRS statutory measures, see note 2 on page 59

[2] Cash flow from operating activities before the impact of capital expenditure, proceeds from disposal, interest, tax and excluding the impact of IFRS 16, see note 2 on page 60

[3] Full Time Equivalent employee ("FTE")

Strategic report (continued)

Wolseley at a glance

Wolseley is a leading specialist merchant distributing plumbing, heating, renewables, cooling and infrastructure products to trade customers, predominantly supplying professional contractors.

The Group operates a number of businesses trading as multiple distinct brands, across three main sectors within the UK and Irish markets. Wolseley operates in both the repair, maintenance and improvement ("RMI") and new construction sectors within three market sectors:

- Residential
- Infrastructure
- Commercial building

Each of these market sectors consist of four distinct trade customer types, and the Group's different brands deliver tailored specialist service offerings to meet these customers' different needs. All of the businesses within the Group hold leading market positions. The customer types are:

- Installers
- Contractors
- Utility companies
- Medium and large corporate entities

The Group creates value through the expertise of its people and the value added services provided to its customers through a combination of local relationships, national scale and the use of technology that sets Wolseley apart from its competitors. The Group bridges the gap between a large, fragmented customer base and broad range of suppliers. This gives trade customers market leading access to a wide range of products, together with specialist knowledge and services, and it provides a cost-effective route to market for suppliers.

At 31 July 2023 the Group's national network comprised 651 branches covering the whole of the UK and Ireland supported by three major distribution centres and approximately 6,010 FTEs.

The markets in which the Group's businesses operate have good long term growth characteristics and there continues to be opportunities to grow all the businesses within the markets in which they operate. The transition to a net zero carbon economy and the UK Government's Net Zero Strategy (together the "net zero transition") will contribute to the long term market strength and provide opportunities for all of the Group's businesses. The markets are fragmented, and the businesses compete with both large national competitors and small local distributors. There are also opportunities in adjacent markets.

After completing seven acquisitions in the year ended 31 July 2022 the Group acquired one further business during the year ended 31 July 2023. The acquired business provides a complementary product set to the Group's UK plumbing and heating business.

Wolseley Group Holdings Limited

Strategic report (continued)

Strategy

The Group's vision is to be the service-led partner of choice for trade professionals. It will provide customers with the expertise of its people, an unrivalled range and availability of products, local relationships, and national scale.

The Group's strategy is to continuously improve the customer proposition, enhance efficiency of the operations and invest in digital technologies. This strategy makes full use of the Group's strengths:

- Every business has a leading market position
- Diversified supplier base and strong relationships with all major suppliers
- Trusted own brand products
- Highly experienced and knowledgeable employees
- Efficient cost base and strong balance sheet

The strategy focuses on a clear objective to deliver sustainable profitable growth through three clear actions:

- *Targeted customer focus* – specialist propositions, aligned to clear identities, that drive meaningful customer relationships
- *Fair pricing* – consistent pricing which also rewards customers for increased spend
- *Ease of doing business*:
    - Sector leading e-commerce, quoting and invoicing tools
    - National distribution and local fulfilment delivery
    - Industry leading breadth and depth of range with availability
    - Best in class customer service utilising the knowledge of employees
    - Access to appropriate payment terms for professional customers

Wolseley Group Holdings Limited

Strategic report (continued)

Markets

The markets in which the Group's businesses operate have good long term growth attributes and provide opportunities for all businesses to grow.

+20% Housing transactions due to increase 20% in next 5 years. *Source: OBR Q1 2023 vs Q1 2027*	**Increasing demand for repairs** The UK has the oldest housing stock in Europe with over 52% of homes in England built before 1965 and nearly 20% built before 1919. *Source: Committee on Climate Change (CCC)*
Increased comfort levels Levels of comfort in the UK have been steadily improving with number of decent homes increasing. *Source: English Housing Survey*	**28 million** Number of homes/buildings in the UK that will need retrofitting with new low/zero carbon heating systems by 2050 to facilitate delivery of the net zero transition. *Source: Committee on Climate Change (CCC)*
£70 billion Baseline investment required in UK electricity grid by 2050 to achieve net zero target. *Source: Ofgem / UK Government*	**250,000 - 300,000** Target number of new homes in the UK per annum. *Source: UK Government*
+30% Increase in requirement for air conditioning and cooling in buildings as temperature increases by 0.5 degree Celsius by 2050. *Source: Future of Cooling Programme, Oxford Martin School, University of Oxford*	**+3.2%** The population of the UK is projected to increase by 3.2%, from an estimated 67.1 million in mid-2020 to 69.2 million in mid-2030. *Source: ONS*

Strategic report (continued)

Business model

The Group creates value through the expertise of its people, service offering deriving from product range and availability, scale, bespoke logistics network and use of technology.

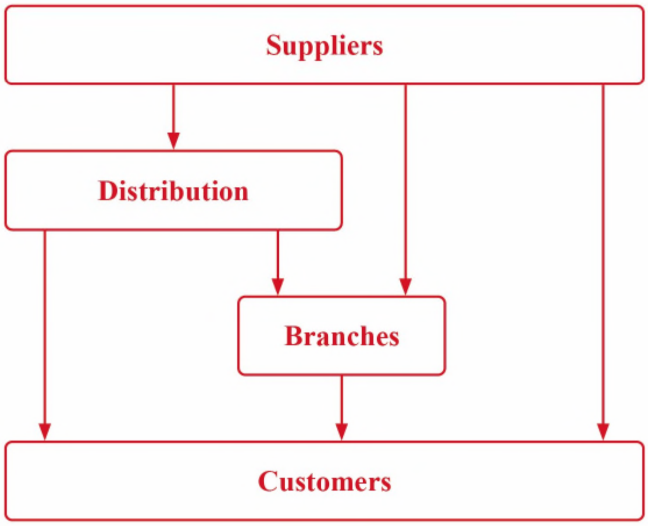
Key resources and relationships

People	Customers	Suppliers	Channel to Market	Technology	Distribution Network	Capital
Highly experienced and knowledgeable employees sought for their valued advice	Diverse trade customer base, with 75,000 trade customers	Leading relationships with all major suppliers	National branch network offering collection and delivery, ecommerce, showrooms and call centres	Digital solutions to better integrate with customers and drive their efficiency	The broadest and deepest range of products available next day by 7.30am nationally	Strong capital base to invest and grow the Group

Value added services

Providing customers with differentiated services which are highly valued and make their projects more successful.

- Sourcing
- Bid support
- Advice
- Customer solutions
- Inventory holding
- Credit
- Flexible sales channels



The value created for stakeholders

People	Customers	Suppliers	Communities	Environment	Government	Shareholders
Provide a safe and healthy environment for employees, where they feel motivated to be part of the Group's success	Provide essential products and services which enable customers to run and grow their operations efficiently	Provide three thousand suppliers with a cost-effective route to a geographically dispersed customer base	Employ locally across the UK and invest in local communities to make a positive impact	As well as working towards being a net carbon neutral business, the Group facilitates the adoption of new technologies through customer and employee training	Support net zero emission policies and apprenticeship schemes	Strong returns from profitable growth and effective management of the operations

People

Employees are fundamental to the Group's continual success and provide their expert knowledge and exceptional service to customers. Their relationships with suppliers are just as critical. The Directors remain committed to making Wolseley an attractive place for people to develop their careers, be rewarded for success, and enjoy contributing to a team that is making a great business even better.

The Group continues to build on the Wolseley values which were re-launched earlier this year and are integrated into employee performance reviews and associated recognition program.

Wolseley's stated values are:

- Safety, Health and Wellbeing
- Exceptional Service
- Nurturing Potential
- Fairness and Respect
- Positive Impact

The Directors believe it is important for the Group to be built upon values which matter to employees. The values have been carefully developed by employees through colleague forums and represent what they collectively feel is important to them. The Directors believe they provide a positive foundation for the Group's culture as well as for customers and suppliers.

The development of people and their teams remains core to the Group and is reflected in the Nurturing Potential value. The Group remains fully committed to the Wolseley Talent Guild, an initiative launched in late 2020 (following feedback from employees) to provide clear pathways for career development and progression. The Wolseley Talent Guild provides a framework and set of programmes to assess performance and potential as well as providing opportunities and plans for learning and development. Development programmes are delivered internally or in conjunction with external partners. These programmes are centred around developing soft skills at all levels as well as motivating employees, inspiring customer loyalty and in turn creating shareholder value. At 31 July 2023:

- There were approximately 150 employees enrolled on apprenticeship programmes
- Approximately 450 employees on "Talent Boosters" offered through the Wolseley Talent Guild
- Over 50,000 hours of training was completed through the Wolseley Talent Guild across the organisation during the year

The Group reported a 0.5% reduction in its mean gender pay gap (from 4.97% to 4.47%) as part of its 2022 gender pay gap reporting. This was another improvement from the previous year and continues to remain among the best performing companies in terms of gender pay equality. This is better than the national UK gender pay gap.

Strategic report (continued)

People (continued)

The Group continues to believe the following contributes to this:

- The Group's minimum pay rate (the "Wolseley Wage") remains at 30 pence per hour higher than the National Living Wage
- Employees under 23 years' old are paid the full adult pay rate, rather than the lower tier permitted under the National Living Wage
- An effective grading structure and disciplined pay management ensures consistency across the Group's business operations

The Group continues to benchmark roles across its businesses to ensure it offers attractive and competitive rates of pay that are fair throughout the Group. During the year, the Group raised pay for its lower paid employees and remains fully committed to the Wolseley Wage which pays all employees above the National Living Wage. A one-time cost of living payment was also made in the year to the Group's lower paid employees. Reward structures continue to provide employees with an opportunity to increase their annual incentives in line with their businesses performance.

Alongside the salary sacrifice car scheme introduced in 2021, the Group reviewed the cars available in the company car fleet in 2022, and relaunched the scheme including more electric vehicles and hybrids. This provides a competitive car offering to employees, while at the same time helping to reduce the carbon footprint of the Group and its employees. In addition, the Group continued to build on the success of existing physical and mental wellbeing initiatives and took several opportunities to promote the financial wellbeing support available to employees in light of the challenging economic environment.

Key to delivering outstanding levels of customer service is employee engagement. As with previous years, the 2022 engagement survey offered employees the chance to share views on work and life at work, their relationship with their manager, the area that they work in and the wider business. Overall employee engagement scores have progressed considerably since September 2020. Responses relating to pride, motivation, employee retention and employer advocacy all improved, indicating that initiatives delivered continue to drive more positive employee engagement. In addition, the Group continues to run a colleague forum, with over 120 representatives providing the opportunity to feed back their views on business initiatives and issues that affect them and providing the opportunity for the senior management team to listen and act, where possible, on the feedback received.

Diversity and inclusion remains a fundamental part of the Group's culture, embedded within the Fairness and Respect value. Wolseley has an employee Fairness and Respect Board with employee representatives that helps drive the diversity agenda throughout the Group. The Group values and respects the diversity of employees and promotes an inclusive working environment. The Group aims to have a workforce that reflects the communities it serves and provide a supportive environment where everyone receives fair and equal treatment.

Customers

The Group serves a diverse customer base, with approximately 75 thousand active trade customers across the UK and Ireland.

The Group's customers require high levels of availability on a broad range of products, ready for collection or delivery on the same or next day. The deep range of inventory, held readily available across the network of branches and distribution centres, enables customers access to a leading proposition.

Customers (continued)

Customers also value high quality and efficient service from knowledgeable people with local relationships. Highly trained employees are able to offer customers advice to assist them by providing solutions to problems faced. The Group’s knowledgeable employees are able to suggest appropriate alternatives when there are supply chain or cost challenges to ensure customers can keep working.

Customers also want flexibility in choosing the most convenient way to do business, whether in branch, by phone or online. The Group’s scale enables all of these things with increased levels of service to customers. The Group also offers value engineering services to customers so their work can be as competitively priced as possible.

Suppliers

The Group also has a diverse supplier base and sourced over 400 thousand products from approximately three thousand suppliers predominantly based in the UK in the year. Customers often require a basket of goods originating from multiple manufacturers. The Group’s businesses offer an effective route to market for suppliers who give access to a diverse and broad range of quality products. The businesses leading market positions enable central sourcing teams to leverage scale and negotiate competitive prices in return for access to the Group’s customers.

The Group is working with government initiatives on hydrogen, district heating and heat pumps as well as partnering with suppliers on product recycling schemes and the circular economy. The Group’s scale and expertise across the residential, infrastructure and commercial building market sectors places its businesses in a unique position to be able to facilitate delivery of the net zero transition for suppliers, customers and end-consumers.

Routes to market

The Group’s customers increasingly expect a 24/7 omni-channel approach through a combination of contact methods including traditional bricks and mortar branches for consultations and to interact with products, sales people, online through the latest e-business platforms and call centres. An extensive branch network enables collection and delivery to be made nationally and online capabilities enable customers to access products, advice and account services 24 hours a day.

Distribution network

The Group’s efficient national logistics and distribution network provides the highest levels of availability for customers on a broad range of products and attracts volume discounts from suppliers. The Group’s ability to provide a complete range of products nationally across all markets enables it to be a leading partner to the construction industry, and support the net zero transition through the adoption of low carbon technologies.

Distribution centres are used to receive central deliveries from suppliers, enabling suppliers to access the whole market quickly and effectively and providing industry leading next day product availability throughout the branch network for customers.

Technology

The Group’s scale enables increased levels of investment in industry leading technology so that an omni-channel offering can provide flexibility and efficiencies to customers. The Group has developed and delivered digital platforms that enable electronic ordering and invoicing for customers of all sizes.

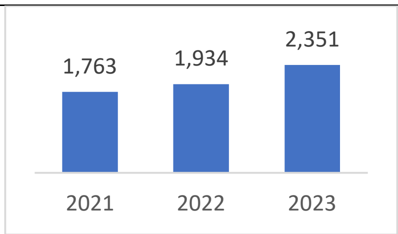
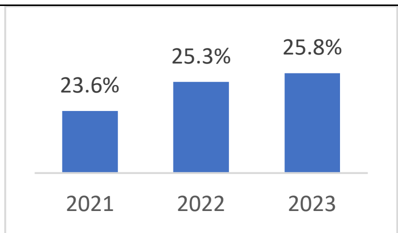
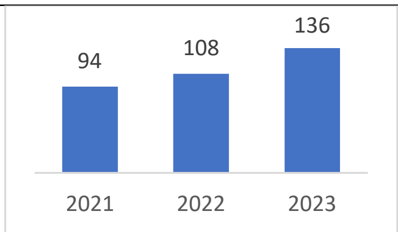
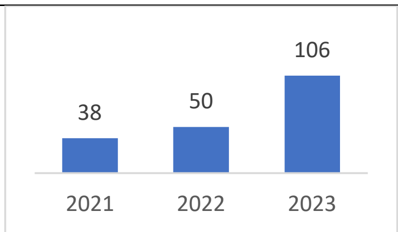
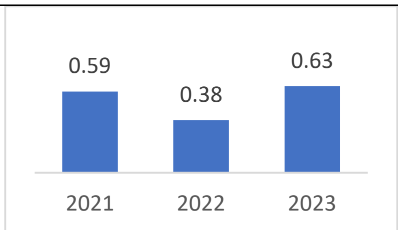
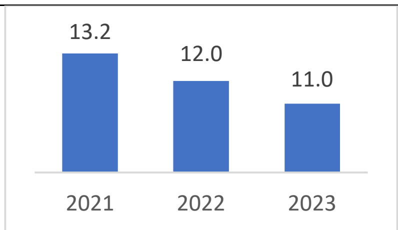
The Group wants to be at the forefront of digital solutions to help its customers and make them more efficient. The Group has continued to upgrade its digital tools and solutions and has made investments in the online offering in the year. The Group has also partnered with and invested in a number of technology platforms that provide services and online tools to customers to assist with their work and efficiency.

Wolseley Group Holdings Limited

Strategic report (continued)

Key performance indicators ("KPIs")

The financial and non-financial KPIs for the Group are below. Data for the year ended 31 July 2021 is unaudited and presented as if Wolseley Group had owned Wolseley UK Limited and its subsidiaries for the whole year to enable comparability, see page 1 for further detail.

Total revenue (£m) The amount of revenue generated during the year.		+£417m Total revenue grew in 2023 by £417 million, approximately one third of the growth was organic and two thirds of the growth was inorganic.
Gross margin The ratio of gross profit, excluding exceptional items, to revenue. Gross margin is an APM, see note 2 of the financial statements on page 59 for definition.		+0.5% Gross margin increased by 0.5% to 25.8% in 2023, with benefits from product price inflation, mix of sales and higher margin acquisitions.
Adjusted EBITDA (£m) Adjusted EBITDA is an APM, see note 2 of the financial statements on page 59 for definition.		+£28m Adjusted EBITDA grew in 2023 to £136 million despite the cost challenges in the year. Approximately two thirds of the growth was inorganic with the remainder due to organic growth.
Cash from operations (£m) Cash flow from operating activities before the impact of capital expenditure, proceeds from disposal, interest, tax and excluding the impact of IFRS 16.		+£56m Cash from operations increased by £56 million in 2023 to £106 million driven by the increase in EBITDA and improved working capital management.
Lost time injuries The total number of lost time accidents and RIDDORs ("Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013") on a 12 month rolling average per 100,000 hours worked. Subsidiaries acquired in the year ended 31 July 2023 have been excluded, see page 27.		+0.25 The lost time injury frequency rate was adverse in 2023 largely driven by an increase in minor manual handling injuries, see pages 27 to 29 for further detail.
Carbon intensity Total Tonnes of Carbon Dioxide Equivalent ("tCO_2e") per £1m revenue.		-1.0 Carbon intensity improved in 2023 by 1.0 due to improvements in distribution efficiency and better energy management.

Strategic report (continued)

Operating and Financial Review

To provide context to the Group's performance certain data is presented on an organic basis in 2023, this excludes the impacts of acquisitions owned for less than 12 months and is therefore on a comparable basis to 2022.

Annual performance of the Group

£m	2022[1]	2023 organic[1,2]	2023 total[1]
Revenue	1,934	2,052	2,351
Gross profit	489	515	606
Overheads	(401)	(423)	(497)
Operating profit	88	92	109
Adjusted EBITDA[3]	108	117	136

[1] All figures are shown before exceptional items
[2] Organic results exclude the impact of acquired businesses until owned for 12 months
[3] Adjusted EBITDA is an APM, see note 2 on page 59 of the financial statements for definition

Revenue for the year ended 31 July 2023 was £2,351 million, £417 million ahead of 2022 with £299 million of the growth coming from businesses owned for less than 12 months and £118 million from organic growth. Product price inflation and increasing interest rates both had a negative impact on the market in 2023 which slowed as the year progressed.

Gross margin remained a key focus and increased to 25.8 per cent in the year ended 31 July 2023 which was 50 basis points higher than the prior year. Organic gross margin decreased slightly due to a year-on-year reduction in product price inflation, overall gross margin increased driven by a combination of the mix of products sold in the year and increased gross margin from the business acquired in the year.

Adjusted EBITDA for the year ended 31 July 2023 was £136 million, £28 million higher than prior year with £9 million from organic growth and £19 million from acquisitions. Adjusted EBITDA as a percentage of revenue was 5.8 per cent, 20 basis points higher than 2022.

Statutory results for the year ended 31 July 2023

£m	2022	2023
Revenue	1,934	2,351
Operating profit	83	98
Finance income/ (costs)	(20)	(35)
Tax	(11)	(15)
Profit for the period	52	48

Revenue

Revenue for the year ended 31 July 2023 was £2,351 million (2022: £1,934 million).

Operating profit

Operating profit for the year ended 31 July 2023 was £98 million (2022: £83 million). This was generated from £606 million of gross profit less £508 million of operating costs.

Strategic report (continued)

Operating and Financial Review (continued)

Exceptional items

Exceptional items are those which are material in size or non-recurring in nature.

The Group incurred a £11 million exceptional charge (2022: £5 million charge) in the year. The charge predominately related to impairment of goodwill of £5 million (2022: £nil), the net costs of integrating acquired businesses of £2 million (2022: £nil) and acquisition fees of £4 million (2022: £8 million).

Depreciation, amortisation and impairment

Recorded in the year was depreciation of £37 million (2022: £30 million) relating to IFRS 16 ‘right-of-use’ assets and £15 million (2022: £12 million) from other assets.

Amortisation charges were £3 million (2022: £4 million) for internally generated intangibles assets and £5 million (2022: £2 million) for acquired intangible assets.

Property, plant and equipment was impaired by £1 million (2022: £nil).

Goodwill was impaired by £2 million (2022: £nil) and customer relationships were impaired by £2 million (2022: £nil).

Finance income / (expense)

The net expense of £35 million (2022: £20 million) consists of finance income of £1 million (2022: £nil) offset by finance costs of £36 million (2022: £20 million). The cost included £30 million (2022: £17 million) arising from debt funding (see note 8).

Taxation

The tax charge in the year was £15 million (2022: £11 million) comprising of a current year tax charge of £8 million (2022: £3 million) and a deferred tax charge of £7 million (2022: £8 million).

Profit after tax

The Group recorded profit after tax for the period of £48 million (2022: £52 million).

Liquidity and financing

The Group maintains sufficient borrowing facilities to finance all investment and capital expenditure included in its strategic plan with an additional amount for contingencies.

The banking facilities as at 31 July 2023 comprise:

- £305 million asset backed loan facility (2022: £205 million) – interest of 2% over SONIA, subject to certain conditions, facility available until July 2026 and amounts are repayable at the end of each interest period unless rolled over. The facility was increased in the year to £305 million which was completed on 13 June 2023.

- £219 million senior secured loan facility (2022: £219 million) – interest of 5% over SONIA, subject to certain conditions, repayable in January 2027.

Strategic report (continued)

Operating and Financial Review (continued)

Of the Group's total facilities, £358 million was drawn at 31 July 2023 and £166 million was undrawn.

See detail of financial risk management on pages 19 and 20 of the strategic report.

Cash flow

The Group has continued to generate strong cash flows during the period with cash flow from operating activities of £142 million.

£m	**2022**	**2023**
Cash flow from operating activities	81	142
Interest and tax	(24)	(52)
Capital expenditure	(15)	(33)
Proceeds from disposals	2	1
	44	58
Acquisitions (net of cash in business)	(121)	(19)
Financing activities including term deposits	121	(45)
	-	(64)
Movement in cash	44	(6)
Movement in debt	(150)	11
Net debt[1] at 31 July	(241)	(236)

[1] Net debt is an APM, see note 2 of the financial statements for definition and reconciliation.

The strategy of investing in the development of the Group's business was supported by capital expenditure of £33 million. This investment was primarily for new delivery vehicles and strategic projects to support future growth such as technology developments as well as branch maintenance and enhancements.

Acquisition costs of £19 million comprised the net purchase price payable for one acquisition made during the year and deferred payments made in respect of prior year acquisitions. These were funded through financing activities resulting in a cash balance at 31 July 2023 of £122 million and net debt position of £236 million.

Wolseley Group Holdings Limited

Strategic report (continued)

Principal risks and uncertainties

Governance framework

The Directors have overall responsibility for ensuring the Group has an appropriate risk management framework. This includes clearly defining the level of risk the Group is willing to accept to achieve its strategic objectives, monitoring the amount of risk being taken and ensuring the businesses activities operate within this framework.

Risk management framework

Throughout the year the Group has continued to strengthen its risk management framework, working with risk leads in the businesses and support functions to enhance risk registers. Work remains ongoing to drive the risk process into business as usual activities and projects across the Group.

A risk review process is undertaken three times per year where each business and support function identify and assess their key risks and update their respective risk registers. Each risk is evaluated using a defined criteria based on its potential consequence, likelihood and the existing level of mitigating controls. Any action plans to further mitigate or reduce the risks identified are also captured as part of this process.

The output of this exercise is used to update the Group's risk register, which is reviewed by the Directors and senior management team with all new and emerging risks and material changes highlighted. Each risk is assigned an owner who is responsible for actioning agreed mitigations. Independent oversight and challenge of this end-to-end process is provided by the Group Assurance function.

Audit and assurance

The Directors gain assurance the controls identified in the risk registers are well designed and operating effectively, through several mechanisms using the established three lines of defence model. This includes the oversight provided by senior management within the businesses, periodic testing by the Assurance team to assess the effectiveness of key business controls and using internal audits to provide independent assurance.

Principal risks and risk appetite

The risks detailed below are considered to be the principal risks that could potentially have a material impact on the Group's operations and the achievement of its strategic objectives. These risks should not be considered an exhaustive list of all potential risks and uncertainties faced by the Group.

In the year, the Group continued to operate against a backdrop of uncertainty, with both macroeconomic and geopolitical volatility posing the greatest challenges. Following a comprehensive review, the existing principal risks have remained broadly unchanged.

On an annual basis, the Directors consider their appetite against the principal risks which helps determine the actions and resources required to mitigate them. The Group's policy on risk management is to apply more controls in areas where the risk appetite is low but to embrace more risk in certain focussed areas – typically strategic risks which present opportunities to grow the business.

Emerging risks

The Group acknowledges the environment in which it operates is dynamic and subject to ongoing changes, therefore awareness of emerging risks forms part of the overall risk assessment process.

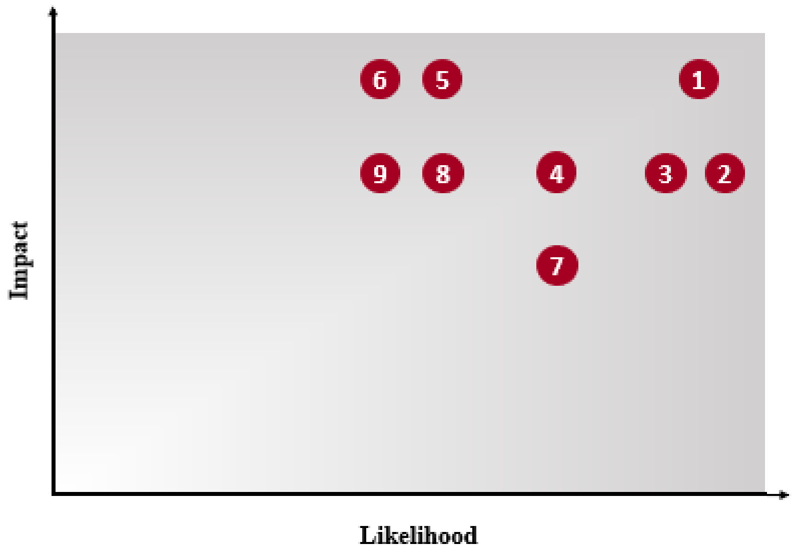
Strategic report (continued)

Principal risks and uncertainties (continued)

The Group proactively identifies and monitors areas of uncertainty that currently do not present a significant risk but have the potential to have an adverse impact in the future. This enables the Group to understand the potential implications and take appropriate action at the right time. Current emerging risks being monitored include:

- The potential impact of regulatory changes relating to UK corporate governance reform
- The impact of the next general election (early 2025 at the latest), particularly regarding the net zero transition and the building of new homes
- An escalation of hostilities in the war in Ukraine and other areas such as the Middle East
- The impact of the cost of living crisis, interest rates and inflation

Risk profile after mitigating actions and controls



1. Information technology and cyber security	6. Health and safety
2. Macroeconomics and market dynamics	7. Financial health and cash management
3. Organisation and talent	8. Compliance and governance
4. Strategy execution and acquisition integration	9. Business resilience
5. Net zero transition	

Principal risks and uncertainties (continued)

<table>
<tr><td colspan="2">1 Information technology and cyber security</td></tr>
<tr><td>Description

Cyber security remains a dominant item on the risk agenda with the frequency and sophistication of attacks continuing to increase.

The Group’s businesses are dependent on several IT systems and the information they hold to trade. An external cyberattack, insider threat or supplier breach could result in unauthorised access to, or misuse of, systems, technology, or data.

A failure to detect, monitor and protect against such incidents could result in a disruption of service, loss of confidential information, financial penalties and reputational damage.

The Group’s ability to trade is also dependent on the reliable operation of its core IT systems, some of which are based on older technology sets. A large scale and / or prolonged IT system outage would result in a disruption to customer service and impact financial performance.</td><td>Mitigations

The Group operates a layered approach to information security which incorporates preventative, detective and responsive technical controls and capabilities.

Third party assessment tools are used to continuously monitor and scan Wolseley’s systems for threats and vulnerabilities and independently assess the Group’s state of preparedness, with any remediation actioned as a priority.

An IT governance framework exists including policies to manage risks such as information security and access management.

Regular mandatory training on information security is provided to all employees, along with comprehensive communication reminding employees of the risks and their responsibilities in mitigating them.

Current and future support arrangements for critical IT systems are regularly reviewed. These systems together with the data centres have documented disaster recovery plans which are tested at least annually.

A dedicated Information Security team manage these governance arrangements.

The Group participates in a worldwide cyber insurance programme providing extensive business interruption coverage in the event of an attack.</td></tr>
<tr><td colspan="2">Change

This risk landscape is increasingly challenging at the macro level with deliberate acts of cybercrime including ransomware attacks, heightening the exposure to broader business disruption and data breaches.</td></tr>
</table>

Strategic report (continued)

Principal risks and uncertainties (continued)

<table>
<tr><td colspan="2">2 Macroeconomics and market dynamics</td></tr>
<tr><td>Description

The current geo-political crisis and the impact of inflation continues to create macroeconomic uncertainty and reduced spending power within the major economies. An inability to respond quickly and effectively to these risks will result in significant rises in operating costs and a significant decline in profitability for the Group. Similarly, product price deflation could have a significant short term impact on the profitability of the Group.

The Group's performance is affected by both general economic conditions and the level of activity in the residential, commercial building and infrastructure market sectors.

Over the past year these markets have continued to evolve with some competitors changing their business model to 'supply and install', independent merchants increasing their market share through acquisitions, and key suppliers developing relationships with competitors.

This may mean a competitor becomes more attractive to customers which could reduce their spend with Wolseley. Suppliers may also choose to move further down the supply chain and attempt to access the Group's customers directly.

A failure to maintain a competitive advantage, or to ensure the customer proposition remains relevant, could result in a loss of market share and revenue.</td>
<td>Mitigations

Whilst the Group cannot control externally driven events such as market conditions or the actions of suppliers and competitors, it continues to monitor these events and implement appropriate response strategies to mitigate their impact. It:

• undertakes a systematic and regular performance review process with each business to monitor market dynamics
• commissioned a Group-wide analysis of customer insights to improve the customer proposition
• continues to develop differentiated business models
• invested in its digital platform to provide a market leading service to customers and has plans to develop this capability further
• continuously reviews pricing strategies and other controls to manage gross margin
• continues to actively manage operating costs
• improved productivity and working capital management.</td></tr>
<tr><td colspan="2">Change

This risk exposure has increased as the Group faces increasing external challenges arising from economic uncertainty, escalating costs because of inflation and a changing competitive landscape.</td></tr>
</table>

<table>
<tr><td colspan="2">3 Organisation and talent</td></tr>
<tr><td>Description

The Group's business models are dependent on the knowledge, expertise and experience of its people and on the service they provide to customers.

In some cases, specialist knowledge can reside in a limited number of individuals, therefore the retention of talent and knowledge are critical success factors.</td>
<td>Mitigations

The Group has continued to develop its processes to identify, assess and develop talent. This includes succession planning for key roles.

Training and development programmes have been established to develop the skills and behaviours of employees at all levels. This ranges from apprenticeship schemes for new and existing talent to coaching for senior leaders.</td></tr>
</table>

Principal risks and uncertainties (continued)

For the businesses to develop with the changing needs of its customers, the Group needs to attract and retain high quality talent from diverse backgrounds with experience from different sectors. The Group's structure continues to grow in size and complexity. An inability to evolve the organisational design, and ensure talent and skills are appropriately aligned, could impact the speed of decision making and the delivery of key strategic initiatives.	Reward and recognition is actively benchmarked on a regular basis to ensure the Group's offering is competitive and encourages talent to join and remain with the Group. Employee engagement surveys and listening forums are used to seek regular feedback from employees and improve ways of working. Action plans to address key issues highlighted through these channels are developed and monitored. The Group's Fairness and Respect Board helps to ensure its employees have equal opportunities to develop their talent and skills. This is embedded in its values.
Change Market competition for key roles and specialist talent remains strong, because of pay inflation and skill shortages in certain sectors. This risk remains unchanged.	

4 Strategy execution and acquisition integration	
Description	**Mitigations**
The Group has a clear strategy to develop its business model to best meet its customers' needs and become their specialist partner of choice. This includes, where appropriate, acquiring businesses to increase the Group's presence in existing or adjacent markets. Over the last 18 months the Group has made several strategic acquisitions to strengthen its market positions. Without appropriate skills and resource to deliver strategic initiatives, integrate acquisitions effectively and manage change, the anticipated levels of sales, profitability and synergies may not be realised and sustained. Senior management may also become distracted from managing the core business activities with a similar detrimental impact.	The Group continually monitors the resources, capabilities and external support it requires to execute its strategic plans. Progress of key initiatives is reviewed as part of the systematic performance review process. A robust due diligence process is in place to identify potential risks, opportunities and value drivers of businesses being acquired. The insights gathered from this exercise is also used to inform the post-acquisition integration plan. A framework has been established to ensure the newly acquired businesses meet the Group's standards in key areas such as IT, cyber security, health and safety, and financial reporting. A flexible acquisition integration approach has been developed to ensure all other areas of compliance, internal control and risk management are aligned to the Group's minimum governance standards.
Change This risk remains unchanged. Fewer acquisitions have taken place during the last year, to allow greater focus and resource to be directed towards the effective integration of businesses already acquired.	

Strategic report (continued)

Principal risks and uncertainties (continued)

5 Net zero transition	
Description	**Mitigations**
The UK Government's commitment to achieve net zero carbon emissions by 2050 will possibly involve retrofitting new heating systems to approximately 28 million homes from a new generation of trained installers. The move to reduce greenhouse gas emissions will have a significant impact on the products that the Group sell, as demand and consumer preferences for heating and cooling products will change. The UK Government's policy will also impact the way residential and commercial buildings are designed and constructed and may significantly alter the way heating is provided to these buildings. This transition represents both a significant opportunity and a risk for the Group, as there is great deal of uncertainty regarding which heating technologies will be used by different sectors to meet the net zero carbon objectives and to what extent this will be Government policy driven. The Group also recognises its responsibility to minimise the impact its operations have on the environment and to promote sustainable and ethical business practices among its customers, suppliers and employees.	The Group is closely assessing the net zero transitional risk and working with key suppliers and other stakeholders on new product innovation and introduction. Specialist consultants were commissioned to review the outlook and structure of the UK residential heating market. The findings of these reviews are being used to drive the Group's strategic response to the net zero transition and develop compelling propositions across the main heating technologies. A Director of Innovation has been appointed to support the design and delivery of the net zero transition strategy, including working with external policy-making bodies. The Group continues to improve its environmental impact on like-for-like basis and has a comprehensive system in place to monitor and report on performance. The Group has maintained its certification to the ISO14001 environmental management system standard. In the last year the Group did not have any reportable incidents, enforcement notices or prosecutions.
Change Climate change is a widely acknowledged global emergency, with the need to act faster becoming more evident. Managing the Group's response to the UK Government's net zero policy is critical to the future success of the Group. This risk remains in line with the previous year.	

6 Health and safety	
Description	**Mitigations**
The Group places primary importance on the health, safety and wellbeing of its people and other stakeholders who may be affected by its business activities. This strong tone from the top is reflected in the Group's Safety, Health and Wellbeing value and in the focus placed on health and safety in the Group's operations.	During the year the Group has invested heavily in the health and safety team, to align capability and resource to the growing complexities of the business and the inherent risks in its operations. A new health and safety strategy has been launched to transform the way health and safety is implemented, monitored, reviewed and perceived within the business, with a focus on safety culture and operational accountability.

Wolseley Group Holdings Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

A failure to implement appropriate safety standards may result in significant harm to employees, customers, or third parties, and lead to fines, prosecution and reputational damage.	Safety risk awareness in respect of the movement, storage and transportation of the Group's products is taken seriously. These risks are reviewed frequently by senior management and the Directors. The Group operates a robust health and safety management system with a health and safety policy supported by documented risk assessments and safe systems of work for all key business activities. Health and safety incidents are actively monitored and investigated, with corrective action taken to address the root causes of incidents. Regular health and safety inspections and location audits are undertaken to ensure ongoing compliance with legal requirements and internal safety standards. A comprehensive training programme is in place where all employees receive training specific to their roles, with completion rates being monitored.
Change The risk remains stable when compared to the previous year, as the Group continues to monitor and implement specific response strategies to ensure it provides a safe environment for employees, customers, and third parties.	

7 Financial health and cash management	
Description A failure to maintain adequate financial liquidity could impact the Group's ability to meet financial covenants and commitments as well as impair its ability to fund key strategic initiatives. **Interest rate risk** The Group is partly financed through externally syndicated bank debt and is therefore exposed to rising interest rates which may adversely impact the Group. **Liquidity risk** The Group's operations are generally cash generative. A mixture of cash balances, long term debt and short term facilities are used to maintain liquidity, ensuring there are sufficient funds available for on-going operations and future developments.	**Mitigations** **Interest rate risk** The Group continues to actively manage its debt position employing hedging strategies to reduce its exposure to interest rate risk. **Liquidity risk** The Group regularly monitors cash flow forecasts and maintains funds on demand to meet all working capital requirements and the servicing of financial obligations.

Wolseley Group Holdings Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

Payment risk The Group provides extended payment terms to most of its trade customers. There is an associated risk that customers may not be able to pay outstanding balances. **Fraud risk** Due to the nature of its operations, the Group is subject to several fraud risks from both internal and external parties.	**Payment risk** The Group has a dedicated professional accounts management team in place that assess customer payment risk and review overdue balances. Significant outstanding and overdue balances are reviewed regularly, and corrective action is taken where necessary. Controls focus on the early detection of warning signs that could indicate a customer is experiencing financial difficulty where exposure would be significant. **Fraud risk** The Group maintains a fraud risk universe to identify potential opportunities for fraud and ensure sufficient controls are in place to mitigate these risks. Control measures are actively reviewed and improved to ensure ongoing appropriateness. The Group has an internal team dedicated to the prevention, detection and investigation of fraudulent activities in its branch operations.
Change This risk exposure has increased because of ongoing geopolitical events which have led to an inflationary environment, resulting in several increases to interest rates. The risk of customer payment default and non-customer fraud has also heightened, as economic uncertainty and rising costs has intensified financial pressures on businesses and individuals.	

8 Compliance and governance	
Description	**Mitigations**
The Group does not operate in a highly regulated sector, but is nevertheless affected by various statutes, laws and regulations in the UK and Ireland. This includes laws affecting competition, fraud, bribery and corruption, the environment, health and safety, transportation, labour and employment practices, data protection and other matters. A failure to comply with these laws and regulations, or being complicit in an activity with another party where these laws and regulations are breached, could lead to fines, prosecution, significant operational disruption, reputational damage and have an adverse impact on the Group's financial position.	The Group continually monitors changes to legal and regulatory requirements and their application by governing bodies. A comprehensive compliance programme is in place which includes policies and procedures and mandatory training to clearly set out expectations. Adherence to requirements, such as training completion rates, is also monitored and acted on. The compliance programme and associated control measures are actively reviewed and improved, to ensure ongoing appropriateness.

Wolseley Group Holdings Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

	An independent whistleblowing hotline is available for employees to report unlawful or unethical behaviour in the workplace. All matters raised via the 'Speak-up' hotline are investigated independently.
Change There have been no material changes to the legal and regulatory landscape in which the Group operates.	

9 Business resilience	
Description	**Mitigations**
The Group is committed to enhancing its capability to minimise the impact of a significant business disruption and improve the speed of recovery. An inability to respond quickly and effectively to a catastrophic incident at a key business location, a global event such as a pandemic, or the failure of a critical third party, could result in a significant interruption to a key service or the supply chain, causing financial loss and reputational damage.	A Group-wide business continuity policy is in place which formalises a consistent framework for businesses to identify critical operations and ensure these can continue in the event of a major incident. Critical sites and operations have detailed incident response and recovery plans that are continually reviewed and improved. Remote working solutions are utilised which reduce the risk of support sites being lost. Disaster recovery plans have been established for critical IT systems and datacentres which are tested at least annually. Strategic third-party partners have been reviewed to ensure continuity plans are robust and aligned. Business interruption insurance provides cover for the loss of income when operations cannot continue due to an unexpected event.
Change This risk exposure has reduced. The business has continued to face a range of externally driven global events and economic uncertainties particularly in relation to the supply chain, which it has mitigated effectively.	

Wolseley Group Holdings Limited

Governance report

Corporate Governance

The Directors believe that effective corporate governance is the foundation of a well-run company and is committed to maintaining the highest standards of governance throughout the Group. The Directors recognise that a strong governance framework is fundamental to the execution of the Group's strategic objectives, underpinned by a clear purpose and well understood culture and values. The Group's corporate governance framework has been designed to support this. The Board is committed to ensuring that the procedures, policies and practices of the business continue to be effective.

The Directors consider the annual report and financial statements to comply with all aspects of the Guidelines for Disclosure and Transparency in Private Equity 'The Walker Guidelines'. The Group also adheres to the Wates corporate governance principles issued as guidance for large private companies.

Wates Principles

The Directors believe the appropriate approach to corporate governance is to adopt the Wates Corporate Governance Principles for Large Private Companies. The approach is based upon six broad principles, which the Directors have adopted.

1. Purpose and leadership

An effective board develops and promotes the purpose of a company and ensures that its values, strategy, and culture align with that purpose.

The Group's strategy is to continuously improve the customer proposition, enhance efficiency of the operations and invest in digital technologies. Wolseley will provide customers with the expertise of its people, a leading range and availability of products, local relationships and national scale, all supported by industry leading technology, and deliver sustainable profitable growth.

The business is based on strong brands and this strategy is aligned with the Group's purpose. The Board continues to review and challenge the strategy, performance, responsibility and accountability so that every decision made is of the highest quality and in line with the Wolseley values which are embedded throughout the business. The business model and the growth drivers of the Group are outlined in pages 5 to 8, the Wolseley values are detailed on page 6.

Whilst the Board holds overall responsibility for developing and promoting the purpose of the Group, senior management ensure the Wolseley values, strategy and culture continue to be distilled into every aspect of the Group and its businesses on their behalf. The Board's Audit Committee reviews the effectiveness of the whistleblowing, risk management and fraud policies and procedures.

2. Board composition

Effective board composition requires an effective chair and a balance of skills backgrounds, experience, and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the company.

The Board comprises the Chief Executive Officer and Chief Financial Officer along with experienced investor directors from Clayton, Dubilier & Rice ("CD&R") who bring a wealth of experience and significant resources from this well-established private equity firm. The Directors possess a wide range of skills, backgrounds, experience, and knowledge across a broad range of businesses. The size and composition of the Board is considered appropriate for the size and complexity of the Company. The Board has established an Audit Committee and a Remuneration Committee. Details of the Board members can be found on page 24.

Governance report (continued)

3. Director responsibilities

The board and individual directors should have a clear understanding of their accountability and responsibilities. The board's policies and procedures should support effective decision-making and independent challenge.

The Directors recognise the importance of good governance and have a clear understanding of their roles and responsibilities. The Directors receive regular updates to ensure they keep up to date with the requirements of company directors.

Comprehensive and timely reporting of financial information and KPIs on all aspects of the business are provided to the Directors, which is used to support the decision-making process. As part of the governance activities, a review of the Group delegation of authority framework was commenced in the year and steps were taken to simplify it and better align it with the Group's governance framework.

4. Opportunity and risk

A board should promote the long term sustainable success of the company by identifying opportunities to create and preserve value, establishing oversight for the identification and mitigation of risks.

The business strategy clearly identifies the direction for the Group and opportunities to deliver this strategy are a key focus of the Board meetings.

Oversight of risk management is performed on an ongoing basis through the Directors interaction with management and by risk being an item on Audit Committee agendas. The Board retains overall responsibility for risk management and the senior management team are responsible for identifying and mitigating risk. The principal risks to the business are outlined on pages 13 to 21.

5. Remuneration

A board should promote executive remuneration structures aligned to the long term sustainable success of a company, taking into account pay and conditions elsewhere in the company.

The overall structure of remuneration and incentive schemes were considered directly by the Directors. The Group operates short term and long term incentive arrangements that have been designed to deliver long term sustainable profitable growth with reward aligned to achieving this objective.

Senior management and the Group Reward function are responsible for delivering the remuneration and short term incentive schemes that align with Group success and providing recommendations to the Remuneration Committee for approval.

6. Stakeholder relationships and engagement

Directors should foster effective stakeholder relationships aligned to the company's purpose. The board is responsible for overseeing meaningful engagement with stakeholders including the workforce and having regard to their views when taking decisions.

The Board is aware of the importance of fostering effective stakeholder relationships to enable the long term success of the Group. Good communication is key to this and there is regular engagement with employees through the colleague forum, customers, suppliers, local communities and other stakeholders.

Governance report (continued)

The Directors are committed to operating in a socially responsible manner, engaging with the community and developing the business working towards environmental sustainability. The Group has detailed its key stakeholders and its engagement with them in its Section 172 statement on pages 25 and 26.

Ownership

The Group was formed when CD&R acquired 100% of the issued share capital of Wolseley UK Limited on 29 January 2021 through Wolseley Group Limited, a subsidiary of Wolseley Group Holdings Limited. CD&R Fund X is the principal investor in the Company through CD&R Wolf Sarl.

Founded in 1978, CD&R is a private equity firm with a history of working with management teams to build stronger, more profitable businesses. CD&R is a US based private equity firm which manages investments on behalf of institutional, public and private investors worldwide. CD&R has an experienced team of investment professionals and operating partners and has an investment strategy based on principles developed by the investment team over many decades to build stronger, more profitable businesses.

CD&R works to make companies grow and prosper by partnering with families, founders, or corporate owners. Value is created by collaborating with management to spur operational performance improvements, by accelerating growth strategies, injecting new talent, and boosting productivity. CD&R executes a consistent investment strategy across North America and Europe, focusing on market-leading businesses in the consumer/retail, healthcare, industrial, and services sectors.

Directors of Wolseley Group Holdings Limited

The Directors, whom held office throughout the period and to the date of this report were as follows:

Christian Rochat

Christian joined CD&R in 2004 and is a Partner based in London.

Diego Straziota

Diego joined CD&R’s London office in 2017 and is a Managing Director.

Simon Oakland

Simon was appointed Chief Executive Officer (“CEO”) of Wolseley in December 2019, bringing extensive experience in strategy, finance and operations to the role.

Previously CEO of Ferguson plc’s Canadian business since 2016, Simon joined Ferguson, Wolseley's former parent company, as Managing Director of the French business in 2012 before moving on to the role of Group Head of Corporate Development where he was responsible for merger and acquisition activity and corporate strategy.

Prior to joining Ferguson, Simon gained valuable strategic and Board experience across a variety of sectors spanning Europe, North America and the Far East as part of a successful career in private equity, most recently as a Partner at Alchemy Partners.

Simon Gray

Simon joined Wolseley as Chief Financial Officer (“CFO”) in March 2018, having previously been Group Financial Controller for Ferguson plc, and spending nine months on secondment as CFO of Ferguson’s Nordic building materials business, Stark Group. Simon is a proven and talented finance leader with a wealth of experience. He is a chartered accountant, having qualified with PwC.

Governance report (continued)

The senior executives or advisers of CD&R and independent non-executive directors who have oversight of the Company either through siting on the Board or the Wolseley Jersey Limited Board are Christian Rochat, Diego Straziota, Bruno Deschamps and Adepeju Adebajo. Bruno Deschamps is the Chairman of Wolseley Jersey Limited, the parent of the Company and wholly owned subsidiary of the ultimate controlling party CD&R Wolf Sarl.

Key Management Personnel

The following individuals were the key management personnel of the Group:

- Simon Oakland — Chief Executive Officer
- Simon Gray — Chief Financial Officer
- John Hancock — Chief Operating Officer
- Duncan Kendal — Chief Supply Chain Officer
- Roger Connett — Chief Technology Officer
- Sarah Broughton — Group HR Director (from January 2023)
- Nicky Randle — General Counsel and Company Secretary

Section 172(1) statement

The Board of Directors, in line with their duties under section 172(1) of the UK's Companies Act 2006, act in a way they consider, in good faith, would most likely promote the success of the Company for the benefit of its stakeholders.

The Board recognises the importance of maintaining strong relationships with its stakeholders in order to create sustainable long term value and encourages active dialogue and transparency with all of its stakeholder groups. They take time to engage with, and listen to, the views of stakeholders in order to shape decision making and to continue improving the way things are done. The Board exercises skill and judgement, having regard to the likely consequences of its decisions, to promote actions that lead to the long term success of the Group.

When developing strategy, the Board has regard to financial considerations as well as the need to engage, and the potential impact on the Company's stakeholder groups. The Board strives to balance appropriately the effects of decision making on key stakeholder groups whilst always ensuring the need to promote the success of the group for the benefit of its members as a whole.

Wolseley Group Holdings Limited

Governance report (continued)

Further illustrations of how section 172 factors have been applied by the Board can be found throughout the strategic report.

S172 duty	Read more	Pages
The likely consequences of any decision in the long term	Business model	5
	Strategy	3
	Principal risks and uncertainties	13-21
	Going concern	35
	Board activities	22
	ESG governance	27, 29
The interest of the Company’s employees	People	6-7
	Employee engagement	7
	Diversity and inclusion	7
	Values	6
	Wolseley Talent Guild	6
The need to foster the Company’s business relationships with suppliers, customers and others	Customers	7-8
	Suppliers	8
The impact of the Company’s operations on the community and the environment	Carbon reporting	29-33
	Apprenticeships	6, 34
	Recycling schemes	33
The desirability of the Company maintaining a reputation for high standards of business conduct	Values	6
	Safety	27-29
	Whistleblowing	21, 22
	Anti-fraud, bribery and corruption	20, 22
	Modern slavery	33
The need to act fairly between members of the Company	Shareholder engagement	22, 23
	Colleague forum	7

Governance report (continued)

Environmental, Social, Community and Human Rights Issues

Governance

The Board believes the environmental, social and governance (“ESG”) agenda is important for the future success of the Group. The UK Government’s commitment to achieve net zero carbon emissions by 2050 will require retrofitting new heating systems to approximately 28 million homes and a new generation of trained installers. The Group is committed to supporting their customers during the transition to zero carbon technology and ensuring its operations have a positive impact for employees, the communities the Group serves and the environment. The Directors are responsible for approving ESG strategy, setting targets and reviewing performance in the monthly performance review meetings with senior management.

Organisational Boundary

This report covers the Group and includes all of its subsidiaries at 31 July 2023. The option has been taken to exclude safety, energy and carbon reporting for any subsidiary acquired during the year ended 31 July 2023. It has not been possible to recalculate the baseline position due to a lack of data in the acquired companies.

People

Diversity and inclusion are a fundamental part of the Group’s culture. The Group values and respects the diversity of its employees and promotes an inclusive working environment. The Group aims to have a workforce that reflects the communities it serves and provide a supportive environment where everyone receives fair and equal treatment. Policies are in place to encourage inclusion and diversity and it is expected the gender balance of employees will change over time as the industry changes.

Gender Reporting

At 31 July 2023	Male	Female
(i) Directors of the Company	4	0
(ii) Key Management Personnel excluding (i)[1]	4	1
(iii) Employees	4,790	1,421

[1] Senior Manager as defined by section 414C(9) of the Companies Act 2006

Health and Safety

The Group acknowledges the health, safety and wellbeing of its people and other stakeholders who may be affected by its business activities is a prerequisite to operating, which is reflected in the adoption of Safety, Health and Wellbeing as one of the Group’s values. The Board recognises that internal capacity and capability is required to ensure the delivery of the Safety, Health and Wellbeing value throughout the business and as such has invested in an expanded and refocused health and safety team. This includes the appointment of a Director of Health and Safety, a reorganisation of the health and safety team to move to a business partnering model, and an increase in headcount to enable the delivery of an improved health and safety programme.

A multi-year health and safety strategy, comprising five strategic pillars has been launched to transform the way health and safety is implemented, monitored, reviewed and perceived within the business, with a focus on safety culture and operational accountability. Each business has a safety improvement plan comprising five key priorities, and all of the businesses are prioritising a refresh of their approach to manual handling training in light of an increase in manual handling injuries during the year, as well as a review on quality of approach to training.

Wolseley Group Holdings Limited

Governance report (continued)

Environmental, Social, Community and Human Rights Issues (continued)

Health and safety remains a principal concern of the Board. It is a standing agenda item for each Board and senior management meeting and a monthly report including key metrics and associated commentary is provided. Key metrics considered are lost time injury, RIDDOR and total injury rates as well as notable near misses and serious injury and fatality risk potential events. As the Group progresses through its health and safety transformation journey a shift in focusing on leading metrics will occur, however due to the nature of the business and regulatory environment in which it operates, a relentless focus on tracking, reporting and seeking to reduce the number and severity of injuries will remain constant.

Safety performance and progress on key safety improvement initiatives is reviewed regularly with the senior management team, including the CEO and CFO. Additionally, each of the businesses meet and discuss local safety performance regularly, supported by a member of the health and safety team. Reviews were expanded during the year to include a greater focus on leading indicators such as hazard spotting, near misses, training completion, engagement on safety initiatives and embedding lessons learnt, providing an indication on the level of safety culture within the Group. In addition, an enhanced governance framework will be implemented next year to provide greater oversight on business unit safety performance and delivery of the Group's safety plan, including the formation of a Group Safety Steering Committee.

Health and safety training remains a key feature for all employees and mandatory training is required every year, with completion rates monitored. Additional training in the effective management of health and safety has been delivered to branch and area mangers and now forms a key part of new branch and area manager inductions.

Further enhancements to the health and safety IT system were implemented in the year which supported hazard reporting, risk assessment oversight and the recognition of positive safety behaviours. Uptake has been positive with a tenfold increase in reports in the year. Continued development of the IT system is planned as part of the Group's health and safety strategy, with one of the five strategic pillars focused on the use of technology to gain insight.

The increased availability and quality of health and safety data is being used within business units and the Group to identify trends and prioritise intervention and action to deliver the biggest risk reduction.

Safety reporting

Year ended	**2021**	**2022**	**2023**
Lost time injury rate[1]	0.59	0.38	0.63
Total injury rate[2]	3.33	2.92	3.32

[1] Lost time injuries (including RIDDORs) on a 12 month rolling average per 100,000 hours worked

[2] Total injuries (minor and lost time) on a 12 month rolling average per 100,000 hours worked

The Group considers a change in lost time injury frequency rate of +/- 0.5 and a change in total injury frequency rate of +/- 1.0 to be material.

Whilst both lost time injury and total injury rates slightly worsened in the year, neither is material. The change in lost time injury rate was largely driven by an increase in minor manual handling injuries. As the health and safety transformation programme continues the Directors expect to see an increase in the total injury rate, driven by an increase in reporting of very minor injuries as part of a shift in reporting culture and focus.

Environmental, Social, Community and Human Rights Issues (continued)

A review of approaches to manual handling within the Group has been conducted and a revised approach to manual handling training, utilising bespoke video production and practical training will be rolled out in the next year.

The Group places equal importance on leading indicators and the creation of the capacity to be safe (a combination of the working environment, culture, skills, time, equipment etc) as well as lagging indicators, and a balanced scorecard will be launched in the next year to provide a holistic view of health and safety performance.

Non-Financial and Sustainability Information statement

Climate Change

This section including the climate related financial disclosures has been completed in accordance with the requirements set out in Companies Act 2006 as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

Governance

The Board recognises the transition to a net zero carbon economy represents a significant opportunity and risk which is identified as one of the Group's principal risks and uncertainties, see page 18. The Board continues to monitor the implications of this transition and reviews the risk at least annually, the impact of the risk on the Group's strategy is built into ongoing business decisions and is integrated into business as usual.

The Group's risk management process (see page 13) has identified the net zero transition as a principal risk and uncertainty. To ensure the Group adopts best practice it has undertaken: i) a climate-related risk and opportunity assessment; ii) a climate-related risk assessment. The CEO is responsible for developing the strategy to respond to the net zero transition. The General Counsel and Company Secretary is responsible for assessing the climate related opportunities and risks identified. As the Group does not expect individual risks and opportunities to change significantly in the short term these will be reviewed on an annual basis. These are reviewed by the senior management team who develop and implement plans on behalf of the Group.

Strategy

The net zero transition will require retrofitting new heating and cooling technology to buildings, upgrading the power networks and ensuring that infrastructure is resilient to extreme weather events. This is both a risk and opportunity for the Group and a key focus for the Group's strategy.

This year a detailed climate-related risk and opportunity assessment was undertaken, informed by detailed work undertaken on the strategy for the net zero transition, which will be reviewed and updated annually. The assessment involved: i) identification of transitional and physical risks and opportunities; ii) assessing the potential materiality over the short term (less than 2 years), medium term (2 to 10 years) and then long term (out to 2050); iii) how the organisation will respond. The short term time scale was chosen to align with the expected timing of the next UK general election as government policy is the major driver for the uptake on new heating technologies. Medium term was selected as 2035 is the expected date for the end of fossil fuelled boilers in the UK and when the electricity grid is expected to be zero carbon. Long term was selected as 2050 is the UK Government's target date for net zero.

In the materiality assessment risks and opportunities were considered using the same defined criteria as the Group's risk management framework along with action plans to further mitigate or reduce the risks identified. There were no significant risks or opportunities in the short term. In the medium term there are significant opportunities arising from the increase in sales of renewable technology and the growth in the retrofit heating market. In the long term there are significant risks from the move away from fossil fuelled boilers and the emergence of new heating technology and suppliers, there are also significant opportunities from low carbon heating, enhancements in the electricity and gas networks, and new markets for hydrogen and network heating.

Governance report (continued)

Environmental, Social, Community and Human Rights Issues (continued)

Last year the Group undertook a scenario planning exercise, with consideration to TCFD guidance, to understand how climate change may affect the Group by 2050. An 'exploratory' approach was adopted and in-house scenarios developed as publicly available scenarios did not provide sufficient insight or granularity for assessing opportunities and risks. Four scenarios were developed using the two drivers with the greatest potential uncertainty and impact, namely government net zero policy on buildings and energy and the technology for heating. The scenarios created are:

- Heat pumps dominate heating
- Enhanced adoption of network heating
- Increased uptake of hydrogen for heating
- UK misses target for net zero

This year the Group commissioned external consultants to advise on the outlook and structure of the UK residential heating market and develop quantitative modelling until 2035 (medium term) against the four scenarios previously developed. The report concluded the merchant to installer distribution channel will remain the most important route to market under the scenarios and as a result the Group strategy remains focused on ensuring it develops compelling propositions across the three main heating technologies, being air source heat pumps, network heating and hydrogen.

Risk

The climate-related risk assessment was undertaken internally using the guidance documents for TCFD. Transitional and physical risks (both acute and chronic) were identified in the risk and opportunity assessment. Those identified risks were then assessed using the Group's risk framework to understand both the gross risk and net risk after mitigating measures are in place. None of the identified risks are considered to be significant, high risk after mitigation.

Metrics

The Group's total market-based greenhouse gas emissions (the Group's main KPI) have increased by 14% in 2023, with an underlying efficiency improvement of 8% (table 1). The increase in emissions is due to the increase in size of the Group's operation. If acquired businesses are excluded and performance compared to last year, the total market-based greenhouse gas emissions have reduced by 2% (table 2). There is no target for this KPI as discussed in the target section on page 32.

Table 3 summarises carbon emissions by scope and table 4 details energy consumption. Since 2020 Wolseley has purchased renewably generated electricity. Some recently acquired businesses have legacy non-renewably sourced electricity contracts in place and therefore 3% of total electricity is from non-renewable sources.

The Group has followed the GHG Reporting Protocol and used the UK Government GHG Conversion Factors for Company Reporting for calculations. There are no exclusions beyond those defined in organisational boundary on page 27.

Governance report (continued)

Environmental, Social, Community and Human Rights Issues (continued)

Explanation of carbon reporting

Scope 1- Direct emissions from the fuel used by the fleet of road vehicles (owned and leased), forklift trucks, and heating fuels (oil, LPG and gas) in buildings.

Scope 2 – Indirect emissions from electricity use in buildings. Both location-based emissions that use grid average figures and market-based emissions that reflect the actual carbon intensity of the electricity purchased are reported.

Scope 3 – Indirect emissions from third party logistics provider, business travel (privately owned cars, hire cars, train journeys, ferries, taxis and air travel), water supply and treatment and waste recycling and disposal. All other categories are not reported because either it is not possible to obtain accurate date or because they are not relevant or material.

Table 1 Market-based carbon emissions

tCO_2e	2021	2022	2023
Scope 1	16,669	15,470	17,394
Scope 2	0	0	612
Total Scope 1 & 2	16,669	15,470	18,006
Scope 3	6,543	6,674	7,274
All scopes	23,212	22,144	25,280
% change from previous year	-5%	-5%	+14%
Carbon Intensity Metrics			
Revenue excluding acquisitions in the year (£ million)	1,763	1,842	2,306
Carbon intensity (tCO_2e per £1m revenue)	13.2	12.0	11.0
% change from previous year	-20%	-9%	-8%
UK carbon emissions	23,212	22,144	23,666
Rest-of-world carbon emissions	0	0	1,614

Table 2 Market-based carbon emissions on a like-for-like basis

tCO_2e	2021	2022	2023
Scope 1	16,669	15,470	15,011
Scope 2	0	0	0
Total Scope 1 & 2	16,669	15,470	15,011
Scope 3	6,543	6,674	6,696
All scopes	23,212	22,144	21,707
% change from previous year	-5%	-5%	-2%

Table 3 Carbon emissions by scope (2023)

	Location-based		Market-based	
	tCO_2e	%	tCO_2e	%
Scope 1	17,393	61	17,393	69
Scope 2	4,033	14	612	2
Scope 3	7,274	25	7,274	29

Environmental, Social, Community and Human Rights Issues (continued)

Table 4 Energy use

‘000s	2021	2022	2023
Non-renewable			
Diesel (kWh) Scope 1	45,621	45,525	53,133
Diesel (kWh) Scope 3	26,000	23,830	25,334
Gas (kWh)	29,258	23,019	22,875
Electricity (kWh)	0	0	638
Oil (kWh)	877	749	868
Rebated Diesel (kWh)	1,115	583	N/A
LPG (kWh)	1,080	207	592
Propane (kWh)	0	214	220
Renewable			
Electricity (kWh)	18,665	19,361	20,659
Total non-renewable energy (kWh)	**103,951**	**94,127**	**103,660**
Total renewable energy (kWh)	**18,665**	**19,361**	**20,659**
UK non-renewable energy (kWh)	103,951	94,127	97,156
UK renewable energy (kWh)	18,665	19,361	19,659
Rest-of-world non-renewable energy (kWh)	0	0	6,504
Rest-of-world renewable energy (kWh)	0	0	1,000

The most significant impact on carbon emissions arises from the products, principally gas boilers, that the Group sell. If included, the estimate for lifetime emissions from the boilers sold would account for over 95% of the Group’s total emissions. These have not been included in scope 3 as it is only possible to obtain a broad estimate for this figure.

Embodied carbon is an increasingly important element of new construction and deep retrofits. This information is contained in lifecycle impact assessments or Environmental Product Declarations (“EPD”). Currently there are limited products with EPDs and even when available they are not directly comparable. The Group is working with its suppliers to try and address these issues.

The benefits of the low carbon heating systems, e.g. heat pumps, are not covered by conventional carbon reporting. Such avoided emissions are sometimes referred to as scope 4. The Group estimates that lifetime benefits arising from heat pumps sold are greater than 10 times the Group’s scope 1 and 2 emissions.

Targets

Uncertainty over the uptake of heat pumps and other low carbon technologies makes developing an accurate carbon trajectory for the Group difficult and prevents target setting. The Group is committed to facilitating the net zero transition and in doing so the Group’s scope 1 and 2 emissions may increase. Heat pumps are significantly heavier than boilers and often require larger radiators and pipework which, if there is a significant increase in numbers sold in line with the UK Governments plans, will at some point impact the Group’s fleet efficiency.

The Group is committed to facilitating the net zero transition. The Group has reduced it’s like-for-like emissions by reviewing and altering its distribution model to improve efficiency, including trialling electric vehicles, and improving site energy consumption through investment and better energy management. The Group will continue to make these review for opportunities and make changes and investments to improve its emissions.

Governance report (continued)

Environmental, Social, Community and Human Rights Issues (continued)

Environmental Management

The Group has maintained its certification to the ISO14001 environmental management system standard. In the last year the Group did not have any reportable incidents, enforcement notices or prosecutions. The Group continues to reduce its environmental impact and support customers to improve their performance.

Waste and resource efficiency

The Group's total waste generated has increased by 23% (table 5). On a like-for-like basis total waste decreased by 15%. Carbon emissions from total Group waste have decreased by 5% (table 6) due to diverting waste from landfill. The Group's target remains to eliminate all waste to landfill by 2025. The Group recognises the importance of circular economy principles and won the best collaboration category with Grundfos at the H&V Awards for its joint take-back scheme, an initiative to allow customers to return old products for refurbishment and re-use.

Table 5 Waste disposal data

	Waste (t)			**Waste (%)**		
	2021	**2022**	**2023**	**2021**	**2022**	**2023**
Energy Recovery	1,868	2,088	4,317	29%	31%	53%
Landfilled	852	571	414	13%	9%	5%
Recycled	3,679	3,957	3,387	58%	60%	42%
Total	**6,399**	**6,616**	**8,117**			

Table 6 Carbon emissions from waste

	2021	**2022**	**2023**
Waste (t)	6,399	6,616	8,117
Carbon (tCO_2e)	**500**	**372**	**353**
Revenue excluding acquisitions in the year (£ million)	1,763	1,842	2,306
Waste carbon intensity (tCO_2e per £1m)	**0.28**	**0.20**	**0.15**

Human Rights and Supply Chain

The Group is committed to having high ethical standards across all its operations. The Group's Code of Conduct, which extends to its suppliers, includes the principles of the UN Global Compact which incorporates the Universal Declaration of Human Rights. The Group has a comprehensive Supplier Integrity Programme, which all supply chain partners must adhere to, and involves reviewing ESG performance.

The Group remains a member of Stronger Together, a not-for-profit organisation, that supports businesses to ensure workers are recruited responsibly and have fair work free from exploitation. A copy of the Group's latest modern slavery statement is available at https://corporate.wolseley.co.uk. In the last year there have been no identified incidents of modern slavery, human trafficking or human rights abuse.

Governance report (continued)

Environmental, Social, Community and Human Rights Issues (continued)

Community

Wolseley aims to deliver a positive impact by supporting the communities it serves and enhance the social value from its operations. The Group website provides information on case studies where it has worked collaboratively with customers to increase social value arising from its operations. This includes:

- Providing jobs and improving skills – the Group has an extensive network of 651 branches that employ local people. The Group has approximately 150 apprentices working in a range of roles
- Supporting growth in local economy – employees provide expert advice and support to customers, many of which are small businesses. The Group also provides a range of e-commerce tools to help its customers work more efficiently
- Supporting community groups and charities – the Group supports many local groups and communities by providing sponsorship, advice or facilities. This year the Group partnered with Dementia UK and Akt
- Reducing impact on the environment and being a good neighbour – the steps taken to reduce the Group's environmental impact are explained on page 32. Wolseley aims to be a good neighbour and respond quickly to concerns
- Encouraging innovation – the Group is supporting customers in the transition to the net zero carbon economy

The strategic report on pages 1 to 34 has been approved and authorised for issue by the Board and signed on its behalf by:

S Gray
Director
27 October 2023

Wolseley Group Holdings Limited

Directors' report

The Directors present their annual report and the audited financial statements of the Group for the year ended 31 July 2023.

Principal activities

The principal activities of the business are detailed in the strategic report pages 2 to 8.

Going concern

The Group's principal objective when managing cash and debt is to safeguard its ability to continue as a going concern for the foreseeable future. The Directors review detailed forecasts covering a minimum of eighteen months from the date of this report and model a range of scenarios to ensure it has sufficient cash to meet operational needs while always maintaining sufficient headroom in its committed borrowing facilities so that the Group does not breach borrowing limits on any of its borrowing facilities.

A number of scenarios were considered including downside scenarios flexing the trading and working capital performance alongside their impact on the level of asset backed loan facilities that would be available. These scenarios included a reasonable worst case and an extreme worst case that tested to the point of breaking, assessing the factors that might cause the Group to require further liquidity, and views were formed of the probability of those occurring. As the facilities available under the asset backed loan are linked to receivables and inventory balances the assessments included reviewing the level of receivables and inventory under each scenario and the impact this would have on the size of asset backed facility available.

After making appropriate enquiries and having considered the business activities and the Group's principal risks and uncertainties (pages 13 to 21), the Directors are satisfied that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Financial instruments and financial risk management

The Group's financial instruments consist of cash, and items such as trade receivables and trade payables which arise directly from operations. The Group does not undertake speculative transactions. See pages 73 to 75 for further details.

Future developments and events after the balance sheet date

There have been no significant events since the balance sheet date.

Results and dividends

The Group's profit for the financial period was £48 million. There were no dividends paid in the period and the Directors do not propose a dividend.

Directors

The Directors of the Company during the year ended 31 July 2023 and to the date of signing are detailed in the strategic report, page 24.

Directors’ report (continued)

Directors’ qualifying third party indemnity insurance

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial period and remains in force at the date of approval of the financial statements. The Group also purchased and maintained throughout the financial year Directors’ and Officers’ liability insurance. The indemnity and insurance is also for the benefit of all subsidiary companies of the Group.

Health and safety

The Group recognises the importance of its safety, health and environmental responsibilities and operates in accordance with the Group’s programme which is described on pages 27 to 29 of the strategic report.

Employees

See strategic report pages 6 and 7 for details on employees and how the Group supports and develops them.

It is the Company’s policy to give full and fair consideration to applications for employment made by disabled persons, to continue wherever possible the employment of staff who become disabled, and to provide equal opportunities for the training and career development of disabled employees.

The Modern Slavery Act 2015 requires the Group to report steps taken to ensure operations and supply chains are free of human trafficking and slavery. The Group maintains processes and activities to ensure compliance in this area. The Group’s full statement can be found on its website (https://corporate.wolseley.co.uk/modern-slavery-statement).

Environment

The Group is committed to the integration of environmental management into its business operations, a commitment to comply with local environmental legislation and ensuring proper communication with employees on environmental matters. See pages 29 to 33 for more details.

Other matters

The registered office of Wolseley Group Holdings Limited is 2 Kingmaker Court, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DY.

Directors’ responsibilities statement

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year and in conformity with the requirements of the Companies Act 2006. Under that law the Directors have elected to prepare the Group’s financial statements in accordance with United Kingdom adopted international accounting standards and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 “Reduced Disclosure Framework”. 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.

Directors' report (continued)

In preparing the parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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.

The Directors have adopted the Wates corporate governance principles, see page 22 for further details. The Directors responsibility to disclose energy and carbon emissions data has been included in the strategic report on pages 29 to 33.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' report (continued)

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

Directors duty to promote the success of the Company

The Directors of the Company have a duty under section 172 of the Companies Act to promote the success of the Company. It is set out on pages 25 to 26 how the Directors have addressed elements of the Section 172 requirements in the fulfilment of their duties.

Approved and authorised for issue by the Board and signed on its behalf by:

S Gray
Director
27 October 2023

Independent auditor’s report to the members of Wolseley Group Holdings Ltd

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of Wolseley Group Holdings Ltd (the ‘parent company’) and its subsidiaries (the ‘group’) give a true and fair view of the state of the group’s and of the parent company’s affairs as at 31 July 2023 and of the group’s profit for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 “Reduced Disclosure Framework”; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the balance sheet;
- the consolidated and parent company statements of changes in equity;
- the consolidated statement of cash flows; and
- the related notes 1 to 26.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law, and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 “Reduced Disclosure Framework” (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council’s (the ‘FRC’s’) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent auditor’s report to the members of Wolseley Group Holdings Ltd (continued)

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors’ assessment of the group’s and parent company’s ability to continue to adopt the going concern basis of accounting included:

- assessed the accuracy of the underlying figures in the cash-flow forecast;
- assessed the key assumptions used in the forecast and whether these encompassed the business model and identified principal risks of the business;
- reviewed the availability of financing facilities and the amount of headroom on a monthly basis;
- analysed management’s ‘reasonable worst case’ scenario, whether this was sufficient given the changing economic environment and if there continues to be sufficient headroom in the financing facilities; and
- reviewed the sophistication of the model used to prepare the forecasts, testing the clerical accuracy of those forecasts and our assessment of the historical accuracy of forecasts prepared by management.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group’s and parent company’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. The directors are responsible for the other information within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

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

Independent auditor’s report to the members of Wolseley Group Holdings Ltd (continued)

In preparing the financial statements, the directors are responsible for assessing the group’s and the parent 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 the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group’s industry and its control environment, and reviewed the group’s documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities, including those that are specific to the group’s business sector.

We obtained an understanding of the legal and regulatory framework that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group’s ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such as tax, valuations and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- appropriateness of management’s inventory provisioning policy given the balance is highly material and judgemental in nature. We have challenged the appropriateness of this policy in light of the current macro-economic environment by using data analytics procedures to assess management’s judgement through looking at historical accuracy of the provision and forward looking impacts. Further, we have performed enhanced substantive procedures over a sample of exceptions highlighted through our data analytics. We have also gained an understanding of the controls related to the stock provision.

Independent auditor’s report to the members of Wolseley Group Holdings Ltd (continued)

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and the directors’ report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors’ report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 respect of these matters.

Independent auditor’s report to the members of Wolseley Group Holdings Ltd (continued)

Use of our report

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.

Matthew Hughes

Matthew Hughes ACA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Leeds, United Kingdom
27 October 2023

Wolseley Group Holdings Limited

Consolidated income statement

For the year ended 31 July

	Note	**2023 Before exceptional items £m**	**2023 Exceptional items (note 7) £m**	**2023 Total £m**	2022 Before exceptional items £m	2022 Exceptional items (note 7) £m	2022 Total £m
Revenue	3	**2,350.8**	**-**	**2,350.8**	1,933.5	-	1,933.5
Cost of sales		**(1,744.8)**	**-**	**(1,744.8)**	(1,444.7)	-	(1,444.7)
Gross profit		**606.0**	**-**	**606.0**	488.8	-	488.8
Staff costs	4	**(268.3)**	**(1.8)**	**(270.1)**	(214.2)	-	(214.2)
Tangible fixed assets depreciation and impairment	11	**(51.0)**	**(1.3)**	**(52.3)**	(42.3)	-	(42.3)
Profit / (Loss) on sale of tangible fixed assets		**0.6**	**-**	**0.6**	(0.3)	0.4	0.1
Other operating charges		**(177.9)**	**(8.0)**	**(185.9)**	(144.1)	(5.7)	(149.8)
Operating profit/(loss)		**109.4**	**(11.1)**	**98.3**	87.9	(5.3)	82.6
Finance costs	8	**(35.8)**	**-**	**(35.8)**	(19.6)	-	(19.6)
Finance income	8	**0.9**	**-**	**0.9**	-	-	-
Profit/(loss) before tax		**74.5**	**(11.1)**	**63.4**	68.3	(5.3)	63.0
Tax	9	**(16.3)**	**1.0**	**(15.3)**	(12.2)	0.8	(11.4)
Profit/(loss) for the year		**58.2**	**(10.1)**	**48.1**	56.1	(4.5)	51.6

In accordance with the exception under section 408 of the Companies Act 2006, no Company Income Statement is shown. In the year ended 31 July 2023 and the year ended 31 July 2022, there was no income or expense in the Company.

The notes on pages 49 to 83 form part of these financial statements. All results presented relate to continuing operations.

Wolseley Group Holdings Limited

Consolidated statement of comprehensive income

For the year ended 31 July

	2023 £m	2022 £m
Profit for the year	**48.1**	51.6
Other comprehensive income / (expense)		
Items that may be reclassified subsequently to profit or loss:		
Net gain on cash flow hedge (note 18)	7.6	-
Exchange profit / (loss) on translation of overseas operations	1.2	(1.5)
Tax charge on items that may be reclassified	(1.9)	-
Other comprehensive income / (expense) for the year	**6.9**	(1.5)
Total comprehensive income attributable to equity shareholders of the Group	**55.0**	50.1

In accordance with section 408 of the Companies Act 2006, no Company Statement of Comprehensive Income is shown. In the year ended 31 July 2023 and the year ended 31 July 2022, there was no comprehensive income or expense in the Company.

Wolseley Group Holdings Limited

Balance sheet

As at 31 July

Registered Number: 13134776

Assets	Note	**Group 2023 £m**	Group 2022 £m	**Company 2023 £m**	Company 2022 £m
Non-current assets					
Goodwill and intangible assets	10	**139.1**	118.5	-	-
Property, plant and equipment	11	**121.2**	109.5	-	-
Right-of-use assets	11	**133.0**	101.6	-	-
Investments	12	**2.9**	1.6	**145.8**	145.8
Financial asset	18	**5.3**	-	-	-
Deferred tax	17	-	2.0	-	-
Trade and other receivables	14	**8.8**	9.3	-	-
		410.3	342.5	**145.8**	145.8
Current assets					
Inventories	13	**367.5**	357.5	-	-
Trade and other receivables	14	**463.9**	467.1	-	-
Current tax		**10.2**	1.3	-	-
Financial asset	18	**5.8**	-	-	-
Deferred tax	17	-	0.7	-	-
Cash and cash equivalents	15	**121.9**	127.5	-	-
Asset held for sale		**0.7**	-	-	-
		970.0	954.1	-	-
Total assets		**1,380.3**	1,296.6	**145.8**	145.8
Liabilities					
Current liabilities					
Trade and other payables	16	**(551.3)**	(566.6)	-	-
Lease liabilities	23	**(27.4)**	(24.5)	-	-
Provisions	19	**(13.5)**	(16.5)	-	-
		(592.2)	(607.6)	-	-
Non-current liabilities					
Trade and other payables	16	**(3.4)**	-	-	-
Lease liabilities	23	**(105.2)**	(73.4)	-	-
Provisions	19	**(33.6)**	(25.9)	-	-
Deferred tax	17	**(11.8)**	(2.5)	-	-
Borrowings	18	**(358.3)**	(368.8)	-	-
		(512.3)	(470.6)	-	-
Total liabilities		**(1,104.5)**	(1,078.2)	-	-
Net current assets		**377.8**	346.5	**-**	-
NET ASSETS		**275.8**	218.4	**145.8**	145.8
Equity attributable to equity holders of the Company					
Share capital	21	**1.4**	1.4	**1.4**	1.4
Share premium account	21	**144.4**	144.4	**144.4**	144.4
Translation reserve		**(0.3)**	(1.5)	-	-
Hedging reserve	18	**5.7**	-	-	-
Retained earnings		**124.6**	74.1	-	-
TOTAL EQUITY		**275.8**	218.4	**145.8**	145.8

In accordance with section 408 of the Companies Act 2006, no Company Statement of Comprehensive Income is shown. In the year ended 31 July 2023 and the year ended 31 July 2022, there was no income or expense in the Company. The financial statements of Wolseley Group Holdings Limited on pages 44 to 83 were authorised for issue and approved by the Board of Directors on 27 October 2023 and were signed on its behalf by:

S Gray
Director ………………………………..

Wolseley Group Holdings Limited

Consolidated statement of changes in equity

For the year ended 31 July

	Group					
	Share capital £m	Share premium account £m	Translation reserve £m	Hedging reserve £m	Retained earnings £m	Total £m
At 1 August 2021	**1.4**	**144.4**	**-**	**-**	**21.1**	**166.9**
Profit for the year	-	-	-	-	51.6	**51.6**
Other comprehensive income	-	-	(1.5)	-	-	**(1.5)**
Total comprehensive income	**-**	**-**	**(1.5)**	**-**	**51.6**	**50.1**
Credit to equity for share option schemes	-	-	-	-	1.4	**1.4**
At 31 July 2022	**1.4**	**144.4**	**(1.5)**	**-**	**74.1**	**218.4**
Profit for the year	-	-	-	-	48.1	**48.1**
Other comprehensive income	-	-	1.2	**5.7**	-	**6.9**
Total comprehensive income	**-**	**-**	**1.2**	**5.7**	**48.1**	**55.0**
Credit to equity for share option schemes	-	-	-	-	2.4	**2.4**
At 31 July 2023	**1.4**	**144.4**	**(0.3)**	**5.7**	**124.6**	**275.8**

No interim dividend was paid in the year and no final dividend was paid or declared (2022: £nil).

Company statement of changes in equity

For the year ended 31 July 2023

	Company			
	Share capital £m	Share premium account £m	Retained earnings £m	Total £m
At 1 August 2021, 31 July 2022 and 31 July 2023	**1.4**	**144.4**	**-**	**145.8**

No interim dividend was paid in the year and no final dividend was paid or declared (2022: £nil).

Wolseley Group Holdings Limited

Consolidated statement of cash flows

For the year ended 31 July

	Note	**2023 Group £m**	2022 Group £m
Net cash flows from operating activities			
Profit before tax		63.4	63.0
Non-cash adjustments			
Depreciation and amortisation	10,11	58.6	48.4
Impairment	10,11	5.1	-
Profit on disposal of property, plant and equipment		(0.6)	(0.1)
Net finance costs		34.8	19.6
Share option charges		5.4	1.4
Working capital adjustments			
(Increase) in inventories		(2.8)	(39.9)
(Increase) / Decrease in trade and other receivables		8.1	(42.5)
Increase / (Decrease) in trade and other payables		(28.0)	32.8
(Decrease) in provisions		(1.7)	(2.1)
Cash flow from operating activities		142.3	80.6
Interest paid		(35.0)	(19.0)
Interest received		0.9	-
Tax paid	9	(17.7)	(4.5)
Net cash from operating activities		**90.5**	**57.1**
Cash flows used in investing activities			
Purchase of property, plant and equipment		(31.3)	(9.9)
Purchase of intangibles	10	(0.2)	(4.0)
Purchase of investments		(1.3)	(1.6)
Purchase of term deposits greater than 3 months		(3.5)	-
Disposal of property, plant and equipment		1.1	2.4
Acquisition of subsidiaries (net of cash acquired)	20	(18.9)	(121.5)
Net cash used in investing activities		**(54.1)**	**(134.6)**
Cash flows from financing activities			
Proceeds from borrowings	18	39.5	185.0
Repayments of borrowings	18	(50.0)	(35.0)
Principal elements of lease payments	23	(31.4)	(28.8)
Net cash from financing activities		**(41.9)**	**121.2**
Exchange rate impact		(0.1)	(0.1)
Net (decrease) / increase in cash and cash equivalents		(5.6)	43.6
Cash and cash equivalents brought forward		127.5	83.9
Cash and cash equivalents carried forward		**121.9**	**127.5**

The Company has taken advantage of the exemption in IAS1 'Presentation of financial statements', section 10(d) and IAS 7 'Statement of cash flows' not to show the Company's statement of cash flows.

Notes to the financial statements

For the year ended 31 July

1 Accounting policies

The principal accounting policies are summarised below. They have been applied consistently throughout the current year and preceding period.

General information and basis of accounting
Wolseley Group Holdings Limited ("the Company") is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of the registered office is 2 Kingmaker Court, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DY. The principal activity of the Company is to act as an intermediate holding company to a group of companies ("the Group"). The principal activity of the Group is operating as a leading specialist merchant distributor of plumbing, heating, renewables, cooling and infrastructure products to trade customers.

Group
The consolidated financial statements of the Group have been prepared in accordance with applicable International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs) and International Financial Reporting Standards Interpretations Committee (IFRS IC) interpretations (collectively IFRS) as adopted for and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and liabilities measured at fair value. Amounts are generally expressed in millions (£m), with rounding accordingly.

Company
The separate Company financial statements are presented as required by the Companies Act 2006 and have been prepared on the historical cost basis, and in accordance with the Financial Reporting Standard 101 "Reduced Disclosure Framework".

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to the following:

- IFRS 7, financial instruments - disclosures;
- IAS 1, capital management - disclosures;
- IAS 7, statement of cash flows;
- IAS 8, accounting policies, changes in accounting estimates and errors, paragraph 30 and 31; and
- IAS 24, related party transactions.

Going concern
The Group's principal objective when managing cash and debt is to safeguard its ability to continue as a going concern for the foreseeable future. The Directors review detailed forecasts covering a minimum of eighteen months from the date of this report and model a range of scenarios to ensure it has sufficient cash to meet operational needs while always maintaining sufficient headroom in its committed borrowing facilities so that the Group does not breach borrowing limits on any of its borrowing facilities.

1 Accounting policies (continued)

Going concern (continued)

A number of scenarios were considered including downside scenarios flexing the trading and working capital performance alongside their impact on the level of asset backed loan facilities that would be available. These scenarios included a reasonable worst case and an extreme worst case that tested to the point of breaking, assessing the factors that might cause the Group to require further liquidity, and views were formed of the probability of those occurring. As the facilities available under the asset backed loan are linked to receivables and inventory balances the assessments included reviewing the level of receivables and inventory under each scenario and the impact this would have on the size of asset backed facility available.

After making appropriate enquiries and having considered the business activities and the Group's principal risks and uncertainties (pages 13 to 21), the Directors are satisfied that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Basis of consolidation

The consolidated financial information includes the results of the parent company and entities controlled by the Company (its subsidiary undertakings and controlling interests) and its share of profit/(loss) after tax of its associates, arising from the effective date of acquisition. Intra-group transactions and balances and any unrealised gains and losses arising from intra-group transactions are eliminated on consolidation.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date.

Foreign currencies

Items included in the financial statements of the Company and of each of the Group's subsidiary undertakings are measured using the currency of the primary economic environment in which the subsidiary undertaking operates (the "functional currency"). The consolidated financial statements are presented in GB pounds sterling, which is the presentational currency of the Group.

The trading results of overseas subsidiary undertakings are translated into pounds sterling using the average rate of exchange during the relevant financial period. The balance sheets of overseas subsidiary undertakings are translated into pounds sterling at the rate of exchange at the year-end. Exchange differences arising on the translation into pounds sterling of the net assets of these subsidiary undertakings are recognised in other comprehensive income and accumulated in the translation reserve. At 31 July 2023, the translation reserve was a £0.3m debit balance in relation to entities whose functional currency is the euro (2022: £1.5m debit).

Foreign currency transactions entered into during the year are translated into the functional currency of the entity at the rates of exchange on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange at the balance sheet date. All currency translation differences are credited or charged to the income statement.

1 Accounting policies (continued)

Accounting developments and changes

New accounting standards effective but which are not applicable to include within the Group's accounting policies are disclosed below:

Standard	Title
IAS 16	Property, Plant and Equipment – Proceeds before intended use
IFRS 9	Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
IFRS 16	Leases – Lease incentives
IAS 41	Agriculture – Taxation in fair value measurements
IFRS 3	Reference to the conceptual framework
IAS 37	Onerous contracts – Cost of fulfilling a contract

The Group reviews and monitors changes in accounting standards and has not identified any that will have a material impact on the financial statements.

Revenue

Revenue is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group considers whether there are other promises in the revenue transaction that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. warranties).

The Group offers a right of return to its customers for most of its goods sold. Revenue is reduced by the amount of expected returns estimated based on historical data. The Group also provides customers with assurance-type warranties for some own brand goods. Obligations under these warranties are recorded as provisions.

The Group has no contracts, other than framework agreements which set out commercial terms of supply but do not contain volume commitments, with an expected duration of more than one year and has taken advantage of the practical expedient afforded by IFRS 15 and therefore the Group is not required to disclose information about its remaining performance obligations.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary undertaking at the date of acquisition. Goodwill on acquisitions of subsidiary undertakings is included within intangible assets.

Goodwill is tested for impairment on an annual basis. An impairment test is a comparison of the carrying value of assets to their recoverable amount. Where an asset's carrying value is higher than the recoverable amount, an impairment results. Any impairment charges are included in operating expenses in the Statement of Comprehensive Income.

1 Accounting policies (continued)

Intangible assets
Computer software that is not integral to an item of property, plant and equipment is recognised separately as an intangible asset and is carried at cost less accumulated amortisation and accumulated impairment losses. Costs include software licences, consultancy and internal costs directly attributable to the development, design and implementation of the computer software. Computer software (except assets in the course of construction) is amortised using the straight-line method so as to charge the cost of the assets to the income statement over their estimated useful lives (up to five years). Provision is made for any impairment.

Software-as-a-Service ("SaaS") arrangements are service contracts providing the Group with access to the provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the provider's application software, are recognised as operating expenses when the services are received.

Costs incurred relating to the development of software code that enhances or modifies existing on-premise systems and meet the definition of, and recognition criteria for, an intangible asset are capitalised.

Trade names, brands and customer relationships are included at cost and depreciated in equal annual instalments over their estimated useful economic life (five to twenty five years). Provision is made for any impairment where required.

Property, plant and equipment
Property, plant and equipment is carried at cost less accumulated depreciation and any impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Assets (except freehold land and assets in the course of construction) are depreciated on a straight-line basis so as to write off the cost of the assets, less their residual values, over their estimated useful lives. The principal rates of depreciation are as follows:

Land and buildings	2% - life of lease
Plant and machinery	10 – 15%
Fixtures, fittings, tools and equipment	15 – 33⅓%
Motor vehicles	14 – 25%

Investments
Investments in subsidiaries are recorded at cost less provision for impairment. The Company assesses at each balance sheet date whether there is objective evidence that an investment or a group of investments is impaired.

An impairment loss is recognised for the amount by which the investment's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an investment's net realisable value and value in use.

1 Accounting policies (continued)

Leases

Under IFRS 16, the Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group applies a single recognition and measurement approach for all leases, except for short term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. Right-of-use assets are also subject to impairment should the estimated useful life be assessed as less than the remaining lease term.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.
In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short term leases and leases of low-value assets

The Group applies the short term lease recognition exemption to its short term leases of machinery and equipment (i.e. those leases that have a lease term of twelve months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

1 Accounting policies (continued)

Leases (continued)

Determining the lease term of contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g. construction of significant leasehold improvements or significant customisation to the leased asset).

Further information on the Group's lease termination options is set out in note 23.

Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group'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 only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured 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. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to the sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that generated the tax expense or income.

1 Accounting policies (continued)

Taxation (continued)

Current tax assets and liabilities are offset only when there is a legally enforceable right to offset the amounts and the Group 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: (a) the Group has a legally enforceable right to offset current tax assets against current tax liabilities; and (b) 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 the deferred tax liabilities or assets are expected to be settled or recovered.

Cash at bank and in hand

Cash includes cash in hand, transit and short term (less than 90 days) deposits held with banks. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet to the extent that there is no right of offset and no practice of net settlement with cash balances.

Pensions

The Group operates a number of defined contribution pension schemes. The assets of the defined contribution schemes are held separately from those of the Group in independently administered funds. The pension costs disclosed in note 4 represent contributions paid and payable by the Group to the defined contribution schemes.

Share-based payments

Management has subscribed for a number of shares in Wolseley Jersey Limited. These shares legally vest upon change of control of the Group. The Company recognised a compensation cost in respect of these shares that is based on the fair value of the awards, measured using the Black Scholes valuation methodologies. The compensation cost is recognised on a straight-line basis over the expected vesting period. Adjustments are made to reflect actual forfeitures during the vesting period.

Financial assets and liabilities

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

All non-derivative financial assets and liabilities are initially measured at transaction price and where applicable are subsequently measured at amortised cost.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to offset the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when (a) the contractual rights to the cash flows from the financial asset expire or are settled, or (b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or (c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

1 Accounting policies (continued)

Financial assets and liabilities (continued)

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments to hedge its exposure to interest rate risks arising from operating and financing activities. The Group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognised and stated at fair value. Where derivatives do not qualify for hedge accounting, any gains or losses on remeasurement are immediately recognised in the Group income statement. Where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedge relationship and the item being hedged.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge, the nature of the risks being hedged and the economic relationship between the item being hedged and the hedging instrument, including whether the change in cash flows of the hedged item and hedging instrument are expected to offset each other.

Derivative financial instruments with maturity dates of more than one year from the reporting date are disclosed as non-current.

Cash flow hedging

Derivative financial instruments are classified as cash flow hedges when they hedge the Group's exposure to variability in cash flows that are either attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecasted transaction. The effective element of any gain or loss from remeasuring the derivative designated as the hedging instrument is recognised directly in other comprehensive income and accumulated in the hedging reserve. The ineffective element is recognised immediately in the Group income statement within finance income or costs.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised or no longer meets the Group's risk management objective. The cumulative gain or loss in the hedging reserve and cost of hedging reserve remains until the forecast transaction occurs or the original hedged item affects the Group income statement. If a forecast hedged transaction is no longer expected to occur, the cumulative gain or loss in the hedging reserve and cost of hedging reserve is reclassified to the Group income statement.

Inventories

Inventory comprises finished goods, and is valued on a first in, first out basis. Provisions are made against slow moving, obsolete and damaged inventory for which the net realisable value is estimated to be less than the carrying value. Inventory which is damaged or obsolete is written down as identified. The risk of obsolescence of slow moving inventory is assessed by comparing the level of inventory held to future sales projected on the basis of historical experience. The actual realisable value of inventory may differ materially from the estimated value on which the provision is based. Contract claims are sometimes received from suppliers and are recognised at the point of sale based upon their terms as a reduction in cost of sales, they are not recorded as a deduction in inventory as they are not connected to the purchase of inventory.

1 Accounting policies (continued)

Trade receivables

Trade receivables are recognised initially at fair value and measured subsequently at amortised cost using the effective interest method, less the loss allowance. The loss allowance for trade receivables is measured at an amount equal to lifetime expected credit losses, estimated based on historical write-offs adjusted for forward-looking information where appropriate. The loss is recognised in the income statement. Trade receivables are written off when recoverability is assessed as being remote. Subsequent recoveries of amounts previously written off are credited to the income statement.

Supplier rebates

In line with industry practice, the Group has agreements ("supplier rebates") with a number of its suppliers whereby volume-based rebates, marketing support and other discounts are received in connection with the purchase of goods for resale from those suppliers. Supplier rebates relating to the purchase of goods for resale are accrued as earned and are recorded initially as a deduction in inventory with a subsequent reduction in cost of sales when the goods are sold.

Supplier rebates are offset with amounts owing to each supplier at the balance sheet date and are included within trade payables, where the Group has the legal right to offset and net settle balances. Where the supplier rebates are not offset against amounts owing to a supplier, the outstanding amount is included within other trade receivables.

Volume-based rebates

The majority of volume-based rebates are determined by reference to guaranteed rates of rebate. These are calculated through a mechanical process with minimal judgement required to determine the amount recorded in the income statement.

A small proportion of volume-based rebates are subject to tiered targets where the rebate percentage increases as volumes purchased reach agreed targets within a set period of time, usually a twelve month period. The majority of rebate agreements apply to purchases in a calendar year and therefore, for tiered rebates, judgement is required to estimate the rebate amount recorded in the income statement at the end of the period. The Group assesses the probability that targeted volumes will be achieved in the period based on forecasts which are informed by historical trading patterns, current performance and trends. This judgement is exercised consistently, with historically insignificant true ups at the end of the period.

An amount due in respect of supplier purchase rebates is recognised as a reduction in the cost of inventory, and not recognised within the income statement until all the relevant performance criteria, where applicable, have been met and the goods have been sold to a third party.

1 Accounting policies (continued)

Exceptional items

Exceptional items are those which are considered significant by virtue of their nature, size or incidence. These items are presented as exceptional within their relevant income statement category to assist in the understanding of the trading and financial results of the Group as these types of costs do not form part of the underlying business. Examples of items that are considered by the Directors for designation as exceptional items include, but are not limited to:

- restructuring costs within a segment which are both material and incurred as part of a significant change in strategy or due to the closure of a large part of a business and are not expected to be repeated on a regular basis;
- significant costs incurred as part of the purchase and integration of an acquired business and which are considered to be material;
- gains or losses on disposals of businesses are considered to be exceptional in nature as they do not reflect the performance of the trading business;
- material costs or credits arising as a result of regulatory and litigation matters; and
- other items which are material and considered to be non-recurring in nature and/or are not as a result of the underlying trading activities of the business.

The classification of exceptional items requires significant management judgement to determine the nature and intention of a transaction.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provision is made against the estimated costs to be incurred under leasehold property dilapidation claims anticipated in respect of properties leased by the business. The discount rate used to determine the present value reflects the Group’s incremental borrowing rate at the inception of the lease.

Provision is made for restructuring costs based on management’s estimation of the outflow of resources required to settle the obligation. Environmental liabilities include known and potential legal claims and environmental liabilities.

Critical accounting judgements

Several of the Group’s accounting policies require management to make estimates and assumptions that affect the reported amounts. There are no Company accounting policies which require estimates and assumptions. There are no Group accounting policies which include a material element of judgement.

Sources of estimation uncertainty

In applying the Group’s accounting policies various transactions and balances are valued using estimates or assumptions. Should these estimates or assumptions prove incorrect there may be an impact on the following year’s financial statements. The Group believes that the estimates and assumptions that have been applied would not give rise to a material impact within the next financial year.

Notes to the financial statements (continued)

For the year ended 31 July

2 Alternative performance measures (Group)

The Group uses alternative performance measures ("APMs"), which are not defined or specified under IFRS. These APMs, which are not considered to be a substitute for IFRS measures, provide additional helpful information. APMs are consistent with how business performance is planned, reported and assessed internally by management and the Board and provide comparable information across the Group.

Gross margin

The ratio of gross profit, excluding exceptional items, to revenue. Gross margin is used by management for assessing performance and is a key performance indicator for the Group, the calculation for the year ended 31 July 2023 and the prior year is shown below.

	2023 £m	2022 £m
Revenue (note 3)	**2,350.8**	1,933.5
Gross profit	**606.0**	488.8
Gross margin (per cent)	**25.8**	25.3

Adjusted EBITDA

Adjusted EBITDA is operating profit before charges/credits relating to depreciation, amortisation, impairment, exceptional items, share option charges and the impact of IFRS 16. Adjusted EBITDA is used to assess the performance of the Group and is a key performance indicator. Adjusted EBITDA is also used to assess the appropriateness of the Group's financial gearing and excludes the impact of IFRS 16 in line with the requirements of the Group's financing agreements. For this reason, adjusted EBITDA refers to Group adjusted EBITDA unless otherwise stated. A reconciliation of statutory operating profit to adjusted EBITDA for the year ended 31 July 2023 and the prior year is provided below.

	2023 £m	2022 £m
Profit before tax	**63.4**	63.0
Net finance costs (note 8)	34.9	19.6
Operating profit	**98.3**	82.6
Exceptional items excluding impairments (note 7)	6.0	5.3
Depreciation and impairment of property, plant and equipment (note 11)	52.3	42.3
Amortisation and impairment of acquired intangible assets (note 10)	8.8	2.0
Amortisation of non-acquired intangible assets (note 10)	2.5	4.1
Lease rental charges for right-of-use assets	(37.0)	(30.0)
Share-based payment charge	5.4	1.4
Adjusted EBITDA	**136.3**	107.7

2 Alternative performance measures (Group) (continued)

Net debt

Net debt excluding lease liabilities comprises cash and cash equivalents, bank overdrafts and bank and other loans. The Group uses net debt excluding lease liabilities, which excludes lease liabilities under IFRS 16, to be consistent with adjusted EBITDA. For this reason, the Group uses the term net debt to refer to net debt excluding lease liabilities unless otherwise stated. Net debt is a good indicator of the strength of the Group's balance sheet position and is used by the Group's finance providers.

	2023 £m	2022 £m
Cash and cash equivalents (note 15)	121.9	127.5
Bank loans (note 18)	(358.3)	(368.8)
Net debt	**(236.4)**	(241.3)

Cash from operations

Cash from operations comprises cash flow from operating activities less depreciation from right-of-use asset depreciation (note 11). The Group uses cash from operations to be consistent with adjusted EBITDA.

	2023 £m	2022 £m
Cash flow from operating activities	142.3	80.6
Right-of-use asset depreciation (note 11)	(36.6)	(30.3)
Cash from operations	**105.7**	50.3

3 Revenue

Revenue, which arises primarily from the sale of goods in the UK and Ireland, relates entirely to the principal activities of the Group.

Consideration is given to the disaggregation of revenue but due to the operating model of the Group being a specialist merchant distributor of plumbing, heating, renewables, cooling and infrastructure products, and the similar markets in which it operates no further disclosure is considered necessary.

4 Employee and key management information

	2023 Group £m	2022 Group £m
Staff costs (including key management)		
Wages and salaries	**232.1**	183.9
Social security costs	**20.1**	17.5
Pension costs – defined contribution schemes	**11.8**	10.1
Share-based payments – equity settled	**2.4**	1.4
Share-based payments – cash settled	**3.0**	-
Redundancy costs	**0.7**	1.3
Total	**270.1**	214.2

	2023 Group	2022 Group
Average monthly number of employees and key management:		
Distribution	**5,344**	4,472
Administration	**767**	574
Total	**6,111**	5,046

The Company has no employees and does not remunerate its directors. The Company directors S Oakland and S Gray are remunerated by a subsidiary company and C Rochat and D Straziota do not receive any remuneration from the Group at all.

The aggregate compensation for all key management of the Group, including two employees who left during the year, is set out in the following table:

	2023 Group £m	2022 Group £m
Key management compensation:		
Salaries, bonuses and other short term employee benefits	**6.6**	6.0
Social security costs	**0.9**	0.8
Company contributions to defined contribution pension scheme	**0.1**	0.1
Total compensation	**7.6**	6.9
Highest paid director	**1.4**	1.4

4 Employee and key management information (continued)

	2023 Group	2022 Group
The number of key management personnel who:		
Are members of the defined contribution pension scheme	**3**	4

Management have previously subscribed for a number of ordinary and preference shares in Wolseley Jersey Limited which legally vest upon change of control of the Group. A charge of £2.4m, calculated under the provisions of IFRS 2, has been included in the current year (2022: £1.4m).

5 Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the Group's annual accounts were £1.1m (2022: £1.0m). There were no fees for non-audit services paid to Deloitte LLP during the current year or prior period.

No audit fees were borne by the Company.

6 Operating profit

	2023 Group £m	2022 Group £m
Operating profit is stated after charging/(crediting):		
Amounts included in cost of sales with respect to inventory	**1,744.8**	1,444.7
Depreciation of property, plant and equipment (note 11)	**51.0**	42.3
Impairment of property plant and equipment (note 11)	**1.3**	-
Amortisation of intangible fixed assets (note 10)	**2.5**	4.1
Staff costs (note 4)	**270.1**	214.2
Operating lease rentals for short term leases (note 23):		
- Plant and machinery	**6.7**	5.0
- Property	**7.6**	5.7
Loss allowance on trade receivables	**5.5**	5.9

7 Exceptional items

Exceptional items are analysed by purpose as follows:	**2023 Group £m**	2022 Group £m
Acquisition fees (note 20)	**4.2**	8.3
Integration fees	**2.7**	-
Impairment of goodwill, intangible and PPE assets (note 10, 11)	**5.1**	-
Other exceptional items	**(0.9)**	(3.0)
Total	**11.1**	5.3

Acquisition fees relate to businesses acquired in the year, more detail can be found in note 20. Integration fees relate to the costs incurred in integrating businesses acquired in the prior and current year into the Wolseley operating model. Further information on the £5.1m impairment charge is disclosed in note 10 and 11.

Other exceptional items for the year ended 31 July 2023 and year ended 31 July 2022 relate to provisions previously charged as an exceptional cost which have been credited following confirmation that no further liability exists.

8 Finance income / (costs)

	2023 Group £m	2022 Group £m
Finance income		
Interest on cash deposits	**0.9**	-
Finance costs		
Interest on bank loans and overdrafts	**(29.7)**	(16.5)
Interest expense on lease liabilities (note 23)	**(5.6)**	(2.5)
Other interest payable (note 19)	**(0.5)**	(0.6)
	(35.8)	(19.6)

Notes to the financial statements (continued)

For the year ended 31 July

9 Tax

The OECD released the Pillar Two Model Framework in December 2021, which introduces a global minimum corporate tax rate of 15% applicable to multinational enterprise groups with global revenue over €750 million, and this will apply to the Group for the financial year ending 31 July 2025 onwards. Finance (No 2) Bill 2023, which brings into effect for UK tax legislation the UK Pillar Two framework, was substantively enacted on 20 June 2023 for IFRS purposes. The Group has applied the exemption from recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes as required by the amendments to IAS 12 - International Tax Reform—Pillar Two Model Rules – issued in May 2023.

The Group is in the process of assessing the impact of the BEPS Pillar Two rules and the transitional safe harbour rules available across its geographic footprint. Given the Group's profit profile and significant presence in the UK, where the headline rate of corporate income tax is 25%, no material Pillar Two exposure is anticipated. The Group will undertake detailed modelling of this position during the 2024 accounting period.

The tax charge for the year ended 31 July 2023 comprises:	**2023 Group £m**	2022 Group £m
Current tax		
Current year tax charge	**8.9**	4.7
Adjustment in respect of prior period	**(1.1)**	(1.6)
Total current tax charge	**7.8**	3.1
Deferred tax		
Current year tax charge	**5.7**	7.2
Adjustment in respect of prior period	**1.6**	(0.7)
Tax rate changes	**0.2**	1.8
Charge through OCI on interest rate swap	**1.9**	-
Total deferred tax charge (note 17)	**9.4**	8.3
Tax charge recognised through the income statement	**15.3**	11.4
Tax charge recognised through other comprehensive income	**1.9**	-
Total tax charge	**17.2**	11.4

Notes to the financial statements (continued)

For the year ended 31 July

9 Tax (continued)

The tax charge for the period is higher (2022: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

Tax reconciliation	**2023 Group £m**	2022 Group £m
Profit on ordinary activities before taxation	**63.4**	63.0
Profit on ordinary activities before taxation multiplied by the effective standard rate of UK corporation tax of 21% (2022: 19%)	13.3	12.0
Effects of:		
Adjustments in respect of prior period	**0.4**	(2.3)
Expenses not deductible	**3.1**	0.8
Income not taxable	**(1.1)**	(0.7)
Effects of overseas tax rates	**(0.6)**	(0.2)
Tax rate changes	**0.2**	1.8
Total tax charge recognised through the income statement	**15.3**	11.4

The UK corporation tax rate at the 31 July 2023 is 25%. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

The exceptional tax credit of £1.0m (2022: credit of £0.8m) on exceptional loss before tax of £11.1m (2022: £5.3m) for the year is lower than the expected credit of £2.3m (2022: £1.0m) at the standard rate of corporation tax in the UK. The difference relates to the effect of expenses not deductible for tax of £1.3m (2022: £0.2m).

10 Goodwill and intangible assets

	Goodwill	Software Costs	Trade names and brands	Customer relationships	Total
	£m	£m	£m	£m	£m
Cost					
At 1 August 2021	**13.0**	**10.5**	**19.8**	**-**	**43.3**
Acquisitions	39.2	-	12.5	28.6	**80.3**
Additions	-	4.0	-	-	**4.0**
Exchange	(0.5)	-	(0.4)	(0.1)	**(1.0)**
Disposals	-	(0.8)	-	-	**(0.8)**
At 31 July 2022	**51.7**	**13.7**	**31.9**	**28.5**	**125.8**
Acquisitions (note 20)	14.6	-	10.9	-	**25.5**
Additions	5.4	0.2	-	-	**5.6**
Exchange	0.4	-	0.1	0.4	**0.9**
Disposals	-	(3.7)	-	-	**(3.7)**
At 31 July 2023	**72.1**	**10.2**	**42.9**	**28.9**	**154.1**
Accumulated amortisation and impairment					
At 1 August 2021	**-**	**1.6**	**0.4**	**-**	**2.0**
Amortisation charge for the year	-	4.1	1.2	0.8	**6.1**
Disposals	-	(0.8)	-	-	**(0.8)**
At 31 July 2022	**-**	**4.9**	**1.6**	**0.8**	**7.3**
Amortisation charge for the year	-	2.5	2.5	2.7	**7.7**
Impairment charge for the year	2.0	-	-	1.7	**3.7**
Disposals	-	(3.7)	-	-	**(3.7)**
At 31 July 2023	**2.0**	**3.7**	**4.1**	**5.2**	**15.0**
Net book value					
At 31 July 2023	**70.1**	**6.5**	**38.8**	**23.7**	**139.1**
At 31 July 2022	51.7	8.8	30.3	27.7	118.5

10 Goodwill and intangible assets (continued)

The amortisation charge for the year of £7.7m is included within ‘Other operating charges’ on the face of the income statement. The impairment charge for the year of £3.7m is included within ‘Other operating charges” in exceptional items on the face of the income statement.

Included within Goodwill additions of £5.4m, are fair value adjustments relating to the prior year acquisition of Cooperstorm Limited and its subsidiaries.

Goodwill and intangible assets acquired during the year have been allocated to the individual cash generating units or aggregated cash generating units (together “CGUs”) which are deemed to be the smallest identifiable group of assets generating independent cash inflows. Impairment reviews were performed for each individual CGU during the year ended 31 July 2023 and are disclosed by geographical operation below:

	2023 Goodwill £m	2022 Goodwill £m
United Kingdom	**45.5**	32.9
Ireland	**24.6**	18.8
Total	**70.1**	51.7

The key assumptions used in the impairment review were a 2% long term growth rate and a 10.3% post tax discount rate (Ireland 12.3%), these are consistent with the external reviews of the future cashflows of the Group performed during the year and the forecasts prepared to support the going concern statement. Cashflow forecasts are derived from the Group’s budget in year one with year two to five derived from strategic views of the Group’s trade at the date of acquisition.

Management performed sensitivity testing, including an assessment of an increased discount rate and concluded that an impairment of £2.0m in Goodwill, £1.7m in Customer relationships and £1.4m in Property, Plant and Equipment was required.

11 Property, plant and equipment

	Land and buildings £m	Right-of-use assets £m	Plant and machinery £m	Fixtures, fittings, tools and equipment £m	Motor vehicles £m	Total £m
Cost						
At 1 August 2022	81.0	141.8	12.6	22.0	7.7	**265.1**
Acquisitions (note 20)	0.1	7.0	-	2.2	-	**9.3**
Additions	6.2	61.3	4.3	5.9	10.0	**87.7**
Disposals	(2.4)	(14.0)	(1.2)	(2.5)	(1.1)	**(21.2)**
Exchange	-	0.2	-	-	-	**0.2**
At 31 July 2023	**84.9**	**196.3**	**15.7**	**27.6**	**16.6**	**341.1**
Accumulated depreciation and impairment						
At 1 August 2022	5.6	40.2	2.5	5.0	0.7	**54.0**
Depreciation and impairment charge for the year	4.9	36.6	4.0	6.1	0.7	**52.3**
Disposals	(1.6)	(13.5)	(0.8)	(2.4)	(1.1)	**(19.4)**
Exchange	-	-	-	-	-	-
At 31 July 2023	**8.9**	**63.3**	**5.7**	**8.7**	**0.3**	**86.9**
Net book value						
At 31 July 2023	**76.0**	**133.0**	**10.0**	**18.9**	**16.3**	**254.2**
At 31 July 2022	75.4	101.6	10.1	17.0	7.0	211.1

The property, plant and equipment has been pledged as security for the Group's loan facility, see note 18.

Included within property, plant and equipment is £9.3m of work in progress that is not depreciating. At 31 July 2023, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £10m (2022: £nil).

Cost of land and buildings comprises:

	2023 £m	2022 £m
Freehold	51.6	51.8
Short leasehold	33.3	29.2
Total	**84.9**	81.0

11 Property, plant and equipment (continued)

	Land and buildings £m	Right-of-use assets £m	Plant and machinery £m	Fixtures, fittings, tools and equipment £m	Motor vehicles £m	Total £m
Cost						
At 1 August 2021	74.3	110.8	9.4	19.7	1.8	**216.0**
Acquisitions	2.7	12.9	0.8	3.4	0.3	**20.1**
Additions	5.4	23.2	3.3	2.1	6.0	**40.0**
Disposals	(1.4)	(4.9)	(0.9)	(3.2)	(0.4)	**(10.8)**
Exchange	-	(0.2)	-	-	-	**(0.2)**
At 31 July 2022	**81.0**	**141.8**	**12.6**	**22.0**	**7.7**	**265.1**
Accumulated depreciation and impairment						
At 1 August 2021	2.2	14.4	1.0	2.9	0.4	**20.9**
Depreciation and impairment charge for the year	4.0	30.3	2.0	5.3	0.7	**42.3**
Disposals	(0.6)	(4.5)	(0.5)	(3.2)	(0.4)	**(9.2)**
At 31 July 2022	**5.6**	**40.2**	**2.5**	**5.0**	**0.7**	**54.0**
Net book value						
At 31 July 2022	**75.4**	**101.6**	**10.1**	**17.0**	**7.0**	**211.1**
At 31 July 2021	72.1	96.4	8.4	16.8	1.4	195.1

12 Investments

	2023 Group £m	**2023 Company £m**
Cost		
At 1 August 2022	1.6	145.8
Additions	1.3	-
At 31 July 2023	**2.9**	145.8
Net book value		
31 July 2023	**2.9**	**145.8**
31 July 2022	1.6	145.8

The Company's investments at 31 July 2023 comprises shares in its immediate subsidiary Wolseley Group Limited (see note 26).

13 Inventories

	2023 Group £m	2022 Group £m
Finished goods	**367.5**	357.5

The Group held provisions in respect of inventory balances at 31 July 2023 amounting to £42.8m (2022: £41.6m). The gross value of inventory is reduced to reflect supplier rebates where the inventory has not been sold. As at 31 July 2023, this deduction from gross inventory amounted to £51.1m (2022: £54.7m). In the opinion of the Directors there is no material difference between the value of inventory as disclosed in the balance sheet and its replacement cost at the balance sheet date. The cost of inventories recognised as an expense during the period was £1,745m (2022: £1,445m).

14 Trade and other receivables

	2023 Group £m	2022 Group £m
Current:		
Trade receivables	**401.3**	401.2
Other receivables	**48.8**	52.9
Prepayments	**13.8**	13.0
	463.9	467.1
Non-current:		
Other receivables	**2.2**	2.2
Prepayments	**6.6**	7.1
	8.8	9.3

Trade receivables have been aged with respect to the payment terms specified in the terms and conditions established with customers as follows:

At 31 July 2023:	**Amounts not yet due £m**	**Less than six months past due £m**	**More than six months past due £m**	**Total £m**
Expected credit loss rate	1.8%	2.9%	75.9%	
Gross trade receivables	**316.7**	**91.6**	**5.8**	**414.1**
Lifetime expected credit losses	**(5.7)**	**(2.7)**	**(4.4)**	**(12.8)**
Net trade receivables	**311.0**	**88.9**	**1.4**	**401.3**

At 31 July 2022:	Amounts not yet due £m	Less than six months past due £m	More than six months past due £m	Total £m
Expected credit loss rate	1.5%	3.1%	37.2%	
Gross trade receivables	310.9	92.6	8.6	412.1
Lifetime expected credit losses	(4.8)	(2.9)	(3.2)	(10.9)
Net trade receivables	306.1	89.7	5.4	401.2

No amounts due contain a significant financing component. Payment from customers is typically due within 30 to 60 days after the month in which the invoice was raised.

Notes to the financial statements (continued)

For the year ended 31 July

14 Trade and other receivables (continued)

The contractual amount outstanding on trade receivables that were written off during the periods reported and that are subject to enforcement activity was as follows:

	2023 Group £m	2022 Group £m
Amounts written off that are subject to enforcement activity	**4.5**	5.2

Included in other receivables are amounts due in relation to supplier rebates where there is no right of offset against trade payable balances as follows:

	2023 Group £m	2022 Group £m
Supplier rebates with no right of offset against trade payables	**46.2**	50.0

The expected credit losses associated with supplier rebates is considered to be immaterial.

15 Cash and cash equivalents

	2023 Group £m	2022 Group £m
Cash and cash equivalents	**89.4**	127.5
Short term deposits	**32.5**	-
	121.9	127.5

The Directors consider that the carrying value of cash and cash equivalents approximates to their fair value. Short term deposits are made for varying periods not exceeding 90 days, depending on the immediate cash requirements of the Group, and earn interest at the respective short term deposit rates.

16 Trade and other payables

	2023 Group £m	2022 Group £m
Current:		
Trade payables	**442.9**	457.8
Other payables	**17.0**	23.2
Other taxation and social security	**26.8**	27.4
Accruals and deferred income	**64.6**	58.2
Total	**551.3**	566.6

	2023 Group £m	2022 Group £m
Non-current:		
Accruals and deferred income	**3.4**	-
Total	**3.4**	-

17 Deferred tax (liabilities) / assets

The elements and movements on deferred tax are shown in the table below:

	Interest rate swap £m	Fixed assets £m	Intangible assets £m	Temporary trading differences £m	Tax losses £m	IFRS 16 £m	Total £m
At 1 August 2021	-	7.5	(6.5)	2.3	10.5	0.4	**14.2**
Acquisitions	-	(1.2)	(7.0)	2.5	-	-	**(5.7)**
(Charged) / credited to Income statement	-	(0.8)	3.2	(1.5)	(8.8)	(0.4)	**(8.3)**
At 1 August 2022	**-**	**5.5**	**(10.3)**	**3.3**	**1.7**	**-**	**0.2**
Acquisitions (note 20)	-	(0.2)	(2.8)	0.4	-	-	**(2.6)**
(Charged) / credited to Income statement	-	(7.7)	0.6	1.3	(1.7)	-	**(7.5)**
(Charged) to other comprehensive income	(1.9)	-	-	-	-	-	**(1.9)**
At 31 July 2023	**(1.9)**	**(2.4)**	**(12.5)**	**5.0**	**-**	**-**	**(11.8)**

18 Financial instruments and financial risk management

Financial instruments by measurement basis

The carrying value of financial instruments by category as defined by IFRS 9 *"Financial Instruments: Recognition and Measurement*" is as follows:

	2023 Group £m	2022 Group £m
Financial assets recognised at fair value		
Derivatives designated as hedging instrument: interest rate swap	7.6	-
Financial assets recognised at amortised cost		
Trade and other receivables (note 14)	452.3	456.3
Cash and cash equivalents (note 15)	121.9	127.5
Term deposits placed for greater than 90 days	3.5	-
Total financial assets	**585.3**	583.8
Total current	**577.8**	581.6
Total non-current	**7.5**	2.2

Derivatives designated as hedging instruments reflect the positive change in fair value of an interest rate swap, designated as a cash flow hedge against the Group's senior secured loan.

	2023 Group £m	2022 Group £m
Financial liabilities: non-current interest bearing loans and borrowings		
Asset backed loan facility (due in greater than two years)	139.5	150.0
Senior secured loan (due in greater than three years)	218.8	218.8
	358.3	368.8

The banking facilities as at 31 July 2023 comprise:

- £305m asset backed loan facility (2022: £205m) – interest of 2% over SONIA, subject to certain conditions, facility available until July 2026 and amounts are repayable at the end of each interest period unless rolled over. The facility was increased in the year to £305m which was completed on 13 June 2023.

- £219m senior secured loan facility – interest of 5% over SONIA, subject to certain conditions, repayable in January 2027.

One of the conditions for the availability of the banking facilities is that the Group companies provide all asset security in favour of security agents.

18 Financial instruments and financial risk management (continued)

	2023 Group £m	2022 Group £m
Other financial liabilities		
Trade and other payables	554.7	566.6
Lease liabilities	132.6	97.9
Provisions	47.1	42.4
Total other financial liabilities	**734.4**	706.9
Total current	**592.2**	607.6
Total non-current	**142.2**	99.3

Hedging activities and derivatives
The Group is exposed to certain risks relating to its ongoing business operations. The primary risk managed using a derivative instrument is interest rate risk.

The Group's risk management strategy and how it is applied to manage risk are explained further below:

Derivatives designated as hedging instruments – cash flow hedge
At 31 July 2023 the Group had an interest rate swap agreement in place with an amount of £220.0m (2022: £nil) whereby the Group pays a fixed rate of interest of 3.8945% and receives interest at a variable rate equal to SONIA on the notional amount. The swap is being used to hedge the exposure to changes in the interest rate on the Group's senior secured loan and it expires on 30 April 2026.

There is an economic relationship between the hedged item and hedging instrument as the terms of the interest rate swap match the terms of the senior secured loan quarterly interest payments (i.e. notional amount and interest payment dates). The Group has established a hedge ration of 1:1 for the hedging relationship as the underlying risk of the interest rate swap is identical to the hedged risk components.

Fair value measurement
This note provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3, as defined within IFRS 13, based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market date (unobservable inputs).

Wolseley Group Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 July

18 Financial instruments and financial risk management (continued)

Fair value measurement (continued)
There are no financial instruments measured at level 1 or 3 as the interest rate swaps are measured at level 2.

The hedging gain recognised in OCI of £7.6m (2022: £nil) is equal to the change in fair value.

Capital structure and risk management
The capital structure of the Group consists of net debt (note 2) and equity of the Group (comprising share capital, share premium and reserves). The externally imposed capital requirement is the servicing of interest on outstanding loans. The Group's sources of funding currently comprise cash flows generated from operations and borrowings from banks and other financial institutions.

Credit risk
The Group provides sales on credit terms to most of its customers. There is an associated risk that customers may not be able to pay outstanding balances. At 31 July 2023, the maximum exposure to credit risk was £404m (2022: £401m).

The Group has established procedures in place to review and collect outstanding receivables. Significant outstanding and overdue balances are regularly reviewed and resulting actions are put in place on a timely basis. All of the major businesses use professional and dedicated credit teams, in some cases field-based. Appropriate provisions are made for debts that may be impaired on a timely basis and consideration is given to the customer base, which is large and unrelated, limiting risk. Accordingly, the Group considers that there is no further credit risk provision required above the current provision for expected credit losses. The aging of trade receivables is detailed in note 14.

Interest rate risk
The Group is partly financed through externally syndicated bank debt and is therefore exposed to rising interest rates which may adversely impact the Group.

Following interest rate rises during the financial year, the Group took the decision to fix the interest rate on £220m of debt which was achieved by entering into an interest rate swap. The Group will continue to monitor interest rates and the performance of its existing interest rate swap. At 31 July 2023 39% of the Group's debt is subject to a variable interest rate charge (2022: 100%).

19 Provisions

Provisions and movements during the period are analysed as follows:

	Restructuring £m	Property dilapidations £m	Environmental £m	Guarantees and legal £m	Total £m
At 1 August 2022	**4.8**	**33.0**	**2.9**	**1.7**	**42.4**
Acquisitions (note 20)	-	1.6	-	-	**1.6**
Utilised in the year	(1.3)	(0.6)	-	(0.2)	**(2.1)**
Additions	-	1.7	-	-	**1.7**
(Releases) / charges for the year	(0.9)	2.8	-	0.9	**2.8**
Exchange	0.2	-	-	-	**0.2**
Unwinding of discount	-	0.5	-	-	**0.5**
At 31 July 2023	**2.8**	**39.0**	**2.9**	**2.4**	**47.1**

Provisions are analysed between current and non-current as follows:

At 31 July 2023	**Restructuring £m**	**Property dilapidations £m**	**Environmental £m**	**Guarantees and legal £m**	**Total £m**
Current	1.7	9.9	0.9	1.0	**13.5**
Non-current	1.1	29.1	2.0	1.4	**33.6**
Total provisions	**2.8**	**39.0**	**2.9**	**2.4**	**47.1**

At 31 July 2022	Restructuring £m	Property dilapidations £m	Environmental £m	Guarantees and legal £m	Total £m
Current	3.2	10.7	0.9	1.7	16.5
Non-current	1.6	22.3	2.0	-	25.9
Total provisions	4.8	33.0	2.9	1.7	42.4

Restructuring
The majority of the restructuring provision relates to onerous leases on closed branches and business reorganisation activities, and is expected to be utilised over the next two years. The amounts credited to the income statement primarily relate to settlement of lease obligations for less than previously provided.

Property dilapidations
The dilapidations provision is the estimated costs to be incurred under leasehold property dilapidation claims. The average period to utilisation is four years (2022: four years).

19 Provisions (continued)

Environmental
This includes an amount of £1.9m (2022: £1.9m) for asbestos litigation. This amount was actuarially determined as at 31 July 2021 and reviewed at the balance sheet date. Insurance is in place for asbestos litigation and accordingly an insurance receivable of £1.7m (2022: £1.7m) has been recorded in other debtors. The provision is expected to unwind over the next twenty five years.

Guarantees and legal
The provision includes £1.7m provided for warranties (2022: £0.9m) and £0.8m for anticipated settlement of legal claims made (2022: £0.8m). The provision is expected to unwind over the next two years.

20 Acquisitions

The Group acquired one business during the year, C.P. Hart & Sons, which is engaged in the supply of luxury bathroom products. The transactions has been accounted for by the acquisition method of accounting. C. P. Hart & Sons provides access to a new customer segment in luxury bathroom retail.

For the year ended 31 July 2023 C.P. Hart & Sons contributed £44.6m of revenue and £2.8m of operating profit to the Groups consolidated statement of comprehensive income. If the acquisition had been completed on the first day of the financial year, revenue of the Group would have been £2,358.6m and operating profit would have been £98.4m.

The Group exchanged contracts on 23 December 2022 for the purchase of 100% of the ordinary share capital of Kooltech Limited. Kooltech Limited are a company engaged in the supply of air conditioning equipment. The acquisition is subject to regulatory approval and control is not obtained until the transaction is approved. The process was ongoing and regulatory approval had not been received at the date of signing these financial statements.

Name	Date of acquisition	Country of incorporation	Shares/asset deal	% acquired
Charco 2010 Limited	30 September 2022	England	Shares	100
C.P. Hart & Sons Limited	30 September 2022	England	Shares	100
C P Hart S.R.L	30 September 2022	Italy	Shares	100

20 Acquisitions (continued)

The assets and liabilities acquired and the consideration for the acquisition of all businesses are as follows:

	Book value £m	Fair value adjustment £m	Total fair values acquired £m
Trade names and brands	-	10.9	10.9
Property, plant and equipment	2.3	-	2.3
Right-of-use assets	7.0	-	7.0
Inventories	6.6	-	6.6
Trade and other receivables	4.3	-	4.3
Cash, cash equivalents and bank overdrafts	12.4	-	12.4
Trade and other payables	(14.2)	-	(14.2)
Provisions	(1.6)	-	(1.6)
Lease liabilities	(7.0)	-	(7.0)
Corporation Tax	(0.6)	-	(0.6)
Deferred tax	0.2	(2.8)	(2.6)
Total	**9.4**	**8.1**	**17.5**
Goodwill arising			14.6
Consideration			**32.1**

Satisfied by:	
Cash consideration	26.7
Deferred consideration	5.4
Total	**32.1**

The goodwill arising on the acquisition of the businesses is primarily attributable to the anticipated profitability of the new markets and product ranges to which the Group has gained access. The value of workforces acquired has been subsumed into goodwill in accordance with the requirements of IFRS 3.

The net outflow of cash in respect of the purchase of acquisitions is as follows:

	2023 £m
Purchase consideration – cash	26.7
Cash, cash equivalents and bank overdrafts acquired	(12.4)
Payments made in respect of prior year acquisitions	4.6
Net cash outflow in respect of the purchase of business	**18.9**

21 Share capital and reserves

	2023 Group £m	**2023 Company £m**	2022 Group £m	2022 Company £m
Allotted, authorised, called-up and fully-paid				
2 ordinary shares of £1 each	**-**	**-**	-	-
145,837,776 ordinary shares of £0.01 each	**1.4**	**1.4**	1.4	1.4

The Group and Company reserves are as follows:

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

Retained earnings represents cumulative profits or losses, net of dividends paid and other adjustments.

Hedging reserve represents cumulative gain on derivatives deemed as hedging instruments.

22 Contingent liabilities

Group companies are, from time to time, subject to certain claims and litigation arising in the normal course of business in relation to, among other things, the products that they supply, contractual and commercial disputes and disputes with employees. Provision is made if, on the basis of current information and professional advice, liabilities are considered likely to arise. In the case of unfavourable outcomes, the Group may benefit from applicable insurance protection.

Environmental liabilities

The operations of certain Group companies are subject to specific environmental regulations. From time to time, the Group conducts preliminary investigations through third parties to assess potential risks. Where an obligation to remediate contamination arises, this is provided for, though future liabilities could arise from sites for which no provision is made.

Outcome of claims and litigation

The outcome of claims and litigation to which Group companies are party cannot readily be foreseen as, in some cases, the facts are unclear, further time is needed to assess properly the merits of the case, or they are part of continuing legal proceedings. However, based on information currently available, the Directors consider that the cost to the Group of an unfavourable outcome arising from such litigation is not expected to have a material adverse effect on the financial position of the Group.

23 Leases

The Group has lease contracts for properties, plant, and vehicles used in its operations. Leases of property generally have lease terms between five and ten years, while vehicles, plant and equipment generally have lease terms between four and seven years. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

The Group also has certain leases with lease terms of twelve months or less and leases of equipment with low value. The Group applies the 'short term lease' and 'lease of low value assets' recognition exemptions for these leases.

Notes to the financial statements (continued)

For the year ended 31 July

23 Leases (continued)

Set out below are the carrying amounts of the right-of-use assets recognised and the movements during the period (see also note 11):

	Property £m	Vehicles £m	Plant & equipment £m	Total £m
At 1 August 2022	**92.9**	**6.9**	**1.8**	**101.6**
Acquisitions (note 22)	7.0	-	-	7.0
Additions	56.4	4.3	0.6	61.2
Depreciation expense	(31.1)	(4.5)	(1.0)	(36.6)
Disposals	(0.3)	(0.2)	-	(0.5)
Exchange	0.2	-	-	0.2
At 31 July 2023	**125.1**	**6.5**	**1.4**	**133.0**

Set out below are the carrying amounts of the lease liabilities and the movements for the year ended 31 July 2023:

	Group £m
At 1 August 2022	97.9
Acquisitions (note 22)	7.0
Additions	59.4
Accretion of interest	5.6
Exchange	0.2
Disposals	(0.5)
Payments	(37.0)
At 31 July 2023	**132.6**
Current	27.4
Non-current	105.2

23 Leases (continued)

The following are the amounts recognised in the income statement for the year ended 31 July 2023:

	2023 Group £m
Depreciation expense of right-of-use assets	36.6
Interest expense on lease liabilities	5.6
Expense relating to short term leases (included in Other operating charges)	14.3
Total	**56.5**

Set out below is a maturity analysis of contractual future payments (excluding future interest expense) relating to lease liabilities held at 31 July 2023:

	Gross lease payment £m	Interest £m	Total £m
Due in less than one year	32.5	(5.1)	27.4
Due in one to two years	28.4	(4.1)	24.3
Due in two to three years	24.0	(3.2)	20.8
Due in three to four years	18.1	(2.4)	15.7
Due in four to five years	12.5	(1.9)	10.6
Due in over five years	42.1	(8.3)	33.8
Total	**157.6**	**(25.0)**	**132.6**

The Group had total cash outflows for leases of £37.0m during the year ended 31 July 2023. The Group also had non-cash additions to right-of-use assets and lease liabilities of £59.4m during the year.

The Group has lease contracts that include termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises judgement in determining whether these termination options are reasonably certain to be exercised. There are no lease payments unprovided where management does not reasonably expect to use the leased asset to the lease expiry date.

24 Ultimate parent company and parent undertakings

The Company's immediate parent company is Wolseley Investments Limited, a company registered in England and Wales which has the same address as the Company. The ultimate parent and controlling company is CD&R WOLF Sarl, registered in 15, Boulevard F.W. Raiffeisen, L -2411, Luxembourg and this entity is the largest and smallest that prepares consolidated financial statements including this Group.

Wolseley Group Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 July

25 Post-balance sheet events

There have been no significant events since the balance sheet date.

26 Subsidiary undertakings

A full list of subsidiaries in which the Company has a controlling interest of 100% as at 31 July 2023 is set out below. The country of incorporation is also detailed below and the nature of the business is the same as the Group, with the exception of those noted as dormant. Unless otherwise noted, the share capital comprises ordinary shares which are indirectly held by the Company.

Trading subsidiaries:

Aluminox Limited (Ireland)[f]	Jointing Technologies Limited (Ireland)[b]
Bassetts (Wolseley) Limited (Northern Ireland)[e]	Langley Engineering Limited (England)
C P Hart & Sons Limited (England)[g]	Origen Energy Limited (Ireland)[f]
C P Hart SRL (Italy)[h]	Polytherm Heating Systems Limited (Ireland)[f]
Charco 2010 Limited (England)[g]	Tube Company of Ireland Limited (Ireland)[f]
Continental Product Engineering Limited (England)	Washglade Limited (Ireland)[f]
Cooperstorm Limited (Ireland)[f]	Wholesale Supplies (C.I.) Limited (Jersey)[d]
CPH Holdco Limited (England)	William Wilson Holdings Limited (Scotland)[c]
Domestic Heating Services (Wholesale) Limited (Guernsey)[a]	William Wilson Limited (Scotland)[c]
Hevac Limited (Ireland)[f]	Wolseley Group Limited (England)
Ideal Bathrooms (Wolseley) Limited (England)	Wolseley UK Limited (England)
Jointing Tech Limited (England)	

Dormant companies:

A. C. Electrical Holdings Limited (England)	Wolseley Centers Limited (England)
A. C. Electrical Wholesale Limited (England)	Wolseley Centres Limited (England)
A C Ferguson Limited (Scotland)[c]	Wolseley DC Plan Trustees Limited
Cascade Clamps U.K Limited (England)	Wolseley Developments Limited (England)
Neville Lumb (Wolseley) Limited (England)	Wolseley Directors Limited (England)
Sellers of Leeds Limited (England)	Wolseley Properties Limited (England)
WM. C. Yuille & Company Limited (Scotland)[c]	Wolseley UK Finance Limited (England)

All of the above companies have the same registered office as the Company except as follows:-

a. Longcamps, St Sampsons, Guernsey, GY1 3FD
b. Suite 3, One Earlsfort Centre, Lower Hatch Street, Dublin, D02 X668, Ireland
c. Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3QA, United Kingdom
d. 47 Esplanade, St Helier, Jersey, JE1 0BD, Jersey
e. Mahon Industrial Estate, Mahon Road, Portadown, Armagh, Northern Ireland, BT62 3EH
f. Muirfield Drive, Naas Road, Dublin 12, Ireland, D12 X0A3
g. Unit 40 Charles Park, Claire Causeway, Crossways, Dartford DA2 6QA
h. Milano (MI) Via Giuseppe Frua 24