Travis Perkins plc

Report and Accounts 1988

Travis Perkins

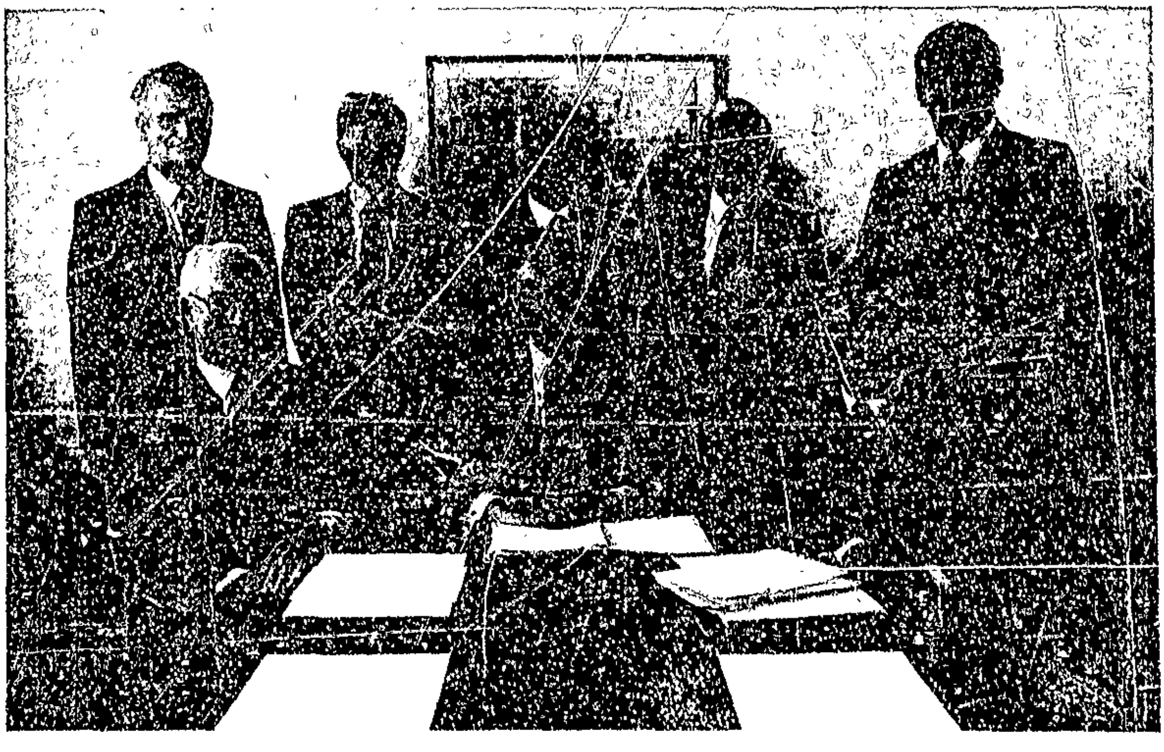
Contents

Financial Diary

Annual General Meeting	1st June 1989
Payment of Final Dividend	14th June 1989
Announcement of Interim Results	September 1989
Payment of Interim Dividend	October 1989
Announcement of 1989 Annual Results	April 1990

Officers and Professional Advisers

Directors	E. R. A. Travis, *Chairman* T. I. Perkins, *Deputy Chairman* D. C. W. Perkins, *Managing Director* E. C. Adams, FCA, FCT F. G. Burditt C. R. Carr, *Non-Executive* R. C. Godber, MInst.BM, FBIM J. H. Wilson, FCA, FCT
Secretary	A.L. Gurney, FCIS, AIB
Registered Office	Cobtree House, Forstal Road, Aylesford, Maidstone, Kent. ME20 7AG
Auditors	Touche Ross & Co., Leicester
Bankers	Midland Bank PLC National Westminster Bank PLC
Merchant Bankers	N. M. Rothschild & Sons Limited
Solicitors	Clifford Chance, London Becke Phipps, Northampton Brachers, Maidstone
Registrars	Ravensbourne Registration Services Limited Bourne House, 34 Beckenham Road, Beckenham, Kent. BR3 4TU



Standing left to right: Mr. J.H. Wilson, Mr. E.C. Adams, Mr. C.R. Carr, Mr. F.G. Burditt, Mr R.C. Godber
Seated left to right: Mr. T.I. Perkins, Mr. E.R.A. Travis, Mr. D.C.W. Perkins

Travis Perkins plc

Chairman's Statement

It is with great pleasure that I am presenting the first Report and Accounts of Travis Perkins plc for the nine months to 31st December 1988. The period produced pre-tax profits of £29.5 million with net earnings per share of 20.0 pence based on the principles of merger accounting.

1988 was an excellent year for your Company and the construction industry it serves. The net trading margin we achieved in the nine months under review at 9.2% on sales is one of the highest within the area of timber and building materials distribution.

Your Board is recommending a final dividend of 5.0 pence net, a figure we forecast at the time of the merger. We also stated last September that, had we been merged for all of 1988, we would have paid an interim dividend of 2.5 pence net in November last year. Your Board will, therefore, use 7.5 pence net as the base figure for 1988 when considering future annual dividends.

I would like to thank those shareholders in both Travis & Arnold and Sandell Perkins whose support last year allowed us to create Travis Perkins. You have helped to form a fine business.

1988 was very special for both our constituent companies. Not only was our commitment to merge severely tested and not found wanting but the profitability of each company was at a record level. This was primarily due to increased demand from our markets coupled with our own improved productivity. In addition, both our subsidiaries, D. W. Archer Ltd. timber merchants, and Kennedys Garden Centres Ltd., had excellent years.

You will see from our balance sheet that the Group is very strong financially with net assets of £146.7 million and net cash and short-term investments of £16.9 million. This is a substantial base from which to develop our investment programme.

Last year saw the opening or acquisition of six merchanting branches; the relocation or reconstruction of eight others and the opening of eight new tool hire branches. We also opened a new Garden Centre and disposed of our electrical wholesaling interests.

This year we will be investing at a considerably higher rate with the most significant expenditure taking place on the relocation and expansion of our central warehousing facility at Northampton, enabling us to service additional outlets within our regions with plumbing and heating products. There will also be further development of our branch network with six new merchanting outlets planned together with twelve new tool hire centres. We have comprehensively restructured the Company from 1st February 1989 and by the end of the year, with the exclusion of Archers and Kennedys, we will be trading nationally under the name of Travis Perkins.

The integration of two proud and independent companies requires a very considerable amount of hard work and commitment from every member of staff. I must thank them all for providing them both in abundance. I am sure shareholders will be pleased to know that the transition to similar terms of employment and the elimination of overlapping responsibilities have been harmoniously completed.

The growth we have seen in our markets in 1987 and 1988 will not be repeated in 1989. This pause provides us with the chance to benefit fully from the opportunities that have arisen from the integration of our two businesses and to pursue rapidly the new investments we have in hand. The returns that will flow from these will enhance the value of our shareholders' interests in the future.

E. R. A. Travis
Chairman

April 1989

Directors' Report

The directors present their annual report and the audited accounts for the nine months ended 31st December 1988.

Change of name

On 21st October 1988 the Company changed its name from Sandell Perkins plc to Travis Perkins plc.

Activities

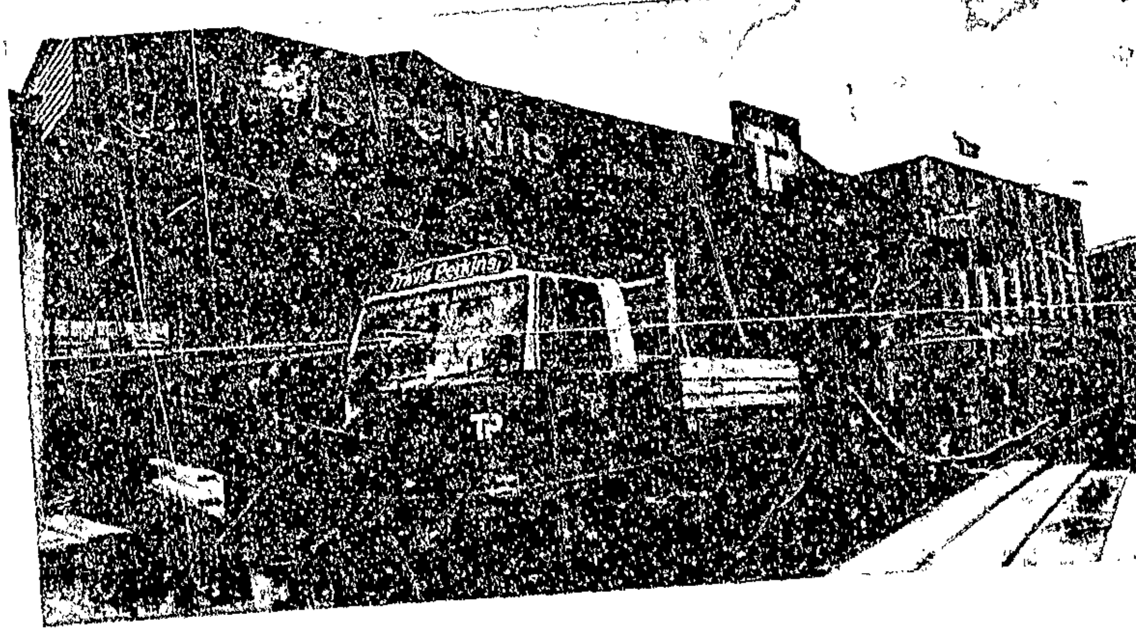
The principal activities of the Group are the marketing and distribution of timber, building and plumbing materials to the building trade and industry generally within the United Kingdom.

Results and dividends

Following the combination with Travis & Arnold PLC, which was effected on 14th October 1988, the Company and its previous subsidiaries have all changed their accounting reference dates from 31st March to 31st December. 31st December had been the accounting reference date of Travis & Arnold PLC and its subsidiaries for many years.

In accordance with accounting policy note 1(b), the combination between Travis Perkins plc and Travis & Arnold PLC has been accounted for as a merger. Accordingly, the consolidated results for the 9 months ended 31st December 1988 and for the year ended 31st March 1988 comprise the aggregate results of both groups. In order to give additional information to shareholders, the combined results for the year ended 31st December 1988 are also disclosed.

	9 Months Ended 31st December 1988 £'000	*Year Ended 31st December 1988* £'000	*Year Ended 31st March 1988* £'000
Trading profit	26,853	35,683	30,796
Investment income	1,419	1,761	907
Profit on sale of properties	1,731	2,394	2,772
Profit on ordinary activities before taxation and profit sharing	30,003	39,838	34,475
Employee profit sharing	(504)	(671)	(521)
Profit on ordinary activities before taxation	29,499	39,167	33,954
Taxation	(9,236)	(12,802)	(11,456)
Profit on ordinary activities after taxation	20,263	26,365	22,499
Minority interests	(215)	(302)	(229)
Profit on ordinary activities attributable to members of Travis Perkins plc	20,048	26,063	22,270
Extraordinary items	(281)	(281)	—
Profit for the financial period	19,767	25,782	22,270
Dividends paid and proposed	(6,038)	(6,038)	(4,626)
Special dividend paid to Travis & Arnold PLC shareholders as part of the merger terms	(5,709)	(5,709)	—
Profit retained	8,020	14,035	17,644



New livery at the Timber Centre, Harrow Road, London W2

Directors' Report continued

Travis Perkins plc

If approved the final ordinary dividend will be paid on 14th June 1989 to those shareholders on the register on 19th May 1989.

Review of developments and future prospects

These subjects are dealt with as part of the chairman's statement.

Issue of shares

During the period the Company issued 57,089,536 Ordinary Shares to the shareholders of Travis & Arnold PLC in respect of the agreed merger terms of 8 Ordinary Travis Perkins plc shares for every 5 Ordinary Travis & Arnold PLC shares.

During the period, the company issued 300,000 Ordinary Shares to employees under the share option scheme.

Directors

The following were directors of the Company at the end of the period. Their disclosable interests including holdings, if any, of wives and children aged under 18 were as follows:

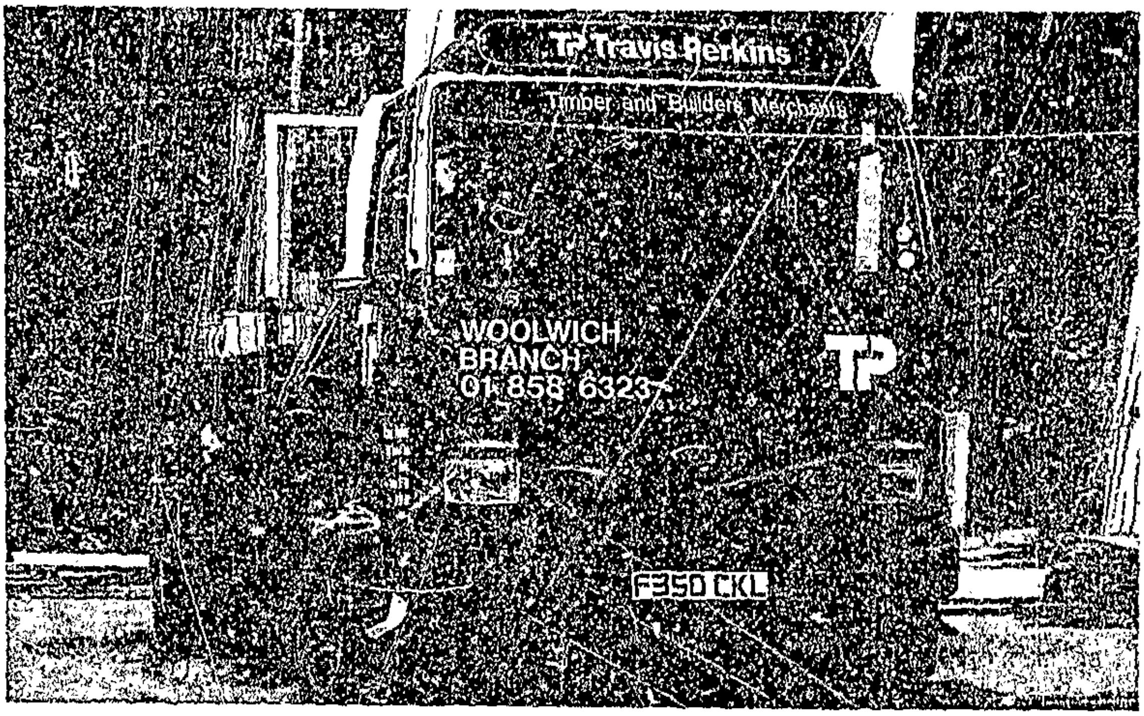
	Ordinary Shares of 10p		*Ordinary Share Options*		*Interest*
	31.12.88	*31.03.88 (or date of appointment)*	*31.12.88*	*31.03.88 (or date of appointment)*	
E. R. A. Travis	*2,401,611*	*2,401,611*	—	—	*Beneficial Owner*
(appointed 18.10.88)	*3,372,006*	*3,372,006*	—	—	*Executor/Trustee*
	8,566,515	*8,566,515*	—	—	*Beneficial Interest as a member of a family group.*
T. I. Perkins	*1,117,454*	*1,114,254*	—	—	*Beneficial Owner*
	435,000	*435,000*	—	—	*Trustee*
D. C. W. Perkins	*1,169,560*	*1,169,560*	*150,000*	*150,000*	*Beneficial Owner*
	285,000	*285,000*	—	—	*Trustee*
E. C. Adams	*109,300*	*109,300*	*150,000*	*150,000*	*Beneficial Owner*
F. G. Burditt *(appointed 18.10.88)*	*68,000*	*68,000*	*25,600*	*25,600*	*Beneficial Owner*
C. R. Carr	*525,000*	*525,000*	—	—	*Beneficial Owner*
	225,000	*225,000*	—	—	*Trustee*
R. C. Godber *(appointed 18.10.88)*	*26,940*	*26,940*	*25,600*	*25,600*	*Beneficial Owner*
E. Lennon *(appointed 18.10.88) (resigned 31.01.89)*	*16,000*	*16,000*	—	—	*Beneficial Owner*
J. R. Rolph *(resigned 23.01.89)*	*129,000*	*54,000*	*50,000*	*125,000*	*Beneficial Owner*
J. H. Wilson *(appointed 18.10.88)*	*60,400*	*60,400*	*25,600*	*25,600*	*Beneficial Owner*

Messrs J. H. Carr and J. S. Faulder were also directors of the Company during the period until 18th October 1988.

Mr. T. I. Perkins' non-beneficial holding of 435,000 (31st March 1988 — 435,000) is duplicated in Mr. D. C. W. Perkins' beneficial holding in respect of 180,000 (31st March 1988 — 180,000) and non-beneficial holding in respect of 255,000 (31st March 1988 — 255,000) as a result of co-trustee relationships.

The options are exercisable after 3 years but before 10 years following the date of grant at prices between 43p and 220p. The total number of shares over which options have been granted to directors and other senior executives is set out in note 22 to the accounts.

Directors' Report ...



One of the 475 commercial vehicles operated by the company

Since the period end there have been the following transactions Mr E R A Travis has purchased a further 55,000 Ordinary Shares of 10p each Mr. D. C. W. Perkins has sold 5,000 Ordinary Shares Mr C R Carr has sold and re-purchased 8 200 Ordinary Shares and from his holding as trustee he has sold 1,400 Ordinary Shares Mr. R C. Godber's disclosable interest has increased by a further 3,435 Ordinary Shares.

In accordance with the Company's Articles of Association, Mr T J Perkins retires by rotation and, being eligible, offers himself for re-election. Mr T J Perkins has a period unexpired under his service contract of 3 years Mr E. R. A Travis, Mr F. G Burditt, Mr R C Godber and Mr J H Wilson were appointed directors by the Board of the Company on 18th October 1988 to fill casual vacancies. They accordingly retire as directors and offer themselves for re-election in general meeting. Mr E R A Travis, Mr F G Burditt, Mr R C Godber and Mr J H Wilson have service contracts with Travis Perkins Trading Company Limited which expire on 31st December 1991, 31st December 1992, 31st December 1992 and 31st December 1990 respectively

None of the directors had a beneficial interest in any contract to which the Company or any of its subsidiaries was a party during the financial period

Substantial interests

At 11th April 1989 Mr K T Davidson, Mr W Worledge and Mrs C M Travis as trustees had interests in 7,467,520 Ordinary Shares and Meyer International plc had an interest in 21,429,660 Ordinary Shares

The Board is not aware of any other person other than a director, who is interested in 5% or more of the issued share capital of the company

Fixed assets

Freehold and leasehold properties are included in the consolidated balance sheet at their open market value on an existing use basis These valuations were performed as at 31st March 1988 for former

Travis Perkins plc

Directors' Report continued

Sandell Perkins properties, as at 30th September 1988 for former Travis & Arnold properties and as at 31st December 1988 for D. W. Archer properties. All the valuations were performed by independent professional valuers. Details of expenditure and disposals of fixed assets are given in note 12.

Disabled persons

The group recognises its obligations towards disabled persons and endeavours to deal fairly and equitably with such persons in matters relating to their employment. Disabled applicants for employment are given full consideration alongside all other applicants and due regard is given to their particular aptitudes and abilities. Where a job lends itself specifically to performance by a disabled person every effort is made to appoint a disabled applicant who is suitable in all respects.

Disabled persons have equal opportunity with all other employees who undergo training appropriate to the development of their careers. Additionally, every effort is made to assist a disabled person in undergoing training related specifically to mitigating the effect of disability on his or her employment.

Employee participation

The company's employees are regularly informed of the company's financial position, the market conditions in which it operates, and any changes in employment conditions.

Donations

During the period the group made the following donations:—

Charitable purposes £39,877

Close company status

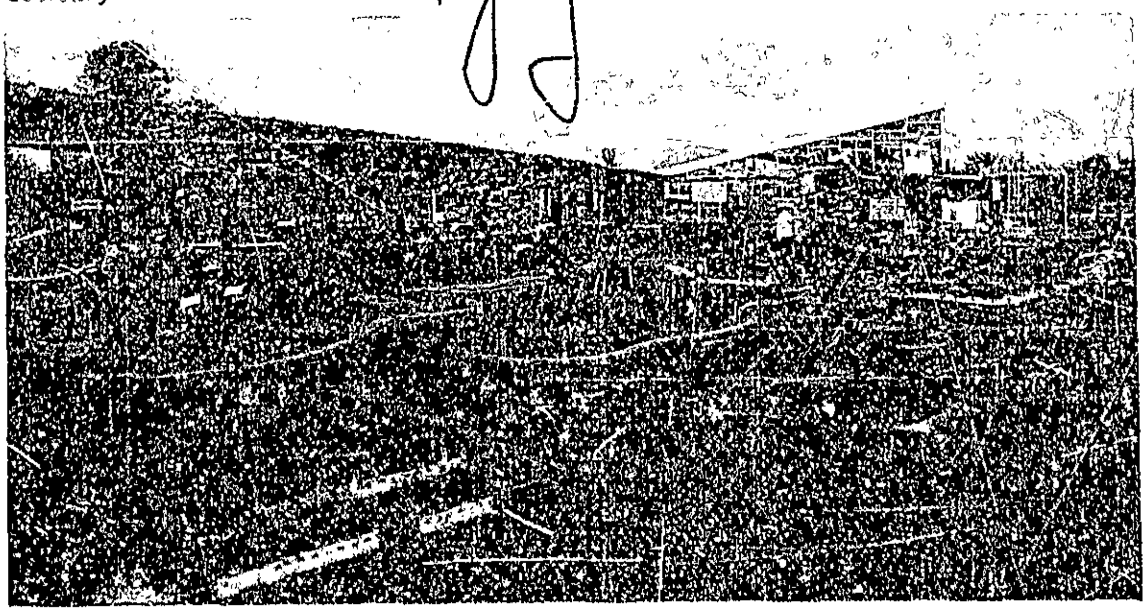
The close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the company.

Auditors

Touche Ross & Co. have indicated their willingness to continue in office and a resolution proposing their re-appointment will be laid before the company at the Annual General Meeting.

By order of the Board
A. L. Gurney
Secretary

11th April 1989



The Kennedy's Garden Centre at Hare Hatch near Reading.

Consolidated Profit and Loss Account

for the period ended 31st December 1988

	Note	9 months ended 31st December 1988 £'000	Year ended 31st December 1988 £'000	*Year ended 31st March 1988 £'000*
Turnover	2	291,668	381,209	*348,092*
Trading profit		26,853	35,683	*30,796*
Investment income		1,419	1,761	*907*
Profit on sale of properties		1,731	2,394	*2,772*
Profit on ordinary activities before taxation and profit sharing		30,003	39,838	*34,475*
Employee profit sharing		(504)	(671)	*(521)*
Profit on ordinary activities before taxation	3	29,499	39,167	*33,954*
Tax on profit on ordinary activities	7	(9,236)	(12,802)	*(11,455)*
Profit on ordinary activities after taxation		20,263	26,365	*22,499*
Minority interests	21	(215)	(302)	*(229)*
Profit on ordinary activities attributable to members of Travis Perkins plc		20,048	26,063	*22,270*
Extraordinary items	8	(281)	(281)	*—*
Profit for the financial period		19,767	25,782	*22,270*
Dividends paid and proposed	10	(6,038)	(6,038)	*(4,626)*
Special dividend paid to shareholders of Travis & Arnold PLC as part of merger terms	10	(5,709)	(5,709)	*—*
Retained and transferred to reserves		8,020	14,035	*17,644*
Earnings per ordinary share	11	20.0p	26.0p	*22.2p*

Consolidated Balance Sheet

31st December 1988

	Note	31st December 1988 £'000	*31st March 1988 £'000*
Fixed assets			
Tangible assets	12	87,471	*68,905*
Investments	13	4,663	*5,383*
		92,134	*74,288*
Current assets			
Stocks	14	57,117	*54,307*
Debtors	15	61,555	*56,032*
Properties held for resale	16	672	*378*
Investments	17	19,243	*21,262*
Cash at bank and in hand		98	*258*
		138,685	*132,237*
Creditors: amounts falling due within one year	18	68,448	*63,551*
Net current assets		70,237	*68,686*
Total assets less current liabilities		162,371	*142,974*
Creditors: amounts falling due after more than one year	19	7,412	*7,112*
Provisions for liabilities and charges	20	7,698	*9,787*
Minority interests	21	606	*956*
		146,655	*125,109*
Capital and reserves			
Called up share capital	22	10,057	*10,027*
Share premium account	23	5,955	*5,298*
Revaluation reserve	23	34,199	*20,655*
Other reserves	23	3,054	*3,054*
Merger reserve	23	583	*485*
Profit and loss account	23	92,807	*85,590*
		146,655	*125,109*

E. R. A. Travis } Directors

J. H. Wilson

The financial statements were approved by the directors on 11th April 1989.

Co. No. 824821

Balance Sheet

31st December 1988

	Note	31st December 1988 £'000	*31st March 1988 £'000*
Fixed assets			
Investments	13	33,546	*26,758*
Current assets			
Amounts due from subsidiaries		6,536	*5,605*
Creditors: amounts falling due within one year			
Unsecured loan notes		583	*583*
Dividend		5,028	*1,641*
		5,611	*2,224*
Net current assets		925	*3,381*
Total assets less current liabilities		34,471	*30,139*
Creditors: amounts falling due after more than one year			
Amounts due to subsidiaries		5,297	*5,297*
		29,174	*24,842*
Capital and reserves			
Called up share capital	22	10,057	*4,318*
Share premium account	23	4,828	*4,728*
Profit and loss account	23	14,289	*15,796*
		29,174	*24,842*

E. R. A. Travis } Directors
J. H. Wilson }

The financial statements were approved by the directors on 11th April 1989.

Consolidated Statement of Source and Application of Funds

for the period ended 31st December 1988

	9 months ended 31st December 1988		*Year ended 31st March 1988*	
	£'000	£'000	*£'000*	*£'000*
Source of funds				
Profit on ordinary activities after taxation	20,263		*22,499*	
Adjustment for items not involving the movement of funds:				
Depreciation	4,918		*5,176*	
Deferred taxation	(815)		*(700)*	
Revaluation reserve realised on disposals	(145)		*(970)*	
Total generated from operations		24,221		*26,005*
Proceeds of share option scheme		785		*899*
Disposal of tangible fixed assets		922		*2,859*
Disposal of properties held for resale		378		*515*
Increase in creditors and provisions		1,197		*6,415*
Increase in taxation		2,704		*3,955*
Decrease in fixed asset investments		991		*1*
		31,198		*40,649*
Application of funds				
Extraordinary items	281		—	
Capital expenditure	11,157		*17,009*	
Goodwill	1,227		*1,457*	
Increase in stocks	2,810		*9,136*	
Increase in debtors	2,641		*6,692*	
Redemption of preference shares	600		—	
Redemption of loan stock	—		*420*	
Dividends paid including minority interest share of dividends paid and preference share dividends	10,251	28,967	*3,919*	*38,633*
Increase in net liquid funds		2,231		*2,016*

The net liquid funds comprise cash and bank balances and short term investments.

Summary of the effects of the acquisition of subsidiaries:

Net assets acquired		
Fixed assets	447	3,370
Current assets	1,455	2,467
Current liabilities	(853)	(2,530)
Deferred liabilities	(21)	—
	1,028	3,907
Discharged by issue of shares and loan notes	—	(1,085)
Discharged by cash paid	(2,255)	(4,279)
Excess representing goodwill	1,227	1,457

Notes to the Accounts

period ended 31st December 1988

1. Accounting policies

(a) Accounting convention

The accounts have been prepared under the historical cost convention, as modified by the revaluation of certain assets, in compliance with the alternative accounting rules contained in Schedule 4 to the Companies Act 1985.

(b) Basis of consolidation

The group accounts consolidate the accounts of the company and all subsidiaries.

A distinction is made between mergers and acquisitions. Combinations are accounted for as mergers when the entire share capital of the subsidiary is acquired and the consideration takes the form of shares issued. Other combinations are accounted for as acquisitions.

When merger accounting is adopted, investments in subsidiaries are stated at the nominal amount of the shares issued as consideration. The assets and liabilities of the merged companies are combined using existing book values. The results of the merged companies are combined for the entire period regardless of the date of the merger. The corresponding amounts in the consolidated accounts are restated to the aggregate of the amounts recorded by the merged companies. Any difference between the nominal value of the shares issued as consideration and the nominal value of the shares acquired is shown as a merger reserve.

When acquisition accounting is adopted investments in subsidiaries are stated at cost less amounts written off. Cost represents the cash consideration and/or the market value of the shares on the date the offer became unconditional, plus expenses.

At the date of acquisition an assessment is made of the fair value of the net assets of the subsidiary and this fair value is incorporated in the consolidated accounts. Any excess of the cost of the investment over the fair value of net assets of the subsidiary is written off directly to reserves. Any excess of the fair value of the assets of the subsidiary over the cost of the investment represents a capital reserve.

(c) Associated companies

The results of two small associated companies are not included in the consolidated accounts as they are not considered significant in relation to those of the group.

(d) Stock

The basis of valuation of stock is the lower of cost and net realisable value.

(e) Property, plant and equipment

(i) Depreciation is not provided on freehold land or investment properties. On other assets depreciation is provided on cost or valuation in equal annual instalments over the estimated useful lives of the assets. An indication of the rates of depreciation generally used is as follows:—

Freehold buildings	Over the estimated useful life of the building
Leasehold property	Over the term of the lease
Fixed plant and equipment	10% per annum
Mobile plant	15% per annum
Motor vehicles	20% per annum
Computer installation	25% per annum
Tools and plant for hire	33% per annum

(ii) Government grants have been deducted from the cost of the relevant assets.

(iii) Properties held for resale are transferred to current assets and shown at the lower of cost and net realisable values.

(f) Deferred taxation

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

(g) Repairs and renewals

Expenditure on repairs and renewals is written off in the year in which it is incurred.

(h) Pension costs

Retirement benefits to employees of the group are funded by contributions from the group companies and employees, to pension trusts which are financially separate from the group. Payments are made in accordance with calculations of the recommended long-term funding rate made periodically by actuaries. The cost of providing pensions in respect of current and past service has been charged against the profits of the period.

(i) Investments

(i) Investments held as current assets are stated at market value as permitted by Schedule 4 to the Companies Act 1985.

(ii) Shares in related companies and other investments held as fixed asset investments are stated at cost

(iii) Investment properties are stated at open market value

Notes to the Accounts continued

period ended 31st December 1988

Travis Perkins plc

2. Turnover

Turnover represents sales of timber, building, plumbing and garden supplies (excluding VAT) to customers of the group in the United Kingdom.

3. Profit on ordinary activities before taxation

	9 months ended 31st December 1988 £'000	Year ended 31st December 1988 £'000	*Year ended 31st March 1988 £'000*
Profit on ordinary activities before taxation is after:			
Change in stocks of finished goods	2,810	5,776	*9,136*
Raw materials and consumables	(209,637)	(275,611)	*(256,943)*
Staff costs:			
Wages and salaries	(30,501)	(39,092)	*(35,300)*
Social security costs	(2,539)	(3,228)	*(2,832)*
Other pension costs	(1,355)	(1,766)	*(1,523)*
Depreciation and other amounts written off tangible and intangible fixed assets	(4,918)	(6,260)	*(5,176)*
Other operating charges	(19,075)	(25,871)	*(25,200)*
Interest payable and similar charges	(811)	(981)	*(567)*
Other operating income	400	526	*542*
Other interest receivable and similar income	2,151	2,639	*1,361*
Income from other fixed asset investments	79	103	*113*
Profit on sale of properties	1,731	2,394	*2,772*
Employee profit sharing	(504)	(671)	*(521)*
Items included above but not disclosed elsewhere:			
Interest receivable	352	469	*535*
Profit on investments	1,799	2,170	*826*
Rental income	322	427	*402*
Profit on sale of plant and equipment	222	314	*104*
Auditors remuneration	125	125	*119*
Hire of plant and machinery	164	241	*309*
Other leasing charges	91	107	*63*

Of the profit on ordinary activities after taxation £13,836,000 relates to the period from 1st April 1988 to the date of the merger 14th October 1988. Of this amount £8,383,000 related to Travis & Arnold PLC. £13,307,000 of the profit on ordinary activities after taxation for the year ended 31st March 1988 related to Travis & Arnold PLC.

4. Information regarding directors and employees

	9 months ended 31st December 1988 £'000	Year ended 31st December 1988 £'000	*Year ended 31st March 1988 £'000*
Directors emoluments:			
Salary	344	407	*368*
Other emoluments	18	20	*14*
	362	427	*382*
Remuneration of the Chairman up to 18th October 1988	53	78	*83*
Remuneration of the Chairman after 18th October 1988	11	11	*—*
Remuneration of the highest paid director	73	88	*83*

Notes to the Accounts *continued*

period ended 31st December 1988

4. *Information regarding directors and employees (continued)*

Scale of directors' emoluments:			9 months ended 31st December 1988	Year ended 31st December 1988	*Year ended 31st March 1988*
£		£	No.	No.	*No.*
5,001	to	10,000	1	1	*1*
10,001	to	15,000	5	4	—
15,001	to	20,000	1	2	—
25,001	to	30,000	1	—	—
30,001	to	35,000	—	1	*1*
35,001	to	40,000	1	—	—
40,001	to	45,000	—	—	*1*
45,001	to	50,000	—	1	—
55,001	to	60,000	—	—	*1*
65,001	to	70,000	1	—	—
70,001	to	75,000	2	—	—
75,001	to	80,000	—	—	*2*
80,001	to	85,000	—	1	*1*
85,001	to	90,000	—	2	—

Scale of higher paid employee's remuneration:					
£		£	No.	No.	*No.*
30,001	to	35,000	10	4	*12*
35,001	to	40,000	4	13	*3*
40,001	to	45,000	2	7	*6*
45,001	to	50,000	—	3	*5*
50,001	to	55,000	—	2	*1*

Average number of persons employed:			
	No.	No.	*No.*
Selling	3,148	3,085	*2,878*
Distribution	744	742	*723*
Administration	571	568	*568*
	4,463	4,395	*4,169*

5. Other interest receivable and similar income

	9 months ended 31st December 1988	Year ended 31st December 1988	*Year ended 31st March 1988*
	£'000	£'000	*£'000*
This heading includes:			
Income from listed investments	61	72	*66*

6. Interest payable and similar charges

	9 months ended 31st December 1988	Year ended 31st December 1988	*Year ended 31st March 1988*
	£'000	£'000	*£'000*
This consists of:			
Interest on short term loans and overdrafts	774	932	*547*
Interest on convertible loan notes	37	49	*20*
	811	981	*567*

Notes to the Accounts continued

Travis Perkins plc

period ended 31st December 1988

7. Taxation

	9 months ended 31st December 1988	Year ended 31st December 1988	*Year ended 31st March 1988*
	£'000	£'000	*£'000*
Corporation tax at 35% based on the taxable profit for the period	10,062	13,701	*12,163*
Deferred taxation	(815)	(888)	*(700)*
A.C.T. recoverable	(11)	(11)	—
Adjustment to prior period	—	—	*(8)*
	9,236	12,802	*11,455*

The taxation charge has been reduced by the effect of claims for rollover relief on properties sold for which no deferred taxation provision has been made.

8. Extraordinary items

The extraordinary item represents the costs of defending a bid made for Travis & Arnold PLC during the period.

9. Profit of parent company

As permitted by Section 228(7) of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements.

	9 months ended 31st December 1988	Year ended 31st December 1988	*Year ended 31st March 1988*
	£'000	£'000	*£'000*
Group profit dealt with in the parent company accounts	3,967	6,533	*2,520*

10. Dividends

	9 months ended 31st December 1988	Year ended 31st December 1988	*Year ended 31st March 1988*
	£'000	£'000	*£'000*
Interim			
Travis Perkins plc 1.0p per share (year ended 31st March 1988 1.6p per share)	434	434	*691*
Travis & Arnold PLC 1.6p per share (year ended 31st March 1988 1.29p per share)	565	565	*454*
Special			
Travis & Arnold PLC 16.0p per share	5,709	5,709	—
Proposed final			
Travis Perkins plc 5p per share (year ended 31st March 1988 3.8p per share)	5,028	5,028	*1,641*
Travis & Arnold PLC year ended 31st March 1988 5.21p per share	—	—	*1,837*
Options			
Adjustment in respect of options exercised between the balance sheet date and the record date	11	11	*3*
	11,747	11,747	*4,626*

11. Earnings per ordinary share

Earnings per ordinary share are calculated by dividing profit on ordinary activities attributable to the members of Travis Perkins plc by the average number of ordinary shares in issue during the period.

Notes to the Accounts *continued*

period ended 31st December 1988

12. Tangible assets

	Total	*Property* Freehold	*Property* Long leases	*Property* Short leases	*Plant and Equipment*
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1st April 1988	85,640	50,172	1,934	3,717	29,817
Additions	10,742	2,381	213	899	7,249
Acquisition of subsidiaries	585	320	—	—	265
Disposals	(2,627)	(264)	—	—	(2,363)
Transferred to current assets	(907)	(907)	—	—	—
Revaluation adjustment	13,019	12,675	481	(137)	—
At 31st December 1988	106,452	64,377	2,628	4,479	34,968
At valuation	69,458	62,830	2,628	4,000	—
Cost	36,994	1,547	—	479	34,968
	106,452	64,377	2,628	4,479	34,968
Accumulated depreciation					
At 1st April 1988	16,735	1,044	11	16	15,594
Charged this period	4,918	829	41	197	3,851
Transferred to current assets	(33)	(33)	—	—	—
Acquisition of subsidiaries	170	—	—	—	170
Disposals	(1,705)	(3)	—	—	(1,702)
Revaluation adjustment	(1,104)	(888)	(23)	(93)	—
At 31st December 1988	18,961	849	29	190	17,913
Net book value					
31st December 1988	87,471	63,528	2,599	4,289	17,055
31st March 1988	*68,905*	*49,128*	*1,923*	*3,631*	*14,223*
Comparable amounts determined according to the historical cost convention:					
Cost	82,263	40,003	2,162	5,130	34,968
Accumulated depreciation	27,518	8,085	220	1,300	17,913
Net book value					
at 31st December 1988	54,745	31,918	1,942	3,830	17,055
at 31st March 1988	*49,384*	*30,334*	*1,747*	*3,080*	*14,223*

Freehold and leasehold properties are included in the consolidated balance sheet at their open market value on an existing use basis. These valuations were performed as at 31st March 1988 for former Sandell Perkins properties, as at 30th September 1988 for former Travis & Arnold properties and at 31st December 1988 for D. W. Archer properties. All the valuations were performed by independent professional valuers.

Notes to the Accounts continued

period ended 31st December 1988

13. Fixed asset investments

	The Group		The Company	
	31st December 1988	*31st March 1988*	31st December 1988	*31st March 1988*
	£'000	*£'000*	£'000	*£'000*
Group companies	—	—	15,496	*8,708*
Associated companies (see note 1)	6	*6*	—	—
Other investments other than loans	4,657	*5,377*	—	—
Loans to group companies	—	—	18,050	*18,050*
Total cost	4,663	*5,383*	33,546	*26,758*
Directors' valuation	4,663	*5,383*	33,546	*26,758*

Additional information in respect of investments for which there have been movements in the period:

The Company

The increase in Group companies is represented by:

Travis & Arnold PLC
Mowle Builders Merchants Limited
The Drayton Trading Company Limited

On 14th October 1988, as part of the merger terms Travis Perkins plc effectively acquired all the ordinary shares of Travis & Arnold PLC. The consideration comprised eight new shares in Travis Perkins plc for every five shares in Travis & Arnold PLC. In the opinion of the directors the total fair value of the consideration was £123,650,000. This value represented the market capitalisation of Travis & Arnold PLC immediately prior to the offer by Travis Perkins plc.

The principal operating subsidiaries are set out on page 22. D. W. Archer Limited is 75% owned, all of the others are 100% owned. Each company is incorporated in Great Britain.

	£'000
The Group	
Other investments other than loans:	
Balance at 1st April 1988	5,377
Disposals	(1,006)
Revaluation of properties	271
Expenditure on properties	15
Balance at 31st December 1988	4,657

On 31st March 1987 the Company made an unsecured loan of £700,000 to D. W. Archer Limited which is repayable on 16th December 1995. Interest is payable six monthly at a rate equal to the six month LIBOR plus ½%. Loans to other group companies are interest free.

The following is a summary of other material arrangements between the shareholders of D. W. Archer Limited and the Company:

(a) The shares are subject to transfer preemption rights and the Company can be required to acquire any minority shareholders' share. After 17th December 1995 the Company will be entitled to acquire any shares not held by it.

(b) If at any time the Company ceases to be independent the minority shareholders can require the Company to acquire all or any of their shares, provided that if the then holding company is Meyer International PLC or any of its subsidiary Companies, they shall have the right to acquire the whole of the Company's interest in D. W. Archer Limited.

(c) In all cases the price per share will be 'Fair Value' which will be calculated by reference to either the return on capital employed or the application of the F.T. Actuaries Building Materials Section price earnings multiple to D. W. Archer Limited's after tax profits.

As at 11th April 1989, the Company had received notices from holders of 29,600 shares in D. W. Archer Limited of their intention to exercise their rights under (a) above. This represents 34.8% of the minority shareholders' interests in D. W. Archer Limited.

14. Stocks

Stocks consist of goods for resale.

Notes to the Accounts continued

period ended 31st December 1988

15. Debtors

	31st December 1988 £'000	*31st March 1988 £'000*
Trade debtors	54,564	*52,213*
Other debtors	904	*649*
Prepayments and accrued income	1,180	*1,145*
Tax recoverable (see note 20)	4,907	*2,025*
	61,555	*56,032*

16. Properties held for resale

	£'000
At 1st April 1988	378
Transfer from fixed assets	874
Transfer from revaluation reserve	(202)
Disposals	(378)
At 31st December 1988	672

Properties held for resale are surplus to the company's requirements and are valued at the lower of cost and net realisable value.

17. Investments held as current assets

	31st December 1988 £'000	*31st March 1988 £'000*
At cost	18,863	*20,810*
Market value — listed	—	*3,426*
Directors' valuation — unlisted	19,243	*17,836*
	19,243	*21,262*

18. Creditors: (amounts falling due within one year)

	31st December 1988 £'000	*31st March 1988 £'000*
Bank loans and overdrafts	2,479	*6,689*
Trade creditors	33,22[illegible]	*31,544*
Corporation tax	17,038	*12,463*
Other taxation and social security	3,906	*4,626*
Other creditors	3,6[illegible]1	*3,608*
Accruals and deferred income	2,550	*300*
Dividends	5,028	*78*
Unsecured loan notes	583	*3*
	68,448	*63,551*

The unsecured loan notes were issued on 1st November 1987 as part of the consideration for A. G. Nunn & Co. Limited and are repayable at any time between 1st November 1988 and 1st November 1997 at the option of the registered holders. Interest is payable six monthly at a rate equal to the six month LIBID.

Notes to the Accounts continued

period ended 31st December 1988

19. Creditors: (amounts falling due after more than one year)

	31st December 1988 £'000	*31st March 1988 £'000*
Corporation tax	7,270	*7,074*
Other	142	*38*
	7,412	*7,112*

20. Provisions for liabilities and charges

	Balance at 1st April 1988 £'000	*Charged/(released) to profit and loss account* £'000	*Applied* £'000	*Balance at 31st December 1988* £'000
Merger costs	2,628	—	(2,002)	626
Reorganisation costs	7,159	—	(87)	7,072
	9,787	—	(2,089)	7,698

Deferred Taxation

In accordance with the accounting policy stated in note 1(f) a deferred taxation asset at 35% has arisen in respect of timing differences.

The potential amount of deferred taxation and portions thereof provided in the financial statement are:

	9 months to 31st December 1988		*Year ended 31st March 1988*	
	Provided £'000	Unprovided £'000	*Provided £'000*	*Unprovided £'000*
Capital allowances in excess of depreciation	—	4,725	—	*3,731*
Sale of properties	—	[illegible]	—	*[illegible]*
Unrealised surplus on revaluation of properties	—	[illegible]	—	*[illegible]*
Investment revaluation reserve	—	729	—	*130*
Balance included in provisions for liabilities and charges	—	12,151	—	*11,165*
A.C.T. recoverable	(2,485)	—	*(714)*	—
Other timing differences	(2,422)	—	*(1,31[illegible]*	—
Balance included in debtors (see note 15)	(4,907)	—	*(2,025)*	—

21. Minority interests

Included in minority interests at 31st March 1988 is £350,000 in respect of the Travis & Arnold PLC Cumulative Redeemable 1st Preference Shares of £1 each, and £250,000 in respect of the Travis & Arnold PLC Cumulative 2nd Preference Shares of £1 each.

These shares were redeemed on 31st March 1988 and 30th November 1988 respectively.

The dividends paid in respect of these shares have been included in the minority interests share of results for the period.

The remaining part of minority interest relates to the external shares in D. W. Archer Limited.

Notes to the Accounts continued

period ended 31st December 1988

22. Called up share capital

	Share Capital Ordinary Shares of 10p Authorised		Issued	
	No.	£000	No.	£000
At 1st April 1988	60,000,000	6,000	43,180,123	4,318
Issued under the Sandell Perkins Executive Share Option Scheme (see below)	—	—	300,000	30
Increase in authorised capital	75,000,000	7,500	—	—
Issued as consideration for Travis & Arnold PLC, the offer for which became unconditional on 14th October 1988	—	—	57,089,536	5,709
	135,000,000	13,500	100,569,659	10,057

The following options over ordinary shares have been granted under the Sandell Perkins Executive Share Option Scheme and remain outstanding at 31st December 1988.

Outstanding At 1st April 1988	Granted during the period	Lapsed during the period	Exercised during the period	Outstanding at 31st December 1988	
750,000	—	—	(300,000)	450,000	note 1
612,500	—	(37,500)	—	575,000	note 2
40,625	—	—	—	40,625	note 3
—	256,000	—	—	256,000	note 4
1,403,125	256,000	(37,500)	(300,000)	1,321,625	

Note 1 — holders of these options may exercise at any time before 1st November 1994 at a price of 43.3p.
Note 2 — holders of these options may exercise at any time between 8th September 1989 and 8th September 1996 at a price of 135p.
Note 3 — holders of these options may exercise at any time between 21st August 1990 and 21st August 1997 at a price of 273p.
Note 4 — holders comprise those executives who held options over Travis & Arnold PLC shares prior to the merger and for which shares in Travis Perkins plc were substituted in accordance with the merger terms. Holders of these options may exercise at any time between 6th July 1991 and 6th July 1998 at a price of 220p.

23. Reserves

(a) THE GROUP	*Total Reserves* £'000	*Investment Property Revaluation Surplus* £'000	*Non-distributable Revaluation Surplus* £'000	*Other Reserves* £'000	*Distributable Retained Profits* £'000	*Share Premium Account* £'000	*Merger Reserve* £'000
At 1st April 1988	115,082	3,018	17,637	3,054	85,590	5,298	485
Transfer from profit and loss account	8,020	—	—	—	8,020	—	—
Realised on disposal of properties	(145)	(6)	(139)	—	—	—	—
Eliminated on reclassification of fixed assets to current assets	(202)	—	(202)	—	—	—	—
Revaluation of properties	14,315	271	14,044	—	—	—	—
Realised revaluation surplus arising on additional depreciation of revalued assets	—	—	(424)	—	424	—	—
Issue of shares	755	—	—	—	—	657	98
Goodwill written off	(1,227)	—	—	—	(1,227)	—	—
At 31st December 1988	136,598	3,283	30,916	3,054	92,807	5,955	583

Notes to the Accounts continued

period ended 31st December 1988

Travis Perkins plc

23. Reserves *(continued)*

(b) THE COMPANY	*Total Reserves* £'000	*Distributable Retained Profits* £'000	*Share Premium Account* £'000
At 1st April 1988	20,524	15,796	4,728
Transfer from profit and loss account	(1,507)	(1,507)	
Issue of shares	100	—	100
At 31st December 1988	19,117	14,289	4,828

24. **Employee profit sharing**

In accordance with the rules of the Travis & Arnold P.L.C. Employee Profit Sharing Scheme approved by the shareholders on 27th May 1987, the earnings per share have been calculated at 59.43p and the sum of £670,803 has been provided for payment to the trustees of the scheme.

25. **Capital commitments**

	The Group 31st December 1988 £'000	31st March 1988 £'000
Contracted for but not provided in the accounts	3,034	*2,921*
Authorised but not yet contracted for	11,984	*3,021*

Auditors' Report to the members of Travis Perkins plc

We have audited the accounts and notes on pages 8 to 21 in accordance with approved Auditing Standards.

In our opinion the accounts and notes on pages 8 to 21, give a true and fair view of the state of affairs of the company and of the group at 31st December 1988 and of the profit of the group for the period and year then ended, and source and application of funds of the group for the period then ended and comply with the Companies Act 1985.

Touche Ross & Co.
Chartered Accountants
Leicester

Touche Ross

11th April 1989

Trading Companies and Locations

TRAVIS PERKINS PLC (PARENT COMPANY)
Head Office: 149 Harrow Road, London, W2 6NA

TRAVIS PERKINS TRADING COMPANY LIMITED
CENTRAL REGION
Head Office: Lodge Way House, Harlestone Road, Northampton NN5 7UG

Clarke & Partridge
Loughborough

Ellis & Everard Building Supplies
Bedford, Biggleswade, Boston, Bourne, Burton-on-Trent, Coalville, Grantham, Hinckley, Hitchin, Huntingdon, Kettering, Leicester, Loughborough, Market Harborough, Melton Mowbray, Narborough, Newark, Newcastle, Northampton, Oakham, Peterborough, Rushden, Stafford, Stamford, Stapleford, Wellingborough, Wisbech, Worksop.

A. Harman & Son
Cirencester

Hollyman and Hubbard
Clevedon

Kennedys
Altrincham, Andover, Bournemouth, Bristol, Macclesfield, Penryn, Plymouth, Reading, Stockport, Swansea, Swindon, Taunton, Torquay, Warrington, Weymouth.

Kennedys Scaffolding
Eastleigh, Plymouth, Poole.

J. Milsom & Company
Reading

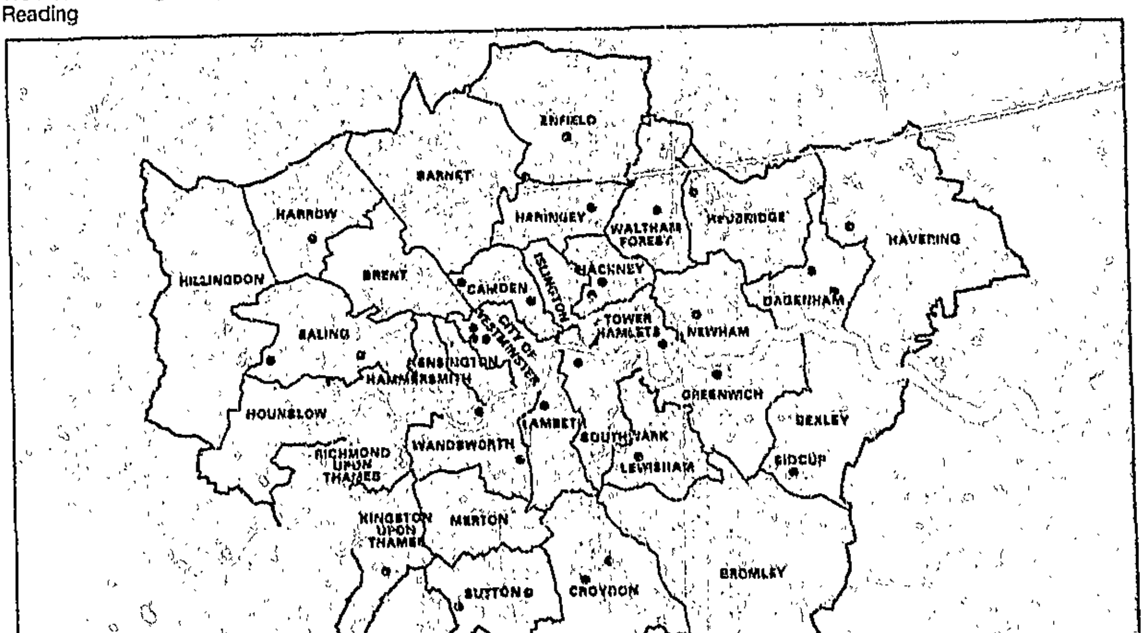
Rock Mill Supplies
Sheffield

Sandell Perkins
Bristol, Cheltenham, Reading, Weston-Super-Mare, Yate.

Travis & Arnold
Aylesbury, Bournemouth, Cambridge, Chatteris, Chester, Cottenham, Cromer, Dorchester, Eastleigh, Hull, Ipswich, King's Lynn, Leicester, Newbury, Northampton, Peterborough, Rugby, Sutton Bridge.

Western Trading Co. (Gloucester)
Gloucester

Western Trading Co. (Reading)
Reading



Travis Perkins plc

Trading Companies and Locations

SOUTHERN REGION
***Head Office:* Cobtree House, Forstal Road, Aylesford, Maidstone, Kent, ME20 7AG**

Brown & Son
Braintree, Brentwood, Chelmsford, Clacton, Colchester, Dunmow, Epping, Grays, Maldon, Plaistow, Potters Bar, Romford, Ware, Witham, Woodford.

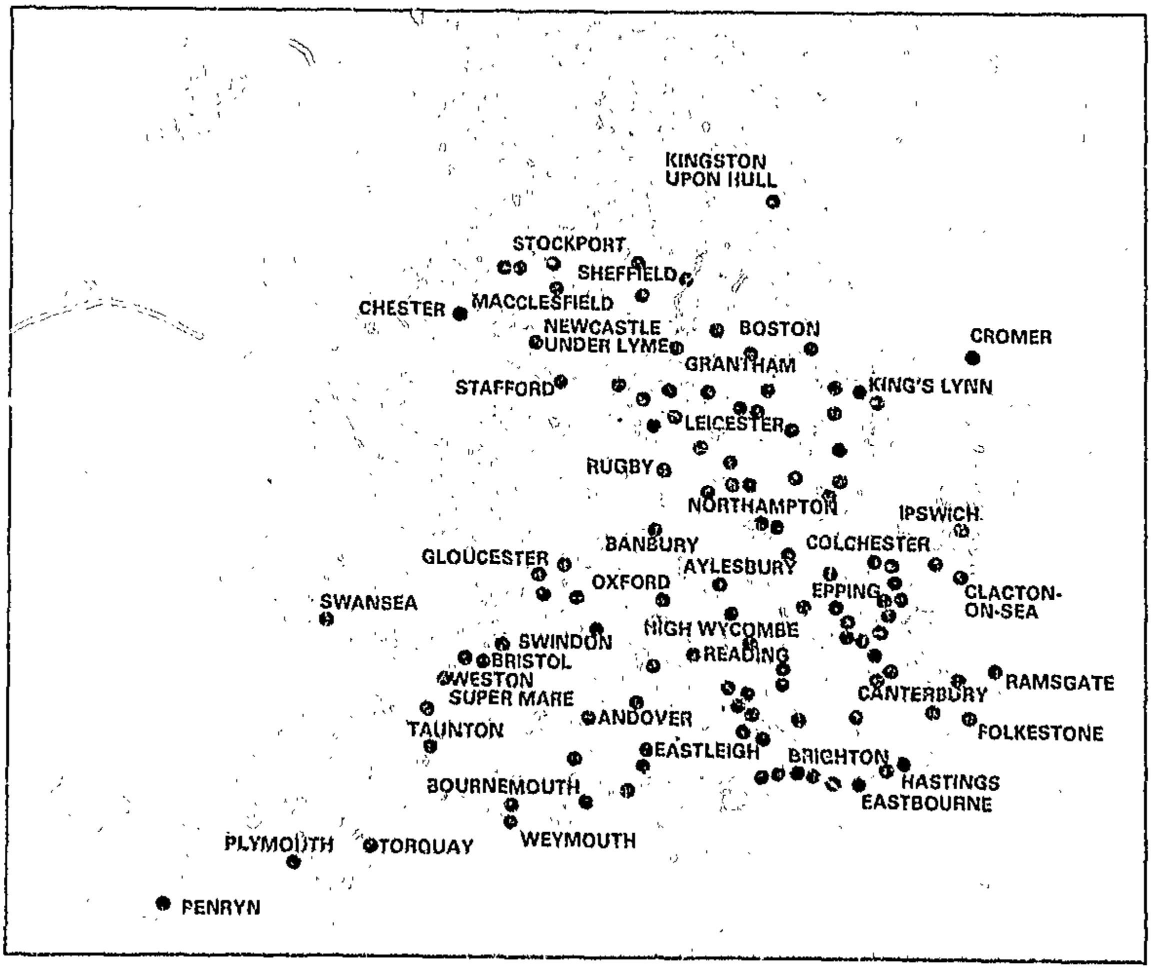
Kennedys
Farnham, Horsham.

Travis & Arnold
Bexhill, Brighton, Eastleigh, Littlehampton, Lymington, Portslade.

Travis Perkins
Ashford, Aylesford, Balham, Beacontree Heath, Braintree, Brighton, Cambridge, Canterbury, Chatham, Cheam, Crawley, Croydon, Dagenham, Dalston, Ealing, Eastbourne, East Croydon, Fleet, Fulham, Gravesend, Guildford, Harrow, Harrow Road, Hastings, Hercules Wharf, Kingsland Road, Leatherhead, Lewisham, Newhaven, New Southgate, Paddington, Paddington Green, Purfleet, Ramsgate, Reading, Redcross Way, St. Pancras Way, Shoreham, Sidcup, Southall, Southampton, South Lambeth Road, South Ockenden, South Wharf Road, Stanford le Hope, Tolworth, Tottenham, Tunbridge Wells, *Wallington, Walthamstow, West Hampstead, Wickford, Winchmore Hill, Woolwich, Worthing.*

D. W. Archer Ltd
Head Office: 17-19 Rose Kiln Lane, Reading, Berkshire, RG2 0JW
Banbury, Bristol, Didcot, High Wycombe, Oxford, Reading, Swindon, Wycombe Trusses.

Kennedys Garden Centres Ltd
***Head Office: Kennedy House, 11 Crown Row, Bracknell,* Berkshire, RG12 3TH**
Claygate, Farnham Royal, Folkestone, Hare Hatch, Shamley Green, Stroud, Swindon, Wellingborough.



Notice of Meeting

Notice is hereby given that the twenty-fifth Annual General Meeting of Travis Perkins plc will be held at Lord's Banqueting and Conference Centre, St. Johns Wood Road, London NW8 8QN on Thursday, 1st June, 1989 at 12 00 noon for the following purposes:—

1 To receive and adopt the financial statements for the financial period ended 31st December 1988, together with the reports of the directors and auditors thereon.

2 To declare a final dividend.

3 To re-elect pursuant to Article 109 of the Company's Articles of Association the following director retiring by rotation:
T. I. Perkins

4 To re-elect pursuant to Article 87 of the Company's Articles of Association the following directors appointed since the last Annual General Meeting:
E. R. A. Travis
F. G. Burditt
R. C. Godber
J. H. Wilson

5 To re-appoint Touche Ross & Co., Chartered Accountants, as auditors and to authorise the directors to fix their remuneration.

Special Business

6 To consider and, if thought fit, to pass the following *Ordinary Resolution*:—

(a) That the Travis Perkins Employee Share Scheme in the form set out in the draft trust deed and rules of the scheme produced to the meeting and for the purpose of identification only initialled by the Chairman thereof, which scheme was summarised in the Appendix to the letter addressed to the shareholders of the Company dated 8th May 1989, be and the same is hereby approved and adopted subject to such modifications to the said draft rules as may be necessary to secure the approval of the Board of Inland Revenue thereto within the terms of the Income and Corporation Taxes Act 1988 and the Directors be and they are hereby authorised to do all acts and things necessary to secure such approval and to carry the said scheme into effect, and

(b) The Directors be and they are hereby authorised to vote as Directors on any matters connected with the scheme notwithstanding that they may be interested in the same save that no director may vote or be counted in the quorum on any matters solely concerning his own participation in the Scheme and the provisions of Article 96 of the Company's Articles of Association be and they are hereby accordingly suspended to that extent only.

7 To consider and if thought fit, to pass the following Special Resolution:—
That the Articles of Association of the Company be altered as follows:

(a) By deleting in Article 75(ii) the words "twenty-eight" and substituting therefor the word "fourteen".

(b) By deleting in Article 78 the words "or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll".

8 To consider and, if thought fit, to pass the following *Special resolution*:—
That the Directors be and they are hereby empowered pursuant to Section 95 of the Companies Act 1985 ("the Act") to allot equity securities (as defined in Section 94 of the Companies Act) of the Company for cash pursuant to any general authority conferred on them in accordance with Section 80 of the said Act as if Section 89(1) did not apply to any such allotment, and the Directors shall be entitled to make at any time prior to the expiry of the power hereby conferred any offer or agreement which would or might require equity securities to be allotted after the expiry of such power provided that, subject as aforesaid, such power shall cease to have effect on the date of the earlier of fifteen months from the date hereof and the conclusion of the next Annual General Meeting of the Company following the passing of this resolution and provided also that such power shall be limited to:—

(i) the allotment of equity securities in connection with a rights issue at such record date as the Directors may determine for the purpose of an issue where the equity securities respectively attributable to the interests of all Ordinary shareholders are proportionate (as nearly as may be) to the respective number of Ordinary shares held by them at any such record date so determined, provided that the Directors may make such arrangements in respect of overseas shareholders and fractional entitlements as they may consider necessary or convenient; and

(ii) the allotment (otherwise than pursuant to paragraph (i) above) of equity securities up to an aggregate nominal value of £502,848.

Cobtree House
Forstal Road
Aylesford
Maidstone
Kent ME20 7AG

By order of the Board
A. L. Gurney
Secretary

8th May 1989

Notes

1 A Member entitled to attend and vote at the Annual General Meeting may appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a Member.

2 The instrument appointing a proxy and (in the case of an instrument signed by an agent of a Member who is not a corporation) the authority under which such instrument is signed or an office copy or duly certified copy thereof must be deposited at the Office of the *Company's Registrar*, Ravensbourne Registration Services Limited, Bourne House, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not less than 48 hours before the time appointed for the above meeting or any adjournment thereof, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of such poll.

3 Copies of contracts of service (unless expiring or determinable by the Company within one year without payment of compensation) of Directors with the Company or with any of its subsidiary companies, will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturdays and Public Holidays excluded) from the date of this Notice to the date of the Meeting, at the Meeting itself and for a period of 15 minutes prior to the Meeting.

4 The register of directors' shareholdings and transactions will be available for reference prior to and during the Meeting.

5 The purpose of Resolution 8 is as follows:—
The Companies Act 1985 provides that, when equity securities are being issued for cash, such securities must first be offered to existing ordinary shareholders unless the Board is given the power to allot them without regard to that requirement. Resolution 8 therefore empowers the Board to allot for cash equity securities of a nominal amount not exceeding £795,626 without first offering such securities to existing ordinary shareholders. The authority extends until the earlier of the conclusion of the Annual General Meeting for 1990 and the date fifteen months from the date of the passing of Resolution 8. Any issue of shares for cash will, however, still be subject to the requirements of The Stock Exchange.

£502,848

Oyez Press Limited – Birmingham

NOTICE OF ILLEGIBLE PAGES

Companies House regrets that documents in this company's record have pages which are illegible.

This has been noted but unfortunately steps taken to improve them were unsuccessful.

Companies House would like to apologise for any inconvenience this may cause.