Registered number: 13134776

Wolseley Group Holdings Limited

Annual report and financial statements

for the year ended 31 July 2024

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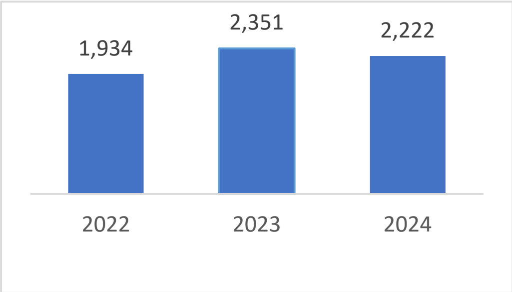
Wolseley Group Holdings Limited

Strategic report

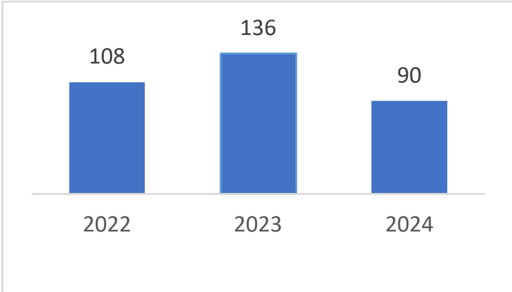
The Directors present their strategic report, which includes the governance report, on Wolseley Group Holdings Limited ("the Company") and its subsidiaries (together "the Group" or "Wolseley"), together with the Group financial statements, for the year ended 31 July 2024.

Highlights

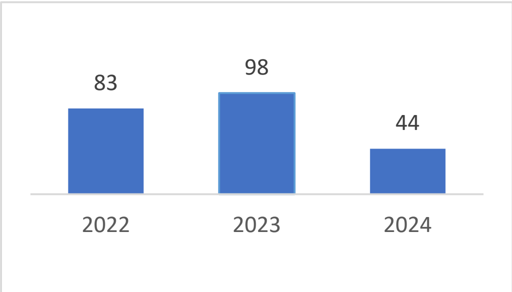
Revenue (£ million)



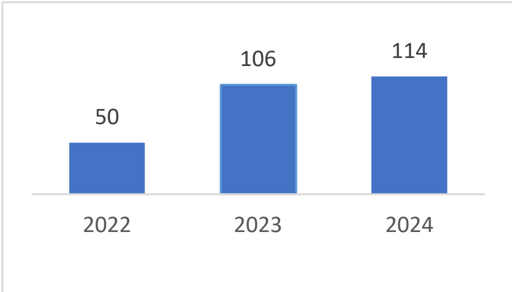
Adjusted EBITDA[1] (£ million)



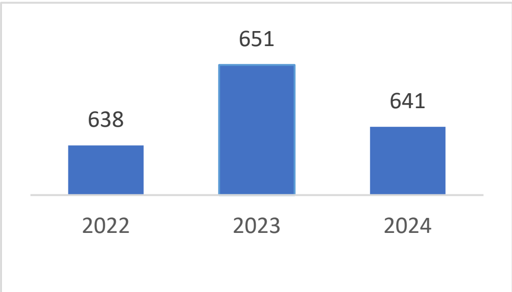
Operating profit (£ million)



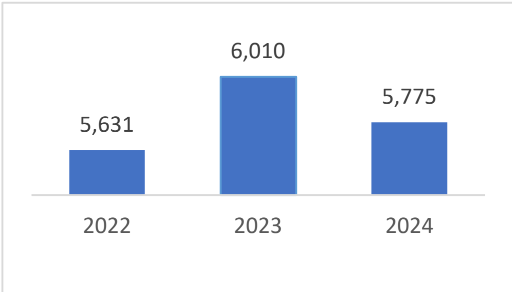
Cash from operations[2] (£ million)



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 64

[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 65

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

Strategic report (continued)

Wolseley at a glance

Wolseley is a specialist merchant distributor, with large storage and fulfilment capabilities, providing products for professional contractors and tradespeople working predominantly in the plumbing, heating, renewables, cooling, mechanical engineering, infrastructure and utilities sectors.

The Group operates a number of businesses trading as multiple distinct brands 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 scale of the Group enables Wolseley to be at the forefront for new technologies investing in both employees' knowledge and sourcing solutions to help customers adapt in a changing market.

The Group uses its strong relationships with suppliers and customers to connect them together to grow their respective businesses efficiently by utilising Wolseley's large footprint of branches and distribution capabilities to provide the best range and availability of products in the markets it operates in.

The Group also draws on its employees' deep technical expertise and commitment to deliver a great service to customers who in turn provide products and services to their customers. This is all supported by investment in technology and solutions to enable quicker and smoother trading in the supply chains for all stakeholders.

At 31 July 2024 the Group's national network comprised 641 branches covering the whole of the UK and Ireland supported by three major distribution centres and 5,775 FTEs.

The markets in which the Group's businesses operate are large and fragmented markets where reliability, availability and accurate deliveries of products make a difference. This is where Wolseley's strengths can make its customers businesses more efficient to help them grow.

Strategic report (continued)

Wolseley at a glance (continued)

The markets have good long term growth characteristics (see page 6) 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 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 and one in the year ended 31 July 2023 the Group acquired three further businesses during the year ended 31 July 2024. The acquired businesses operate in complementary markets to the existing Group's UK businesses.

Strategy

Wolseley's purpose is to deliver sustainable solutions for its customers and be entrusted to help them grow their own businesses.

To achieve successful, profitable growth, the Group's strategy is to deliver value through its specialist businesses, built on Wolseley's strengths including a strong balance sheet, resilient cashflows and the deep knowledge of its employees.

The strategy will be delivered by focussing its efforts on three Group strategic goals, all of which are underpinned by continually investing in customer propositions and developing great employees.

The three goals are:

1. Leading in the energy transition to renewables
2. Delivering great service and solutions that are valued by customers
3. Building a stronger business for the future

1. Leading in the energy transition to renewables

This involves creating a leading "supply chain as a service" model for distributing renewable products, leveraging the Group's assets, expertise and specialist knowledge to acquire, store and deliver the latest range of renewable products to customer sites across the UK and Ireland.

The Group will also develop the capabilities to provide customers with simple and straight-forward solutions and capabilities to assess, design, install and commission renewable heating solutions.

2. Delivering great service and solutions that are valued by customers

Wolseley remains steadfast in its commitment to provide great customer service across all of its specialist businesses in the UK and Ireland. The Group is continuously investing in its customer propositions as well as providing tools and services to enhance individual customer owned propositions and services, helping them to grow their businesses.

A fundamental part of this goal is to develop and introduce improved "own brand" product ranges offering great quality and trusted alternatives to branded products.

3. Building a stronger business for the future

There are two parts to this strategic goal:

- The acquisition of good quality businesses with either adjacent capabilities or operating in complementary markets to the Group's existing businesses
- The deployment of digital technologies to simplify processes within the Wolseley Group and providing digital tools to customers enabling them to work more efficiently and effectively.

Strategic report (continued)

Strategy (continued)

Operating model and business strategies

The Group comprises 18 businesses, with 18 trading brands, primarily operating as specialist merchants distributing plumbing, heating, renewables, cooling, mechanical engineering and infrastructure products to trade customers.

Each of the specialist businesses has formulated strategies that build from the Group strategy. These strategies are focussed on delivering great customer service and solutions and include:

- Understanding customers' future needs and delivering market-leading propositions
- Building meaningful customer relationships and rewarding loyalty
- Equipping employees appropriately to provide specialist advice
- Partnering with suppliers to provide leading product ranges and availability
- Operating a national fulfilment network with high standards
- Operating centres of expertise for specialist services

The businesses are supported by the strength of the combined Group where it can leverage its scale to provide enhanced capabilities and resilience. These include capabilities in sourcing, distribution and digital, and resilience through its technology platforms, cyber protections, shared support services and risk management programmes.

Wolseley Group Holdings Limited

Strategic report (continued)

Markets

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

+35% Housing transactions due to increase 35% in next 5 years. *Source: OBR 2023 vs 2028*	**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 the 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: Department for Business, Energy and Industrial Strategy, Appendix 1 (August 2022)*	**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*	**+7.6%** The population of the UK is projected to increase by 7.6%, from an estimated 67.0 million in mid-2021 to 72.1 million in mid-2031. *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 in industry leading timescales	Strong capital base to invest and grow the Group

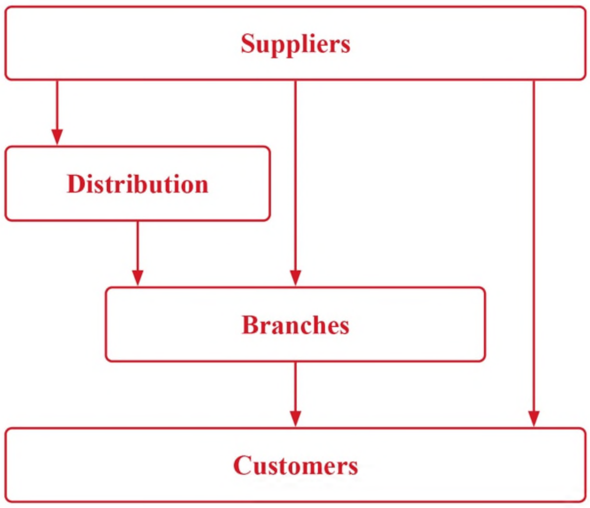
Adding value to our customers

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

In the year ended 31 July 2024 Group customer orders were received and fulfilled in the following proportions:

Order placed	Collected by customer	Delivered to customer	Delivered by supplier
Branch / Showroom	35%	45%	7%
Call Centre	1%	2%	
Electronic[1]	4%	6%	

[1]Electronic includes orders via website, API or EDI



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 Ireland 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

Strategic report (continued)

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 stronger.

The Group continues to build on the Wolseley values which were launched in March 2023 and are integrated into employee performance reviews and recognition programs.

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 were carefully developed by employees through employee forums and represent what they collectively decided is important to them and the Directors agree they provide a positive foundation for the Group's culture.

Underpinning the values, the Group's Code of Conduct sets the expectations and standards that ensures employees do the right thing to protect Wolseley. The new Code of Conduct was launched in January 2024 and helps guide employees to make ethical decisions. The Directors are committed to supporting them to use the "Speak up!" channels available if something doesn't seem right which helps to protect the Group's reputation and maintain the trust of employees, customers, and business partners.

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 2024:

- 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 3.0 per cent reduction in its mean gender pay gap (from 4.5 per cent to 1.5 per cent) as part of its 2023 gender pay gap reporting. This was another improvement from the previous year and Wolseley continues to remain among the best performing companies in terms of gender pay equality. Whilst this is better than the national UK gender pay gap, Wolseley is not complacent and continues to work to reduce the 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") is 3 per cent higher than the National Living Wage
- Employees under 21 years' old are paid the full adult pay rate, rather than the lower tiers 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, all Group employees received pay rises, with the increases focused on lower paid employees. Reward structures continue to provide employees with an opportunity to receive annual incentives in line with their business's performance.

The salary sacrifice car scheme and updated company car fleet arrangements are focused on electric vehicles and hybrids. This provides a competitive car offering to employees, while helping 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 the challenging economic environment.

The Group continues to run an employee 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 remain 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 within a short period of time. The deep range of inventory, held readily available across the network of branches and distribution centres, enables customers access to a leading proposition.

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. 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 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 options with increased levels of service to customers. The Group also offers value engineering services to customers so their work can be competitively priced.

Suppliers

The Group 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 suppliers to deliver responsible energy efficient solutions as well as partnering 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 branches for consultations and to interact with products and salespeople 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 high 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 bulk deliveries from suppliers, enabling suppliers to access the whole market quickly and effectively and provides industry leading product availability throughout the branch network for customers. In addition, the Group operates backhaul arrangements with suppliers to improve efficiency and reduce their carbon footprints.

The Group has implemented bespoke supply solutions to provide customers with access to a leading proposition for low carbon technologies.

The Group’s distribution network was further strengthened during the year with the recent opening of a state-of-the-art facility for products in the utilities sector. This has enhanced the Group’s competitive advantage in availability and distribution of products in this sector which are typically more challenging to store and transport.

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. During the year Wolseley invested in an improved online account offering to support customers with a faster account opening process and improved online account management allowing them to run their operations more efficiently.

The Group wants to be at the forefront of digital solutions to help its customers and make them more efficient and has continued to invest and upgrade its digital tools and solutions in the year.

Wolseley Group Holdings Limited

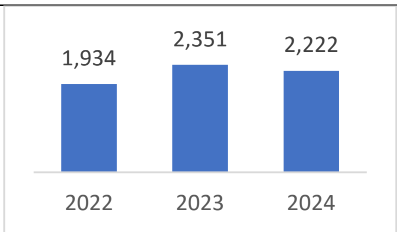
Strategic report (continued)

Key performance indicators ("KPIs")

The financial and non-financial KPIs for the Group are below.

Total revenue (£m)

The amount of revenue generated during the year.

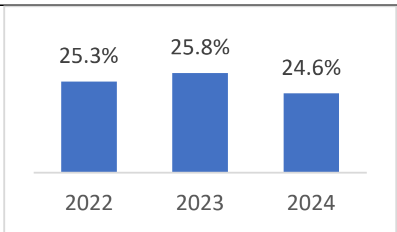


-£129m

Total revenue declined in 2024 by £129 million; organic revenue declined as a result of lower volumes sold in markets that declined.

Gross margin

The ratio of gross profit to revenue.

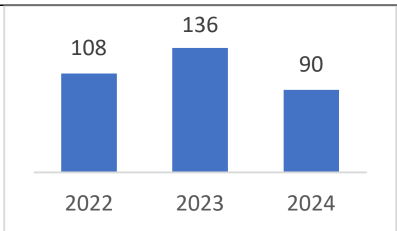


-1.2%

Gross margin decreased by 1.2 per cent to 24.6 per cent in 2024.

Adjusted EBITDA (£m)

Adjusted EBITDA is an APM, see note 2 of the financial statements on page 64 for definition.

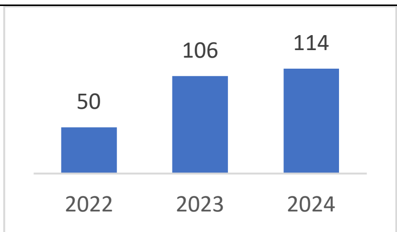


-£46m

Adjusted EBITDA reduced in 2024 to £90 million.

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. See note 2 of the financial statements on page 65 for definition.



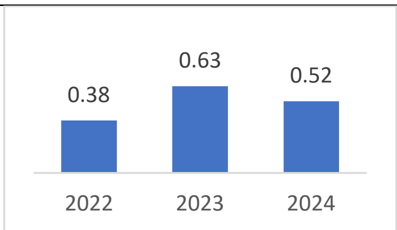
+£8m

Cash from operations increased by £8 million in 2024 to £114 million as a result of 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 2024 have been excluded, see page 31.

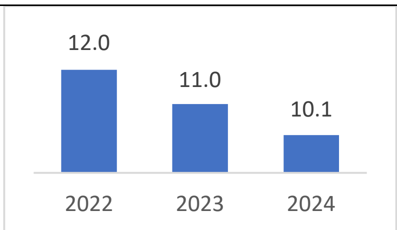


-0.11

The lost time injury frequency rate improved in 2024 driven by fewer manual handling injuries, see pages 31 to 33 for further detail.

Carbon intensity

Total Tonnes of Carbon Dioxide Equivalent ("tCO_2e") per £1 million revenue.



-0.9

Carbon intensity improved in 2024 by 0.9 due to improvements in distribution efficiency, reduced energy usage and waste generated.

Wolseley Group Holdings Limited

Strategic report (continued)

Operating and Financial Review

To provide context to the Group's performance certain data is presented on an organic basis in 2024, this excludes the impacts of acquisitions owned for less than 12 months and is therefore on a comparable basis to 2023.

Annual performance of the Group

£m	2023	2024 organic[2]	2024 total
Revenue	2,351	2,187	2,222
Gross profit	606	537	546
Overheads	(497)	(472)	(479)
Operating profit[1]	109	65	67
Adjusted EBITDA[3]	136	88	90

[1] All figures are shown before exceptional items

[2] Organic results are an APM, see note 2 on page 64 of the financial statements for definition

[3] Adjusted EBITDA is an APM, see note 2 on page 64 of the financial statements for definition

Revenue for the year ended 31 July 2024 was £2,222 million, £129 million behind 2023. On an organic basis revenue declined by £164 million as a result of lower volumes sold in declining markets. Businesses owned for less than 12 months contributed £35 million to Group revenue.

Gross margin before exceptional items decreased to 24.6 per cent in the year ended 31 July 2024 which was 120 basis points lower than the prior year. Gross margin was impacted by the challenging market conditions including reductions in product inflation.

Adjusted EBITDA for the year ended 31 July 2024 was £90 million, £46 million lower than prior year, due to the reduction in gross profit in challenging market conditions. Acquisitions added £2 million. Adjusted EBITDA as a percentage of revenue was 4.1 per cent, 170 basis points lower than 2023.

Statutory results for the year ended 31 July 2024

£m	2023	2024
Revenue	2,351	2,222
Operating profit	98	44
Finance costs	(35)	(39)
Tax	(15)	(3)
Profit for the period	48	2

Revenue

Revenue for the year ended 31 July 2024 was £2,222 million (2023: £2,351 million).

Operating profit

Operating profit for the year ended 31 July 2024 was £44 million (2023: £98 million). This was generated from £545 million of gross profit less £501 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 £23 million exceptional charge (2023: £11 million) in the year. The charge predominately related to restructuring costs of £12 million (2023: £nil), impairment of investments and assets of £6 million (2023: £5 million) and acquisition and integration fees of £5 million (2023: £7 million). Further detail can be found in note 7 on page 68.

Depreciation, amortisation and impairment

Recorded in the year was depreciation of £41 million (2023: £37 million) relating to IFRS 16 ‘right-of-use’ assets and £17 million (2023: £15 million) from other assets.

Amortisation charges were £2 million (2023: £3 million) for internally generated intangible assets and £5 million (2023: £5 million) for acquired intangible assets.

Impairment charges of £2 million (2023: £5 million) were incurred relating to property, plant and equipment and in the prior year goodwill and customer relationships.

Finance income / (expense)

The net expense of £39 million (2023: £35 million) consists of finance income of £3 million (2023: £1 million) offset by finance costs of £42 million (2023: £36 million). The cost included £32 million (2023: £30 million) arising from debt funding (see note 8).

Taxation

The tax charge in the year was £3 million (2023: £15 million) comprising of a current year tax charge of £1 million (2023: £8 million) and a deferred tax charge of £2 million (2023: £7 million).

Profit after tax

The Group recorded profit after tax for the period of £2 million (2023: £48 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 2024 comprise:

- £305 million asset backed loan facility (2023: £305 million) – interest of 2.25% 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.

- £219 million senior secured loan facility (2023: £219 million) – interest of 5% over SONIA, subject to certain conditions, repayable in January 2027.

Wolseley Group Holdings Limited

Strategic report (continued)

Operating and Financial Review (continued)

Of the Group’s total facilities, £314 million was drawn at 31 July 2024 and £210 million was undrawn.

See detail of financial risk management on page 24 of the strategic report.

Net assets and equity

The net assets of the business were £274 million at 31 July 2024 (2023: £276 million), the reduction in the year of £2 million was driven by a reduction in the hedging reserve offsetting the profit for the year.

Cash flow

The Group has continued to generate strong cash flows during the period with cash flow from operating activities of £157 million.

£m	**2023**	**2024**
Cash flow from operating activities	142	157
Interest and tax	(52)	(37)
Capital expenditure	(33)	(27)
Proceeds from disposals	1	5
	58	98
Acquisitions (net of cash in business)	(19)	(35)
Financing activities including short term deposits	(45)	(75)
	(64)	(110)
Movement in cash	(6)	(12)
Movement in debt	11	44
Net debt[1] at 31 July	(236)	(204)

[1] Net debt is an APM, see note 2 on page 65 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 £27 million. This investment was primarily for new delivery vehicles, hire assets and a new purpose built fulfilment centre for the utilities sector as well as branch maintenance and enhancements.

Acquisition costs of £35 million comprised the net purchase price payable for three acquisitions made during the year and deferred payments made in respect of prior year acquisitions. These were funded through existing financing arrangements resulting in a net debt position at 31 July 2024 of £204 million.

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 maintained a structured approach to risk management, working with the business to strengthen its risk management framework and enhance risk registers. The Group is continually working to embed 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 that 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 of control effectiveness in key risk areas.

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.

The Group continues to operate against a backdrop of uncertainty, with geopolitical and macroeconomic volatility posing continuing challenges. The principal risk of "strategy execution and acquisition integration" has been expanded into a wider risk definition of "strategy design and execution" in the year, to reflect the need to respond strategically to changes in the external environment. All other 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 embrace more risk in areas which present opportunities to grow the business and deliver value, typically strategic risks; and
- to eliminate or avoid risks in areas that may present a significant safety, legal, regulatory or reputational risk, where the risk appetite is low

Wolseley Group Holdings Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

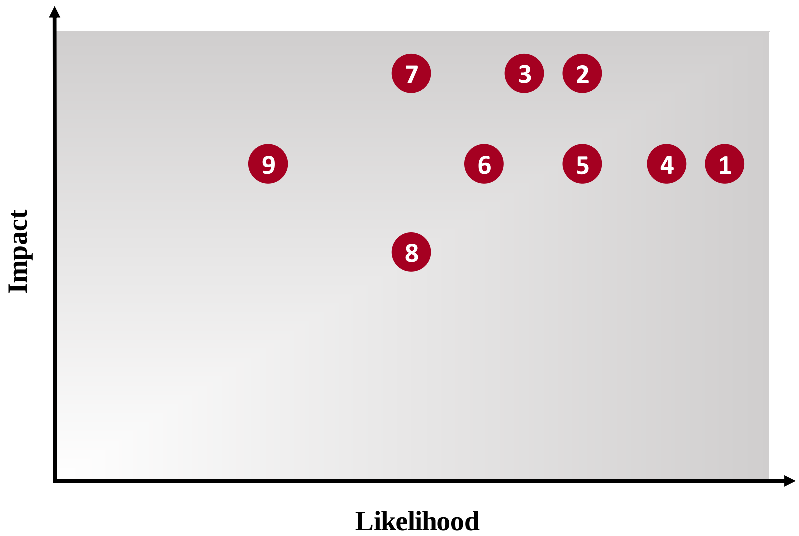
Emerging risks

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

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 impact of the new UK Labour government on UK government policies, particularly regarding house building and the net zero transition
- The rapid progression and associated risks relating to artificial intelligence ("AI")
- The implications of regulatory changes, particularly in relation to UK corporate governance and employment law

Risk profile after mitigating actions and controls



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

Wolseley Group Holdings Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

1 Macroeconomics and market dynamics

Description

The UK continues to face macroeconomic challenges, which could negatively impact the Group's performance. Whilst headline inflation is expected to reduce in the next 12 to 18 months, inflationary pressures and economic prospects remain uncertain.

The Group is confident in its long term strategy and the resilience of its markets but needs to navigate the current volatile macroeconomic conditions carefully. An inability to respond quickly and effectively to such risks could result in a significant rise in operating costs and a significant decline in profitability for 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.

The change in UK government in 2024 will have an impact on key government policies that will affect these markets and will continue to create risks and opportunities for businesses that serve these sectors.

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:

- continues to develop differentiated business models
- undertakes a systematic and regular performance review process with each business to monitor market dynamics
- invests in digital solutions to further enhance the services and capabilities available to customers
- continuously reviews pricing strategies and other controls to manage gross margin
- focuses on higher-margin growth opportunities
- continues to actively manage operating costs
- continued to improve productivity and working capital management.

Change

This risk exposure is unchanged. The Group continues to monitor drivers for macroeconomic changes and implement appropriate response strategies to manage their impact on the Group's performance.

Strategic report (continued)

Principal risks and uncertainties (continued)

<table>
<tr><td colspan="2">2 Net zero transition</td></tr>
<tr><td>Description

The UK Government’s commitment to achieve net zero carbon 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 goal to move away from fossil fuel-based heating systems to low carbon alternatives will require retrofitting 28 million homes and 5 million businesses with new heating and cooling technology, as well as upgrading the power networks and ensuring that infrastructure is resilient to extreme weather events.

This transition represents both a significant opportunity and risk for the Group, as there is still uncertainty regarding the heating technologies that will be used by different sectors to meet the net zero carbon objectives and to what extent this will be Government policy driven.

The UK Government’s policy is likely to impact the way residential and commercial buildings are designed and constructed and may significantly alter the way heating is provided to these buildings.

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.</td>
<td>Mitigations

The net zero transition is a key focus within the Group’s strategy.

In May 2024, the Group launched 'Renewables by Wolseley', an initiative which aims to connect customers, employees, and suppliers to deliver energy efficient solutions into the market.

This initiative is part of a long term strategy to enhance the Group’s capabilities in renewable heating and energy efficient solutions.

The Group continues to explore innovative propositions to help customers grow their expertise and be their trusted partner when dealing with the ever-evolving landscape of renewable energy technologies.

The Group has continued to improve its environmental impact 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.</td></tr>
<tr><td colspan="2">Change ⬆

This risk exposure increases as the timeframe to achieve the UK Government’s net zero commitment reduces. Managing the Group’s response to this risk is critical to the future success of the Group.</td></tr>
</table>

Strategic report (continued)

Principal risks and uncertainties (continued)

3 Information technology and cyber security

Description

The Group's businesses are dependent on the continued availability and integrity of several IT systems, and the information they hold, to successfully trade.

An external cyber-attack, insider threat or supplier breach could result in unauthorised access to, or misuse of, systems, technology or data.

A failure to keep up to date with the changing risk landscape to prevent, detect, respond to or recover from such incidents could result in a significant disruption to operations, the loss of confidential information, fines 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 where expertise is diminishing. A large scale and / or prolonged outage of these IT systems would result in a disruption to customer service and impact financial performance.

Whilst adequate processes and resources are in place that keep the current IT estate well maintained, there is a plan to replace legacy systems over time as the older systems present an increasing risk.

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, access management and AI.

Regular mandatory training on information security and data protection is provided to all employees, supported by phishing simulations and awareness campaigns to ensure employees remain vigilant of the risks and are reminded of 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.

Incident response protocols are in place to support the Group's ability to respond effectively to and recover from a cyber threat or incident.

A dedicated Information Security team manage these governance arrangements.

The Group participates in a comprehensive cyber insurance programme providing extensive business interruption coverage in the event of an attack.

Change ⟺

The risk landscape remains challenging with the volume, frequency and sophistication of attempted cyber-attacks on the rise targeting all markets, which impacts the risk exposure to broader business disruption as well as data breaches.

Strategic report (continued)

Principal risks and uncertainties (continued)

4 Organisation and talent

Description

The Group's business models are dependent on the knowledge, expertise and experience of its people and 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.

For the businesses to develop with the changing needs of its customers, the Group must also equip its employees with the skills and capabilities needed to meet these needs and excel, particularly within the branch environment.

Fundamental to the Group's success is its ability to identify and develop high calibre talent that have the potential to become future leaders. A failure to do this effectively could impact the resilience and continuity needed to deliver long term objectives.

The challenging trading environment requires an ongoing focus on efficient operations which may include changes that impact employees. Whilst such initiatives are carefully managed there is a risk of 'change fatigue' that could affect employee engagement.

The Group acknowledges its responsibility towards diversity and inclusion and the need to have a continued commitment to achieve equal opportunities at all levels, including the senior management team.

Mitigations

During the year the Group has reviewed its organisational design to ensure an appropriate structure is in place to remain resilient, optimise performance and deliver its strategic objectives. This includes investment in internal and external talent to strengthen capability in key roles.

The Group has continued to develop its processes to identify, assess and develop talent. Mechanisms are in place to nurture talent and provide career opportunities through performance and development discussions.

Training and development programmes are in place 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.

The Group continues to benchmark reward and recognition to ensure its offering is competitive and encourages talent to join and remain with the Group. This includes an ongoing commitment to the Wolseley Wage which pays all employees at least 3 per cent above the National Living Wage. Physical and mental wellbeing initiatives are also being enhanced.

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.

Diversity and inclusion remain a fundamental part of the Group's culture and is embedded within its values. The Group's Fairness and Respect Board drives the diversity agenda throughout the Group and helps to ensure its employees have equal opportunities to develop their talent and skills.

Change ⬌

This risk exposure is stable. The Group recognises the ongoing risk regarding its people considering general price inflation, minimum wage increases, and skill shortages in certain sectors, as well as the need to develop its employees with the changing needs of its customers.

Strategic report (continued)

Principal risks and uncertainties (continued)

5 Strategy design and execution

Description	Mitigations
The success of the Group is dependent on having a clear strategy to develop its business model in line with its customers' needs and become their specialist merchant partner of choice. An inability to respond strategically to changes in the external environment could result in missed opportunities, an excessive dependence on a specific sector and a weakened competitive position for the Group. A failure to develop an overarching strategy which clearly defines the key strategic priorities for the Group, may also result in businesses not prioritising initiatives appropriately or deploying resources effectively. Fundamental to the Group's growth strategy is the ability to execute strategic initiatives successfully. Without appropriate skills, resources, or governance arrangements to deliver projects, integrate acquisitions and manage change effectively, 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.	An updated Group wide strategy has been formalised which outlines the key strategic priorities for the business. All major initiatives are subject to formal business case reviews and are approved by the Board. The progress of key initiatives is actively monitored as part of the systematic performance review process. The Group continually monitors the resources, capabilities and external support it requires to execute its strategic plans and operates a framework that sets out the minimum requirements for managing these initiatives. 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 are also used to inform the post-acquisition integration plan. A framework has been established to ensure all businesses meet the Group's standards in key areas such as IT, cyber security, health and safety, and financial reporting. A flexible 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. Greater focus and resource are being directed towards a more focussed number of strategic initiatives.

Strategic report (continued)

Principal risks and uncertainties (continued)

6 Compliance and governance	
Description	**Mitigations**
The Group does not operate in a highly regulated sector but is nevertheless affected by a broad range of 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 a Code of Conduct, supported by 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. The Group is developing a fraud risk universe to identify potential opportunities for fraud and to ensure sufficient controls are in place to mitigate these risks. 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 ⬆ This risk exposure has increased slightly. The industry sectors in which the Group operates are subject to increasing scrutiny from regulators. In February 2024 the UK Competition and Markets Authority (CMA) launched an investigation to assess whether competitively sensitive information was exchanged by major housebuilders. The CMA is also investigating a boiler manufacturer to assess whether claims regarding 'hydrogen-blend ready' are misleading. The Economic Crime and Corporate Transparency Act 2023 (ECCTA) comes into force at the end of 2024, which will hold organisations to account if they benefit from fraud committed by their employees or third parties.	

Principal risks and uncertainties (continued)

7 Health and safety

Description

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.

The nature of the Group's operations attracts specific health and safety risks, particularly regarding the movement of goods and materials. 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.

Mitigations

Progress has been made to deliver key objectives in line with the health and safety strategy. Including the introduction of health and safety monitoring programmes, an independent health and safety audit programme, a leadership safety observation programme and enhanced governance.

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.

Health and safety remains a principal concern of the Board and is a standing agenda item for each Board meeting. Key metrics considered include lost time injury, RIDDOR, total injury rates, notable near misses, serious injury and fatality risk potential events.

A refreshed approach to manual handling training was launched during the year, centred around in-person training by an external specialist.

A comprehensive training programme is in place where all employees receive health and safety training specific to their roles, with completion rates monitored.

Change ⟺

The risk remains stable 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.

Strategic report (continued)

Principal risks and uncertainties (continued)

8 Financial health and cash management

Description

A failure to maintain adequate financial liquidity could impact the Group's ability to meet its financial obligations 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 fluctuations in 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.

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.

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.

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 is developing 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 operations.

Change

This risk exposure has reduced slightly. Whilst the risk of customer payment default and non-customer fraud continues, the focus on liquidity through active management of cash and debt remains a key priority for the Group which has mitigated the impact.

Strategic report (continued)

Principal risks and uncertainties (continued)

9 Business resilience	
Description	**Mitigations**
A business interruption incident at a key business location such as a distribution centre, or a critical third party, could result in a significant disruption to a key service or operation. Geopolitical instability or other global events such as the war in Ukraine and the Middle East could also result in a significant interruption to the supply of a key product. An inability for the Group to respond quickly and effectively to such events could result in 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. A risk-based approach is taken to business continuity management with a focus on critical infrastructure. Critical sites and operations have detailed incident response and recovery plans that are continually reviewed and improved. 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 to the expectations of the Group. Prevention measures, such as fire risk assessments and maintenance programmes, are undertaken regularly across the estate to reduce the risk of internally generated disruption. Remote working solutions are utilised which reduces the impact of a support site being lost. 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, as the Group continues to demonstrate resilience to a broad range of externally driven events and geopolitical uncertainties.	

Wolseley Group Holdings Limited

Governance report

Corporate Governance

The Directors believe that effective corporate governance is the foundation of a well-run company and are committed to maintaining high 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 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 deliver value through its specialist businesses by continually investing in customer propositions and developing great employees. Wolseley is focusing effort on leading the energy transition to renewables, delivering great service and solutions that are valued by customers and building a stronger business for the future to achieve successful, profitable growth.

The business is based on several 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 6 to 10, the Wolseley values are detailed on page 8.

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 Group. The Board has established an Audit Committee and a Remuneration Committee. Details of the Board members can be found on page 28 and 29.

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, the Group delegation of authority framework has been reviewed and updated in line 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 the Board and 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 15 to 25.

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, customers, suppliers, local communities and other stakeholders. Employee communication channels include 'Let's Talk', a regular video call for all employees, the employee forum and a regularly updated intranet site.

Wolseley Group Holdings Limited

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 29 and 30.

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, a Luxembourg company.

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, who 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 Gray

Simon was appointed Chief Executive Officer ("CEO") of Wolseley in January 2024, having previously been the Chief Financial Officer ("CFO") for five years. Prior to this he was the Group Financial Controller for Ferguson plc, spending nine months on secondment as CFO of Ferguson's Nordic building materials business, Stark Group. Simon is a proven and talented leader with a wealth of experience. He is a chartered accountant, having qualified with PwC.

Nicky Thomas (appointed 1 January 2024)

Nicky was appointed Chief Financial Officer ("CFO") of Wolseley in January 2024, having previously been the Deputy CFO for two years. She joined Wolseley in 2015 and held a number of senior finance roles. Nicky is an experienced finance professional with a deep knowledge of driving value from financial reporting and performance management from small organisations and large complex companies. Nicky is a chartered certified accountant.

Simon Oakland (resigned 31 December 2023)

Simon was previously the Chief Executive Officer ("CEO") of Wolseley.

Governance report (continued)

The senior executives or advisers of CD&R and independent non-executive directors who have oversight of the Company either through sitting 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 at 31 July 2024:

- Simon Gray — Chief Executive Officer (from January 2024, previously CFO)
- Nicky Thomas — Chief Financial Officer (from January 2024)
- John Hancock — Chief Operating Officer
- Roger Connett — Chief Technology Officer
- Sarah Broughton — Chief HR Officer
- 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	7
	Strategy	4-5
	Principal risks and uncertainties	15-25
	Going concern	40
	Board activities	26-27
	ESG governance	31, 33
The interest of the Company’s employees	People	8-9
	Employee engagement	9
	Diversity and inclusion	9
	Values	8
	Wolseley Talent Guild	8
The need to foster the Company’s business relationships with suppliers, customers and others	Customers	9
	Suppliers	10
The impact of the Company’s operations on the community and the environment	Carbon reporting	35-38
	Apprenticeships	8, 39
	Recycling schemes	38
	Renewables transition	4
The desirability of the Company maintaining a reputation for high standards of business conduct	Values	8
	Safety	31-33
	Whistleblowing	22
	Anti-fraud, bribery and corruption	22
	Modern slavery	38
The need to act fairly between members of the Company	Shareholder engagement	26-27
	Employee forum	9

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. "Renewables by Wolseley" was launched in 2024 which is a key element of the long term plan to support the net zero transition. The Directors are responsible for approving ESG strategy, setting targets and reviewing performance in monthly performance review meetings with senior management.

Organisational Boundary

This report covers the Group and includes all of its subsidiaries at 31 July 2024. The option has been taken to exclude safety, energy and carbon reporting for any subsidiary acquired during the year ended 31 July 2024. It has not been possible to recalculate the baseline position due to a lack of data in recently 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 2024	Male	Female
(i) Directors of the Company	3	1
(ii) Key Management Personnel excluding (i)[1]	3	1
(iii) Employees	4,555	1,438

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

Health and Safety

The Group continues to acknowledge 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 continued adoption of Safety, Health and Wellbeing as one of the Group's values.

Good progress was made against the multi-year health and safety strategy in the year, with two of the five strategic objectives delivered; deploying the business partnering model for the health and safety team and measuring performance utilising a balanced scorecard set of leading and lagging metrics. The health and safety strategy was subsequently updated to acknowledge progress made with two new strategic objectives established. The five strategic objectives of the revised health and safety strategy comprise; ensuring effective communication though the Group, continuing to establish a firm foundation of core polices, processes and ways of working, building risk ownership and management in operational teams, safety culture improvement and utilising technology to develop insight and support decision making.

Notable strategic deliverables include the introduction of health and safety monitoring programmes conducted by operational management teams, an independent health and safety audit programme delivered by the health and safety team, a leadership safety observation programme and enhanced governance.

Governance report (continued)

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

The Group launched a balanced scorecard that provides a holistic view of health and safety performance, with the aim to track 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.

A refreshed approach to manual handling training was launched during the year as manual handling remains a leading cause of injury with the Group. Training was centred around in-person training teaching principles and techniques supported by a bespoke video production. Nominated employees within each business were trained by an external specialist to enable them to be internal manual handling trainers, and training to operational employees is underway.

Health and safety remains a priority for 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 to the Board and senior management team. 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. In addition, the number and rate of hazard reporting and positive safety spot reporting is also tracked, starting the shift towards leading metrics as part of the health and safety transformation journey.

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 remain constant, and the updated health and safety strategy includes a programme to create and deliver enhanced incident investigation training to operational managers.

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 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 was implemented to provide greater oversight on businesses safety performance and delivery of the Group’s safety plan, including the formation of a Group Safety Steering Committee which meets quarterly.

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 continues to be delivered to branch and area mangers as part of new branch and area manager inductions.

Use of the health and safety IT application remained strong through the year and continued development of this is planned as part of the Group’s health and safety strategy, with one of the five strategic objectives remaining focused on the use of technology. The increased availability and quality of health and safety data is being used within businesses and the Group to identify trends and prioritise intervention and action to deliver the biggest risk reduction. A trial of interactive dashboards to supplement the IT application was conducted in the year with a plan to roll out next year.

Safety reporting

Year ended	2022	2023	2024
Lost time injury rate[1]	0.38	0.63	0.52
Total injury rate[2]	2.92	3.32	3.40

[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

Wolseley Group Holdings Limited

Governance report (continued)

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

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 the lost time injury rate slightly improved and total injury rate slightly worsened in the year, neither is material. The improvement in lost time injury rate was largely driven by fewer manual handling injuries. Whilst not material, the downward trend is positive and reflective of the focus the Group has given to this area.

An increase in the total injury rate was expected, driven by an increase in reporting of very minor injuries as part of a shift in reporting culture and focus.

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 and risk management

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 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. In line with the Group's risk management framework, the net zero transition risk is reviewed three times per year. Each of these reviews includes an assessment of whether the detailed list of climate related risks and opportunities needs updating. The Group does not expect individual risks and opportunities to change significantly in the short term however a detailed update of the climate related risks and opportunities is performed on an annual basis as a minimum, and updates are reviewed by the senior management team who develop and implement plans on behalf of the Group.

In the materiality assessment, risks and opportunities were considered using the same evaluation criteria as the Group's risk management framework along with action plans to further mitigate or reduce the risks identified.

Strategy and scenario modelling

The net zero transitions goal to move away from fossil fuel-based heating systems to low carbon alternatives will require retrofitting new heating and cooling technology to residential and commercial 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.

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, medium term and the long term; and iii) how the organisation will respond.

Short term was defined as less than 3 years as this time scale aligns with the Group's short term business planning and financial modelling timeframe; there is more certainty over the period and decisions made today have a direct impact on that period. Medium term was set at 3 to 10 years as this aligns with the Group's long term strategy setting horizon, with long term defined at 10+ years being longer than the Group's long term strategy setting horizon.

Wolseley Group Holdings Limited

Governance report (continued)

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

In the current year the Group performed a review of the scenarios used for modelling the possible physical and transitional impacts of the net zero transition on the Group after using the same scenarios for the past three years. The Group concluded to use transitional scenarios from the Network for Greening the Financial System ("NGFS") which are the same scenarios used by the Bank of England in its Climate Biennial Exploratory Scenario publication which explores the financial risks from climate change. The NGFS scenarios were evaluated to determine applicability and materiality on the Group, the Group selected the below three scenarios as they cover the main areas of uncertainty in terms of physical risk, transition policy risk and transition technology risk to assess the possible outcomes and sensitivities involved when identifying future impacts from the net zero transition:

1) Net zero 2050
2) Delayed transition
3) Current policies

	Net Zero 2050	**Delayed transition**	**Current policies**
Scenario summary	Limits global warming to 1.5°C through stringent climate policies and innovation, reaching global net zero CO_2 emissions around 2050	Assumes annual emission do not decrease until 2030. Strong policies are needed to limit warming to below 2.0°C. Negative emissions are limited	Assumes that only currently implemented policies are preserved, leading to high physical risks
Physical risk – end of century warming	1.4°C	1.7°C	2.9°C
Transition risk - policy reaction	Immediate	Delayed	None
Transition risk - technology change	Fast change	Medium change	Slow change
Resilience	High	High	High

Risks

Physical risks

There are no material physical risks to the Group in the short, medium or long term. The principal physical risk to the Group is the potential impact of flooding on the Group's operations. The physical risk is assessed as low in the short, medium and long term given the large number of geographically disperse locations the Group operates from and the robust business continuity plans in place.

Transition risks

The net zero transition represents both a significant opportunity and a risk for the Group, as there is still uncertainty regarding the heating technologies that will be used by different sectors to meet the net zero carbon objectives and the speed of any change. The UK Government's policy is likely to impact the way residential and commercial buildings are designed and constructed and may significantly alter the way heating and cooling is provided to these buildings.

The principal transition risks to the Group relate to policy and technology, specifically the extent to which UK and Irish government policy impacts the heating and cooling technologies used in buildings and the range of technologies that are adopted to make the changes to net zero. Both risks impact the ongoing relevance of the products and services the Group sells to the market. There is a risk of product obsolescence, for instance gas boilers, and changing customer demands towards products that help the transition towards net zero.

Governance report (continued)

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

The Group looks to mitigate these risks and in May 2024, the Group launched 'Renewables by Wolseley', an initiative which aims to connect customers, employees, and suppliers to deliver energy efficient solutions into the market. This initiative is part of a longer term strategy to enhance the Group’s capabilities in renewable heating and energy efficient solutions. The Group continues to explore innovative propositions to help customers grow their expertise and be their trusted partner when dealing with the evolving landscape of renewable energy technologies.

The Directors believe the Group’s business model and strategy is resilient to the risks identified and assessed against the different climate change scenario projections.

Metrics and targets

Uncertainty over the uptake of low carbon heating 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. For instance, air source 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 carbon emissions.

The Group measures product sales that contribute to the net zero transition along with sales of current traditional technologies. The Group will use both overall revenue growth as a KPI for measuring the performance of the Group along with revenue related to specific product groups that contribute to the net zero transition.

The Group has reduced its emissions by reviewing and altering its distribution model to improve efficiency, introduced low emission company vehicles and improving site energy consumption through investment and better energy management. The Group will continue to review opportunities and make changes and investments to improve its emissions.

The Group’s total market-based greenhouse gas emissions (the Group’s main KPI) have decreased by 12% in 2024, with an underlying efficiency improvement of 8% (table 1). The decrease in emissions is due to a reduction in activity related to reduced revenue, reduction in waste generated and efficiency improvements in distribution. This decrease also applies on a like-for-like basis if acquired businesses are excluded and performance compared to last year, with a 14% decrease (table 2). There is no target for this KPI.

Scope 3 diesel usage has materially reduced due to the in-sourcing of distribution centre to branch haulage during the year. Scope 1 now includes distribution centre to branch haulage, offset by a move to more efficient delivery schedules, an overall reduction in vehicle mileage due to reduced demand, and a reduced company car fleet.

Table 3 summarises carbon emissions by scope and table 4 details energy consumption. Since 2020 Wolseley has purchased renewably generated electricity and during the year some recently acquired businesses moved onto renewably generated electricity tariffs. A small number of businesses remain on legacy non-renewably sourced electricity contracts and therefore 1.4% 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 31.

Wolseley Group Holdings Limited

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 it is not possible to obtain accurate data or because they are not relevant or material.

Table 1 Market-based carbon emissions

tCO_2e	2022	2023	2024
Scope 1	15,470	17,394	17,083
Scope 2	-	612	394
Total Scope 1 & 2	15,470	18,006	17,477
Scope 3	6,674	7,274	4,702
All scopes	22,144	25,280	22,179
% change from previous year	-5%	+14%	-12%
Carbon Intensity Metrics			
Revenue excluding acquisitions in the year (£m)	1,842	2,306	2,195
Carbon intensity (tCO_2e per £1m revenue)	12.0	11.0	10.1
% change from previous year	-9%	-8%	-8%
UK carbon emissions	22,144	23,666	20,892
Rest-of-world carbon emissions	-	1,614	1,287

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

tCO_2e	2022	2023	2024
Scope 1	15,470	15,011	14,545
Scope 2	-	-	-
Total Scope 1 & 2	15,470	15,011	14,545
Scope 3	6,674	6,696	4,124
All scopes	22,144	21,707	18,669
% change from previous year	-5%	-2%	-14%

Table 3 Carbon emissions by scope (2024)

	Location-based		Market-based	
	tCO_2e	%	tCO_2e	%
Scope 1	17,083	65	17,083	77
Scope 2	4,382	17	394	2
Scope 3	4,702	18	4,702	21

Wolseley Group Holdings Limited

Governance report (continued)

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

Table 4 Energy use

'000s	2022	2023	2024
Non-renewable			
Diesel (kWh) Scope 1	45,525	53,133	51,916
Diesel (kWh) Scope 3	23,830	25,334	14,117
Gas (kWh)	23,019	22,875	19,847
Electricity (kWh)	-	638	292
Oil (kWh)	749	868	535
Rebated Diesel (kWh)	583	N/A	N/A
LPG (kWh)	207	592	515
Propane (kWh)	214	220	51
Renewable			
Electricity (kWh)	19,361	20,659	20,588
Total non-renewable energy (kWh)	**94,127**	**103,660**	**87,273**
Total renewable energy (kWh)	**19,361**	**20,659**	**20,588**
UK non-renewable energy (kWh)	94,127	97,156	82,884
UK renewable energy (kWh)	19,361	19,659	19,616
Rest-of-world non-renewable energy (kWh)	-	6,504	4,389
Rest-of-world renewable energy (kWh)	-	1,000	972

The most significant contributor to the Group's total carbon emissions is the lifetime use-phase emissions from the products, principally gas boilers, that the Group sells. Use-phase emission data is not readily available from manufactures to enable an accurate estimate and is therefore not included in the current Scope 3 emissions figures. The Group is currently refining its scope 3 methodology and will look to expand its scope 3 inventory in the future to include use-phase emissions and emissions from purchased goods and services. This will enable a more complete Scope 3 emissions inventory to be established in the future, which the Group projects will substantially increase Scope 3 emissions.

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 collate EPDs.

Wolseley Group Holdings Limited

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 decreased by 16% (table 5) which is reflective of the reduced revenue in the year, improvements in working practices and improvements in data quality in acquisition businesses. On a like-for-like basis total waste decreased by 11%. Carbon emissions from total Group waste have decreased by 39% (table 6) due to the overall reduction in waste, an improvement in diverting waste from landfill and improvements in data quality in acquisition businesses. The Group's target remains to eliminate all waste to landfill by the end of 2025. The Group recognises the importance of the circular economy and has previously won awards with supply partners for this.

Table 5 Waste disposal data

	Waste (t)			**Waste (%)**		
	2022	**2023**	**2024**	**2022**	**2023**	**2024**
Energy recovery	2,088	4,317	3,654	31%	53%	54%
Landfilled	571	414	245	9%	5%	4%
Recycled	3,957	3,387	2,890	60%	42%	42%
Total	**6,616**	**8,117**	**6,789**			

Table 6 Carbon emissions from waste

	2022	**2023**	**2024**
Waste (t)	6,616	8,117	6,789
Carbon (tCO_2e)	**372**	**353**	**217**
Revenue excluding acquisitions in the year (£m)	1,842	2,306	2,195
Waste carbon intensity (tCO_2e per £1m)	**0.20**	**0.15**	**0.10**

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 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 641 branches that employ local people and 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, and the Group also provides a range of digital 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 and 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 38; 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 39 has been approved and authorised for issue by the Board and signed on its behalf by:

N Thomas
Director
24 October 2024

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 2024.

Principal activities

The principal activities of the business are detailed in the strategic report pages 2 to 10.

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 18 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 a break even case, 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 and therefore facility available under each scenario.

After making appropriate enquiries and having considered the business activities and the Group’s principal risks and uncertainties (pages 15 to 25), 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 79 to 81 for further details.

Future developments and events after the balance sheet date

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

Results and dividends

The Group’s profit for the financial period was £2 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 2024 and to the date of signing are detailed in the strategic report, page 28.

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 are 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 31 to 33 of the strategic report.

Employees

See strategic report pages 8 and 9 for details on employees and how the Group supports and develops them.

It is the Group's policy to give full and fair consideration to applications for employment made by disabled persons, to continue wherever possible the employment of employees 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 33 to 39 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
- 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
- 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 26 for further details. The Directors responsibility to disclose energy and carbon emissions data has been included in the strategic report on pages 33 to 39.

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
- 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 29 to 30 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:

N Thomas
Director
24 October 2024

Wolseley Group Holdings Limited

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 2024 and of the group’s profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and IFRS Accounting Standards 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 and internal audit 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.

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

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 the growth rates used in management's goodwill impairment analysis is highly material and judgemental in nature. We have challenged the appropriateness of this judgement in light of the general market downturn in the year, by evaluating the key assumptions made in the year along with assessing the appropriateness of prior year assumptions. We also compared managements assumptions to externally available industry metrics and forecasts. Further, we assessed the mathematical accuracy of the impairment models and whether the impairment methodology including the duration of cash flows applied by management was acceptable under IAS 36. Finally, we gained an understanding of the relevant controls of the impairment review of goodwill.

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, internal audit 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.

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

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.

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
24 October 2024

Wolseley Group Holdings Limited

Consolidated income statement

For the year ended 31 July 2024

	Note	**2024 Before exceptional items £m**	**2024 Exceptional items (note 7) £m**	**2024 Total £m**	2023 Before exceptional items £m	2023 Exceptional items (note 7) £m	2023 Total £m
Revenue	3	**2,221.9**	**-**	**2,221.9**	2,350.8	-	2,350.8
Cost of sales		**(1,675.9)**	**-**	**(1,675.9)**	(1,744.8)	-	(1,744.8)
Gross profit		**546.0**	**-**	**546.0**	606.0	-	606.0
Employee costs	4	**(263.5)**	**(6.6)**	**(270.1)**	(268.3)	(1.8)	(270.1)
Tangible fixed assets depreciation and impairment	11	**(57.5)**	**(2.2)**	**(59.7)**	(51.0)	(1.3)	(52.3)
Profit / (Loss) on sale of tangible fixed assets		**0.6**	**(1.8)**	**(1.2)**	0.6	-	0.6
Other operating charges		**(158.4)**	**(12.2)**	**(170.6)**	(177.9)	(8.0)	(185.9)
Operating profit/(loss)		**67.2**	**(22.8)**	**44.4**	109.4	(11.1)	98.3
Finance costs	8	**(42.0)**	**-**	**(42.0)**	(35.8)	-	(35.8)
Finance income	8	**2.6**	**-**	**2.6**	0.9	-	0.9
Profit/(loss) before tax		**27.8**	**(22.8)**	**5.0**	74.5	(11.1)	63.4
Tax	9	**(6.5)**	**3.5**	**(3.0)**	(16.3)	1.0	(15.3)
Profit/(loss) for the year		**21.3**	**(19.3)**	**2.0**	58.2	(10.1)	48.1

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 2024 and the year ended 31 July 2023, there was no income or expense in the Company.

The notes on pages 54 to 88 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 2024

	2024 **£m**	2023 £m
Profit for the year	**2.0**	48.1
Other comprehensive (expense) / income		
Items that may be reclassified subsequently to profit or loss:		
Net (loss) / gain on cash flow hedge (note 18)	(6.2)	7.6
Exchange (loss) / profit on translation of overseas operations	(1.3)	1.2
Tax credit / (charge) on items that may be reclassified (note 17)	1.6	(1.9)
Other comprehensive (expense) / income for the year	**(5.9)**	6.9
Total comprehensive (expense) / income attributable to equity shareholders of the Group	**(3.9)**	55.0

In accordance with section 408 of the Companies Act 2006, no Company Statement of Comprehensive Income is shown. In the year ended 31 July 2024 and the year ended 31 July 2023, there was no comprehensive income or expense in the Company.

Wolseley Group Holdings Limited

Balance sheet

Registered Number: 13134776

As at 31 July 2024

Assets	Note	**Group 2024 £m**	Group 2023 £m	**Company 2024 £m**	Company 2023 £m
Non-current assets					
Goodwill and intangible assets	10	**158.8**	139.1	-	-
Property, plant and equipment	11	**124.0**	121.2	-	-
Right-of-use assets	11	**160.8**	133.0	-	-
Investments	12	**-**	2.9	**145.8**	145.8
Financial asset	18	**-**	5.3	-	-
Trade and other receivables	14	**6.1**	8.8	-	-
		449.7	410.3	**145.8**	145.8
Current assets					
Inventories	13	**336.3**	367.5	-	-
Trade and other receivables	14	**442.1**	463.9	-	-
Current tax		**7.6**	10.2	-	-
Financial asset	18	**1.4**	5.8	-	-
Cash and cash equivalents	15	**109.6**	121.9	-	-
Asset held for sale		**-**	0.7	-	-
		897.0	970.0	-	-
Total assets		**1,346.7**	1,380.3	**145.8**	145.8
Liabilities					
Current liabilities					
Trade and other payables	16	**(520.5)**	(551.3)	-	-
Lease liabilities	23	**(32.3)**	(27.4)	-	-
Provisions	19	**(19.1)**	(13.5)	-	-
		(571.9)	(592.2)	-	-
Non-current liabilities					
Trade and other payables	16	**(3.1)**	(3.4)	-	-
Lease liabilities	23	**(135.2)**	(105.2)	-	-
Provisions	19	**(32.2)**	(33.6)	-	-
Deferred tax	17	**(17.2)**	(11.8)	-	-
Borrowings	18	**(313.8)**	(358.3)	-	-
		(501.4)	(512.3)	-	-
Total liabilities		**(1,073.4)**	(1,104.5)	-	-
Net current assets		**325.1**	377.8	**-**	-
NET ASSETS		**273.4**	275.8	**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		**(1.6)**	(0.3)	-	-
Hedging reserve	18	**1.1**	5.7	-	-
Retained earnings		**128.1**	124.6	-	-
TOTAL EQUITY		**273.4**	275.8	**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 2024 and the year ended 31 July 2023, there was no income or expense in the Company. The financial statements of Wolseley Group Holdings Limited on pages 49 to 88 were authorised for issue and approved by the Board of Directors on 24 October 2024 and were signed on its behalf by:

N Thomas

Director ………………………..

Wolseley Group Holdings Limited

Consolidated statement of changes in equity

For the year ended 31 July 2024

	Group					
	Share capital (note 21) £m	**Share premium account (note 21) £m**	**Translation reserve £m**	**Hedging reserve (note 18) £m**	**Retained earnings £m**	**Total £m**
At 1 August 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 (note 4)	-	-	-	-	2.4	**2.4**
At 31 July 2023	**1.4**	**144.4**	**(0.3)**	**5.7**	**124.6**	**275.8**
Profit for the year	-	-	-	-	2.0	**2.0**
Other comprehensive income	-	-	(1.3)	(4.6)	-	**(5.9)**
Total comprehensive income	**-**	**-**	**(1.3)**	**(4.6)**	**2.0**	**(3.9)**
Credit to equity for share option schemes (note 4)	-	-	-	-	1.5	**1.5**
At 31 July 2024	**1.4**	**144.4**	**(1.6)**	**1.1**	**128.1**	**273.4**

No interim dividend was paid in the year and no final dividend was paid or declared (2023: £nil).

Company statement of changes in equity

For the year ended 31 July 2024

	Company			
	Share capital £m	**Share premium account £m**	**Retained earnings £m**	**Total £m**
At 1 August 2022, 31 July 2023 and 31 July 2024	**1.4**	**144.4**	**-**	**145.8**

No interim dividend was paid in the year and no final dividend was paid or declared (2023: £nil).

Wolseley Group Holdings Limited

Consolidated statement of cash flows

For the year ended 31 July 2024

	Note	**2024 Group £m**	2023 Group £m
Net cash flows from operating activities			
Profit before tax		5.0	63.4
Non-cash adjustments			
Depreciation and amortisation	10,11	67.2	58.6
Impairment	10,11,12	4.1	5.1
Profit on disposal of property, plant and equipment		1.2	(0.6)
Net finance costs		39.4	34.8
Share option charges		1.5	5.4
Working capital adjustments			
Decrease / (increase) in inventories		35.7	(2.8)
Decrease in trade and other receivables		41.7	8.1
(Decrease) in trade and other payables		(38.9)	(28.0)
(Decrease) in provisions		-	(1.7)
Cash flow from operating activities		156.9	142.3
Interest paid		(41.4)	(35.0)
Interest received		2.5	0.9
Tax received / (paid)	9	1.8	(17.7)
Net cash from operating activities		**119.8**	**90.5**
Cash flows used in investing activities			
Purchase of property, plant and equipment		(25.3)	(31.3)
Purchase of intangibles	10	-	(0.2)
Purchase of investments		(1.2)	(1.3)
Receipt / (purchase) of term deposits greater than 3 months		3.5	(3.5)
Disposal of property, plant and equipment		4.6	1.1
Acquisition of subsidiaries (net of cash acquired)	20	(34.8)	(18.9)
Net cash used in investing activities		**(53.2)**	**(54.1)**
Cash flows from financing activities			
Proceeds from borrowings	18	47.5	39.5
Repayments of borrowings	18	(92.0)	(50.0)
Principal elements of lease payments	23	(34.1)	(31.4)
Net cash from financing activities		**(78.6)**	**(41.9)**
Exchange rate impact		(0.3)	(0.1)
Net decrease in cash and cash equivalents		(12.3)	(5.6)
Cash and cash equivalents brought forward		121.9	127.5
Cash and cash equivalents carried forward		**109.6**	**121.9**

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.

Wolseley Group Holdings Limited

Notes to the financial statements

For the year ended 31 July 2024

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 15 to 25), 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 GB pounds sterling at the rate of exchange at the year-end. Exchange differences arising on the translation into GB 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 2024, the translation reserve was a £1.6m debit balance in relation to entities whose functional currency is the euro (2023: £0.3m 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
In the current year, the Group has adopted a number of amendments to IFRS standards and interpretations issued by the International Accounting Standards Board that are mandatorily effective for an accounting period that begins on or after 1 January 2023. This adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Standard	Title
IAS 1	Presentation of financial statements – accounting policies
IAS 8	Accounting policies, changes in accounting estimates and errors - definitions
IFRS 17	Insurance contracts – comparable information

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

Standard	Title
IAS 1	Non-current liabilities with covenants
IFRS 16	Leases on sale and leaseback
IAS 21	Lack of exchangeability
IFRS 9 and IFRS 7	Classification and measurement of financial instruments
IFRS 18	Presentation and disclosure of financial statements
IFRS 19	Subsidiaries without public accountability: disclosures

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.

1 Accounting policies (continued)

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.

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 acquired as part of a business combination and capitalised separately from Goodwill. They are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method over their estimated useful economic life (five to twenty five years) and charged to operating costs in the income statement.

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%

1 Accounting policies (continued)

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.

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, leases of low-value assets and leases beyond their termination date 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 2024

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.

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 profit before tax to adjusted EBITDA for the year ended 31 July 2024 and the prior year is provided below.

	2024 £m	2023 £m
Profit before tax	5.0	63.4
Net finance costs (note 8)	39.4	34.9
Operating profit	**44.4**	98.3
Exceptional items excluding impairments (note 7)	16.5	6.0
Depreciation and impairment of property, plant and equipment (note 11)	59.7	52.3
Amortisation and impairment of acquired intangible assets (note 10)	5.2	8.8
Investment impairment (note 12)	4.1	-
Amortisation of non-acquired intangible assets (note 10)	2.3	2.5
Lease rental charges for right-of-use assets	(43.2)	(37.0)
Share-based payment charge	1.5	5.4
Adjusted EBITDA	**90.5**	136.3

Organic results

Organic results are before exceptional items, and exclude the impact of businesses acquired in the current and prior year until owned for 12 months to present information on a comparable basis.

	2024 organic £m	Impact of acquired businesses £m	**2024 £m**
Revenue	2,187.3	34.6	**2,221.9**
Operating profit	64.9	2.3	**67.2**

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.

	2024 £m	2023 £m
Cash and cash equivalents (note 15)	109.6	121.9
Bank loans (note 18)	(313.8)	(358.3)
Net debt	**(204.2)**	(236.4)

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.

	2024 £m	2023 £m
Cash flow from operating activities	156.9	142.3
Right-of-use asset depreciation (note 11)	(42.9)	(36.6)
Cash from operations	**114.0**	105.7

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.

	2024 £m	2023 £m
United Kingdom	2,077.1	2,200.3
Ireland	144.8	150.5
	2,221.9	2,350.8

Notes to the financial statements (continued)

For the year ended 31 July 2024

4 Employee and key management information

	2024 Group £m	2023 Group £m
Employee costs (including key management)		
Wages and salaries	**228.8**	232.1
Social security costs	**22.5**	20.1
Pension costs – defined contribution schemes	**13.2**	11.8
Share-based payments – equity settled	**1.5**	2.4
Share-based payments – cash settled	**-**	3.0
Redundancy costs	**4.1**	0.7
Total	**270.1**	270.1

	2024 Group	2023 Group
Average monthly number of employees and key management:		
Distribution	**5,269**	5,344
Administration	**833**	767
Total	**6,102**	6,111

The Company had no employees and did not remunerate its directors. The Company directors S Oakland, S Gray and N Thomas were remunerated by a subsidiary company and C Rochat and D Straziota do not receive any remuneration from the Group at all. The total remuneration for the directors by the Company and its subsidiaries in the year was £1.9m (FY23: £2.5m), with 1 (FY23: 0) director receiving £0.5m (FY23: £0) for loss of office.

The aggregate compensation for the 8 key management (2023: 6) of the Group, including two employees who left during the year, is set out in the following table:

	2024 Group £m	2023 Group £m
Key management compensation:		
Salaries, bonuses and other short term employee benefits	**3.8**	6.6
Social security costs	**0.5**	0.9
Company contributions to defined contribution pension scheme	**0.1**	0.1
Total compensation	**4.4**	7.6
Highest paid director	**0.8**	1.4

Notes to the financial statements (continued)

For the year ended 31 July 2024

4 Employee and key management information (continued)

	2024 Group	2023 Group
The number of key management personnel who:		
Are members of the defined contribution pension scheme	**4**	3

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 £1.5m, calculated under the provisions of IFRS 2, has been included in the current year (2023: £2.4m).

5 Auditor's remuneration

	2024 Group £m	2023 Group £m
Fees payable to the company's auditor and their associates for the audit of the Company's annual accounts	**0.2**	0.2
Fees payable to the company's auditor and their associates for other services to the Group - the audit of the company's subsidiaries	**1.1**	0.9
Total audit fees	**1.3**	1.1

6 Operating profit

	2024 Group £m	2023 Group £m
Operating profit is stated after charging/(crediting):		
Amounts included in cost of sales with respect to inventory	**1,676.8**	1,744.8
Depreciation of property, plant and equipment (note 11)	**57.5**	51.0
Impairment of property, plant and equipment (note 11)	**2.2**	1.3
Amortisation of intangible fixed assets (note 10)	**2.3**	2.5
Employee costs (note 4)	**270.1**	270.1
Operating lease rentals for short term leases (note 23):		
- Plant and machinery	**5.6**	6.7
- Property	**3.9**	7.6
Loss allowance on trade receivables	**5.2**	5.5

7 Exceptional items

Exceptional items are analysed by purpose as follows:	**2024 Group £m**	2023 Group £m
Acquisition and integration fees (note 20)	**4.9**	6.9
Impairment of goodwill, intangible and PPE assets	**2.2**	5.1
Impairment of investment (note 12)	**4.1**	-
Other exceptional items	**-**	(0.9)
Restructuring costs	**11.6**	-
Total	**22.8**	11.1

Acquisition and integration fees are included within other operating charges and relate to legal fees, diligence fees and bringing businesses acquired in the current and prior years in line with Group policies, more detail can be found in note 20. More detail regarding the impairment of investment can be found in note 12.

During the year the Group reviewed and rationalised the business structure, the resulting £6.6m employee redundancy costs and £1.8m write down on tangible assets due to branch closures are included within the £11.6m (2023: £nil) restructuring costs. These actions also resulted in £2.2m (2023: £5.1m) of property and intangible asset impairments.

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

Details of the exceptional tax credit in current and prior year can be found in note 9.

8 Finance income / (costs)

	2024 Group £m	2023 Group £m
Finance income		
Interest on cash deposits	**2.6**	0.9
Finance costs		
Interest on bank loans and overdrafts	**(32.1)**	(29.7)
Interest expense on lease liabilities (note 23)	**(9.4)**	(5.6)
Other interest payable (note 19)	**(0.5)**	(0.5)
	(42.0)	(35.8)

9 Tax

The Organisation for Economic Cooperation and Development ("OECD")/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) published the Pillar Two Model Rules in December 2021, which introduces a global minimum corporate tax rate of 15% applicable to multinational enterprise groups with global revenue over €750 million. These rules are aimed at ensuring that large corporate groups are subject to minimum taxation at a 15% rate in each jurisdiction where they operate. The rules will apply to the Group for the financial year ending 31 July 2025 onwards.

The Group is in scope of the Pillar Two Model Rules and has applied the mandatory 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 (note 17).

The Group performed a modelling exercise in the year to assess potential exposure arising from Pillar Two legislation. A majority of the Groups businesses and profits are in jurisdictions where the statutory main rate of corporate income tax is above 15%. Based on the assessment of the potential impact for jurisdictions where the Group operates that have a corporate income tax main rate below 15%, the Group does not expect to pay global top up tax due to the availability of the Pillar Two safe harbours.

The Group continues to assess its position and expects to be to report the potential exposure, if any, in its next financial statements for the period ending 31 July 2025.

The tax charge for the year ended 31 July 2024 comprises:	**2024 Group £m**	2023 Group £m
Current tax		
Current year tax charge	**0.9**	8.9
Adjustment in respect of prior period	**(0.4)**	(1.1)
Total current tax charge	**0.5**	7.8
Deferred tax		
Current year tax charge	**2.6**	5.7
Adjustment in respect of prior period	**(0.1)**	1.6
Tax rate changes	**-**	0.2
(Credit) / charge through OCI on interest rate swap	**(1.6)**	1.9
Total deferred tax charge (note 17)	**0.9**	9.4
Tax charge recognised through the income statement	**3.0**	15.3
Tax charge recognised through other comprehensive income	**(1.6)**	1.9
Total tax charge	**1.5**	17.2

Notes to the financial statements (continued)

For the year ended 31 July 2024

9 Tax (continued)

The tax charge for the period is higher (2023: higher) than the standard rate of corporation tax in the UK. The differences are explained below:

Tax reconciliation	**2024 Group £m**	2023 Group £m
Profit before taxation	**5.0**	63.4
Profit before taxation multiplied by the effective standard rate of UK corporation tax of 25% (2023: 21%)	1.2	13.3
Effects of:		
Adjustments in respect of prior period	**(0.5)**	0.4
Expenses not deductible	**3.4**	3.1
Income not taxable	**(0.4)**	(1.1)
Effects of overseas tax rates	**(0.9)**	(0.6)
Tax rate changes	**-**	0.2
Other	**0.2**	-
Total tax charge recognised through the income statement	**3.0**	15.3

The UK corporation tax rate at the 31 July 2024 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 £3.5m (2023: credit of £1.0m) on exceptional loss before tax of £22.8m (2023: £11.1m) for the year is lower than the expected credit of £5.7m (2023: £2.3m) at the standard rate of corporation tax in the UK. The difference relates to the effect of expenses not deductible for tax of £2.2m (2023: £1.3m).

Notes to the financial statements (continued)

For the year ended 31 July 2024

10 Goodwill and intangible assets

	Goodwill £m	Software costs £m	Trade names and brands £m	Customer relationships £m	Total £m
Cost					
At 1 August 2022	**51.7**	**13.7**	**31.9**	**28.5**	**125.8**
Acquisitions	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**
Acquisitions (note 20)	10.2	-	7.1	10.6	**27.9**
Exchange	(0.3)	-	(0.1)	(0.3)	**(0.7)**
At 31 July 2024	**82.0**	**10.2**	**49.9**	**39.2**	**181.3**
Accumulated amortisation and impairment					
At 1 August 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**
Amortisation charge for the year	-	2.3	2.7	2.5	**7.5**
At 31 July 2024	**2.0**	**6.0**	**6.8**	**7.7**	**22.5**
Net book value					
At 31 July 2024	**80.0**	**4.2**	**43.1**	**31.5**	**158.8**
At 31 July 2023	70.1	6.5	38.8	23.7	139.1

Wolseley Group Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 July 2024

10 Goodwill and intangible assets (continued)

The amortisation charge for the year of £7.5m (2023: £7.7m) is included within ‘Other operating charges’ on the face of the income statement. The impairment charge for the year of £nil (2023: £3.7m) is included within ‘Other operating charges’ in exceptional items on the face of the income statement.

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 2024 and are disclosed by geographical operation below:

	2024 Goodwill £m	2023 Goodwill £m
United Kingdom	**55.7**	45.5
Ireland	**24.3**	24.6
Total	**80.0**	70.1

The key assumptions used in the impairment reviews were short term growth rates specific to each CGU, a 2% long term growth rate and a 9.5% post tax discount rate (Ireland 9.25%), 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. The Group uses a value-in-use methodology to calculate the recoverable amount and this is subject to sensitivity testing, including an assessment of an increased discount rate and concluded that no impairment of Goodwill 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 2023	84.9	196.3	15.7	27.6	16.6	**341.1**
Acquisitions (note 20)	0.3	3.3	0.1	0.1	0.2	**4.0**
Additions	7.6	70.5	5.8	4.5	4.6	**93.0**
Disposals	(5.1)	(10.2)	(1.5)	(6.9)	(1.2)	**(24.9)**
Exchange	-	(0.3)	-	-	-	**(0.3)**
At 31 July 2024	**87.7**	**259.6**	**20.1**	**25.3**	**20.2**	**412.9**
Accumulated depreciation and impairment						
At 1 August 2023	8.9	63.3	5.7	8.7	0.3	**86.9**
Depreciation and impairment charge for the year	5.0	42.9	3.0	5.6	3.2	**59.7**
Disposals	(2.0)	(7.4)	(1.3)	(6.6)	(1.2)	**(18.5)**
Exchange	-	-	-	-	-	-
At 31 July 2024	**11.9**	**98.8**	**7.4**	**7.7**	**2.3**	**128.1**
Net book value						
At 31 July 2024	**75.8**	**160.8**	**12.7**	**17.6**	**17.9**	**284.8**
At 31 July 2023	76.0	133.0	10.0	18.9	16.3	254.2

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 £3.3m (2023: £9.3m) of work in progress that is not depreciating. At 31 July 2024, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £7.7m (2023: £10.0m).

Cost of land and buildings comprises:

	2024 £m	2023 £m
Freehold	50.5	51.6
Short leasehold	37.2	33.3
Total	**87.7**	84.9

Notes to the financial statements (continued)

For the year ended 31 July 2024

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 2022	81.0	141.8	12.6	22.0	7.7	**265.1**
Acquisitions	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

12 Investments

	2024 Group £m	2024 Company £m
Cost		
At 1 August 2023	**2.9**	145.8
Additions	1.2	-
At 31 July 2024	**4.1**	145.8
Provision		
At 1 August 2023	-	-
Impairment	4.1	-
At 31 July 2024	**4.1**	-
Net book value		
31 July 2024	**-**	**145.8**
31 July 2023	2.9	145.8

The Company's investments at 31 July 2024 comprises shares in its immediate subsidiary Wolseley Group Limited (see note 26).

A review of the Group's investments was carried out during the year and the recoverability value was assessed at £nil. A £4.1m impairment provision was charged to exceptional costs (note 7) and included within other operating costs on the Consolidated income statement.

13 Inventories

	2024 Group £m	2023 Group £m
Finished goods	**336.3**	367.5

The Group held provisions in respect of inventory balances at 31 July 2024 amounting to £45.3m (2023: £42.8m). The gross value of inventory is reduced to reflect supplier rebates where the inventory has not been sold. As at 31 July 2024, this deduction from gross inventory amounted to £45.2m (2023: £51.1m). 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 £1,677m (2023: £1,745m).

Notes to the financial statements (continued)

For the year ended 31 July 2024

14 Trade and other receivables

	2024 Group £m	2023 Group £m
Current:		
Trade receivables	**383.4**	401.3
Other receivables	**43.6**	48.8
Prepayments	**15.1**	13.8
Total	**442.1**	463.9
Non-current:		
Other receivables	**2.4**	2.2
Prepayments	**3.7**	6.6
Total	**6.1**	8.8

Expected credit loss assessment

Loss rates are based on actual credit loss experience over the past three years and existing market conditions, as well as forward-looking estimates at the end of each reporting period.

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 2024:	**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	1.7%	2.7%	83.7%	
Gross trade receivables	**320.5**	**69.7**	**3.7**	**393.9**
Lifetime expected credit losses	**(5.5)**	**(1.9)**	**(3.1)**	**(10.5)**
Net trade receivables	**315.0**	**67.8**	**0.6**	**383.4**

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

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.

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:

	2024 Group £m	2023 Group £m
Amounts written off that are subject to enforcement activity	**3.6**	4.5

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:

	2024 Group £m	2023 Group £m
Supplier rebates with no right of offset against trade payables	**41.1**	46.2

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

15 Cash and cash equivalents

	2024 Group £m	2023 Group £m
Cash and cash equivalents	**88.6**	89.4
Short term deposits	**21.0**	32.5
Total	**109.6**	121.9

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

	2024 Group £m	2023 Group £m
Current:		
Trade payables	**440.4**	442.9
Other payables	**7.7**	17.0
Other taxation and social security	**25.5**	26.8
Accruals and deferred income	**46.9**	64.6
Total	**520.5**	551.3

16 Trade and other payables (continued)

	2024 Group £m	2023 Group £m
Non-current:		
Accruals and deferred income	**3.1**	3.4
Total	**3.1**	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**	**Total £m**
At 1 August 2022	**-**	**4.0**	**(10.3)**	**4.8**	**1.7**	**0.2**
Acquisitions (note 20)	-	(2.0)	(2.8)	2.2	-	**(2.6)**
(Charged) / credited to Income statement	-	(8.0)	0.6	1.6	(1.7)	**(7.5)**
(Charged) to other comprehensive income	(1.9)	-	-	-	-	**(1.9)**
At 1 August 2023	**(1.9)**	**(6.0)**	**(12.5)**	**8.6**	**-**	**(11.8)**
Acquisitions (note 20)	-	(1.1)	(4.4)	1.0	-	**(4.5)**
(Charged) / credited to Income statement	-	(3.0)	3.9	(3.6)	-	**(2.5)**
Credited to other comprehensive income	1.6	-	-	-	-	**1.6**
At 31 July 2024	**(0.3)**	**(10.0)**	**(13.0)**	**6.0**	**-**	**(17.2)**

Following the published update by the IASB on 'Deferred tax related to assets and liabilities arising from a single transaction (amendments to IAS2)' the deferred tax assets and liabilities have been updated to show gross IFRS16 deferred tax assets and liabilities. The IFRS16 deferred tax assets of £2.3m (2023: £3.6m) are included in temporary trading differences and deferred tax liabilities of £3.3m (2023: £4.9m) are included in fixed assets.

Notes to the financial statements (continued)

For the year ended 31 July 2024

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:

	2024 Group £m	2023 Group £m
Financial assets recognised at fair value		
Derivatives designated as hedging instrument: interest rate swap	1.4	7.6
Financial assets recognised at amortised cost		
Trade and other receivables (note 14)	429.4	452.3
Cash and cash equivalents (note 15)	109.6	121.9
Term deposits placed for greater than 90 days	-	3.5
Total financial assets	**540.4**	585.3
Total current	**538.0**	577.8
Total non-current	**2.4**	7.5

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.

	2024 Group £m	2023 Group £m
Financial liabilities recognised at amortised cost: non-current interest bearing loans and borrowings		
Asset backed loan facility (due in greater than one year)	95.0	139.5
Senior secured loan (due in greater than two years)	218.8	218.8
	313.8	358.3

The banking facilities as at 31 July 2024 comprise:

- £305m asset backed loan facility (2023: £305m) – interest of 2.25% 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.

- £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)

	2024 Group £m	2023 Group £m
Other financial liabilities recognised at amortised cost		
Trade and other payables (note 16)	523.6	554.7
Lease liabilities (note 23)	167.5	132.6
Provisions (note 19)	51.3	47.1
Total other financial liabilities	**742.3**	734.4
Total current	**571.9**	592.2
Total non-current	**170.5**	142.2

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 2024 the Group had an interest rate swap agreement in place with an amount of £220.0m (2023: £220.0m) 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).

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 loss recognised in OCI of £6.2m (2023: £7.6m gain) 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 2024, the maximum exposure to credit risk was £383m (2023: £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. 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, 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 2024 30% of the Group's debt is subject to a variable interest rate charge (2023: 39%).

Notes to the financial statements (continued)

For the year ended 31 July 2024

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 2023	**2.8**	**39.0**	**2.9**	**2.4**	**47.1**
Acquisitions (note 20)	-	0.6	-	-	**0.6**
Utilised in the year	(0.6)	(1.2)	-	(0.2)	**(2.0)**
Additions	0.8	2.4	-	-	**3.2**
(Releases) / charges for the year	2.2	-	-	(0.3)	**1.9**
Exchange	-	-	-	-	**-**
Unwinding of discount	-	0.5	-	-	**0.5**
At 31 July 2024	**5.2**	**41.3**	**2.9**	**1.9**	**51.3**

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

At 31 July 2024	**Restructuring £m**	**Property dilapidations £m**	**Environmental £m**	**Guarantees and legal £m**	**Total £m**
Current	4.3	12.0	0.9	1.9	**19.1**
Non-current	0.9	29.3	2.0	-	**32.2**
Total provisions	**5.2**	**41.3**	**2.9**	**1.9**	**51.3**

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

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 (2023: four years).

19 Provisions (continued)

Environmental
This includes an amount of £1.9m (2023: £1.9m) for asbestos litigation. This amount was actuarially determined as at 31 July 2021 and reviewed at the balance sheet date with no changes required. Insurance is in place for asbestos litigation and accordingly an insurance receivable of £1.7m (2023: £1.7m) has been recorded in other debtors. The provision is expected to unwind over the next 25 years.

Guarantees and legal
The provision includes £1.1m provided for warranties (2023: £1.7m) and £0.8m for anticipated settlement of legal claims made (2023: £0.8m).

20 Acquisitions

The Group acquired three businesses during the year. All businesses are engaged in the distribution of plumbing, heating and cooling products in the countries of their incorporation. The transactions have been accounted for by the acquisition method of accounting. The acquired businesses provide a combination of new market access to the north of Scotland, complimentary products to the Group's cooling business and extends the Group's renewables offering.

For the year ended 31 July 2024 the acquired business contributed £27.1m of revenue and £2.2m of operating profit to the Group's consolidated statement of comprehensive income. If the acquisitions had been completed on the first day of the financial year, revenue of the Group would have been £2,293.3m and operating profit would have been £49.6m.

Name	Date of acquisition	Country of incorporation	Shares/asset deal	% acquired
Highland Plumbing & Heating Supplies Ltd	30 September 2023	Scotland	Shares	100
Kooltech Limited	28 March 2024	Scotland	Shares	100
RES-Distribution Limited	14 June 2024	England & Wales	Shares	100

Notes to the financial statements (continued)

For the year ended 31 July 2024

20 Acquisitions (continued)

The assets and liabilities acquired and the consideration for the acquisition of all businesses is aggregated below as individual disclosure is immaterial:

	Book value £m	Fair value adjustment £m	Total fair values acquired £m
Trade names and brands and customer relationships	-	17.7	17.7
Property, plant and equipment	0.7	-	0.7
Right-of-use assets	3.3	-	3.3
Inventories	5.0	-	5.0
Trade and other receivables	17.7	-	17.7
Cash, cash equivalents and bank overdrafts	4.1	-	4.1
Trade and other payables	(17.2)	-	(17.2)
Provisions	(0.6)	-	(0.6)
Lease liabilities	(3.3)	-	(3.3)
Corporation Tax	(0.5)	-	(0.5)
Deferred tax	-	(4.5)	(4.5)
Total	**9.2**	**13.2**	**22.4**
Goodwill arising			10.2
Consideration satisfied by cash			**32.6**

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:

	2024 £m
Purchase consideration – cash	32.6
Cash, cash equivalents and bank overdrafts acquired	(4.1)
Payments made in respect of prior year acquisitions	6.3
Net cash outflow in respect of the purchase of businesses	**34.8**

21 Share capital and reserves

	2024 Group £m	**2024 Company £m**	2023 Group £m	2023 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.

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 and equipment £m	Total £m
At 1 August 2023	**125.1**	**6.5**	**1.4**	**133.0**
Acquisitions (note 20)	3.3	-	-	3.3
Additions	57.0	13.3	0.2	70.5
Depreciation and impairment	(37.4)	(4.6)	(0.9)	(42.9)
Disposals	(2.7)	(0.1)	-	(2.8)
Exchange	(0.3)	-	-	(0.3)
At 31 July 2024	**145.0**	**15.1**	**0.7**	**160.8**

Set out below are the carrying amounts of the lease liabilities and the movements for the year ended 31 July 2024:

	Group £m
At 1 August 2023	132.6
Acquisitions (note 20)	3.3
Additions	67.3
Accretion of interest	9.4
Exchange	(0.2)
Disposals	(1.4)
Payments	(43.5)
At 31 July 2024	**167.5**
Current	32.3
Non-current	135.2

Notes to the financial statements (continued)

For the year ended 31 July 2024

23 Leases (continued)

The following are the amounts recognised in the income statement for the year ended 31 July 2024:

	2024 Group £m
Depreciation and impairment expense of right-of-use assets	42.9
Interest expense on lease liabilities	9.4
Expense relating to short term leases (included in Other operating charges)	9.5
Total	**61.8**

Set out below is a maturity analysis of contractual future payments (excluding future interest expense) relating to lease liabilities held at 31 July 2024:

	Gross lease payment £m	**Interest £m**	**Total £m**
Due in less than one year	40.6	(8.3)	32.3
Due in one to two years	36.1	(6.8)	29.3
Due in two to three years	29.4	(5.4)	24.0
Due in three to four years	21.8	(4.3)	17.5
Due in four to five years	16.6	(3.1)	13.5
Due in over five years	65.5	(14.6)	50.9
Total	**210.0**	**(42.5)**	**167.5**

The Group had total cash outflows for leases of £43.5m during the year ended 31 July 2024. The Group also had non-cash additions to right-of-use assets and lease liabilities of £67.3m 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 2024

25 Post-balance sheet events

There have been no material 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 2024 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 and holding subsidiaries:

Bassetts (Wolseley) Limited (Northern Ireland)[e]	Jointing Technologies Limited (Ireland)[b]
C P Hart & Sons Limited (England)	Kooltech Ltd (Scotland)[h]
C P Hart SRL (Italy)[g]	RES–Distribution Limited (England)
Charco 2010 Limited (England)	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]
Domestic Heating Services (Wholesale) Limited (Guernsey)[a]	William Wilson Holdings Limited (Scotland)[c]
Hevac Limited (Ireland)[f]	William Wilson Ltd (Scotland)[c]
Ideal Bathrooms (Wolseley) Limited (England)	Wolseley Group Limited (England) – directly owned
Jointing Tech Limited (England)	Wolseley UK Limited (England)

Dormant companies:

Aluminox Limited (Ireland)[f]	Sellers of Leeds Limited (England)
CPH Holdco Limited (England)	Wolseley DC Plan Trustees Limited
Highland Plumbing and Heating Supplies Ltd (Scotland)[c]	Wolseley Directors Limited (England)
Langley Engineering Limited (England)	Wolseley Properties Limited (England)
Origen Energy Limited (Ireland)[f]	Wolseley UK Finance Limited (England)
Polytherm Heating Systems Limited (Ireland)[f]	

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

a. Longcamps, St Sampsons, Guernsey, GY1 3FD
b. Block 1, Harcourt Centre, Harcourt Street Dublin, D02 YA40, 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. Milano (MI) Viale Michele Del Carso (San) 22
h. Strathaird 12 Mossland Road, Hillington Park, Glasgow G52 4XZ