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Contents

Financial Diary

Annual General Meeting	4th June 1991
Payment of Final Dividend	1st July 1991
Announcement of Interim Results	September 1991
Payment of Interim Dividend	November 1991
Announcement of 1991 Annual Results	April 1992

Officers and Professional Advisers

Directors

Tony Travis (aged 47) was appointed to the board of Travis and Arnold PLC in 1966 and became joint managing director in 1970 and chairman in 1981. On the merger with Sandell Perkins plc in 1988 he became chairman of Travis Perkins plc.

Timothy Perkins (aged 56) joined Ingram Perkins Ltd in 1955 and was made chairman in 1968. He joined the board of Sandell Perkins in 1970 as managing director becoming chairman and chief executive in 1984. On the merger of Sandell Perkins with Travis and Arnold he became deputy chairman of Travis Perkins. He is a non-executive director of Mid Kent Holdings plc.

David Perkins (aged 55) was appointed to the board of Ingram Perkins in 1960, became a director of Sandell Perkins in 1970 and joint managing director in 1984. He became managing director of Travis Perkins on its formation in 1988, and is chairman of Travis Perkins Trading Company Ltd, the Group's largest subsidiary.

Ted Adams (aged 50) qualified as a chartered accountant in 1963 and was finance director of Sandell Perkins from 1972 to 1982. In 1982 he took an operational role in the company and became joint managing director in 1984. He was appointed a director of Travis Perkins at the time of the merger in 1988. Since November 1990 he has been managing director of Travis Perkins Trading Company Ltd.

Neil Clarke (aged 56) was appointed to the board in October 1990 as a non-executive director. He is currently chairman of the British Coal Corporation and Genchem Holdings Ltd. He was chairman of Johnson Matthey plc from 1984 to 1989 and chief executive of Charter Consolidated PLC from 1980 to 1988.

Christopher Godber (aged 52) was appointed to the board of Travis and Arnold in 1973 after holding a number of senior management positions. He became a director of Travis Perkins on its formation in 1988 with responsibility for timber and forest product purchasing and marketing.

Humfrey Smeeton (aged 54) was appointed to the board in June 1990 as a non-executive director. He is an executive director of Ocean Group plc with responsibilities for group development.

John Wilson (aged 56) qualified as a chartered accountant with Grant Thornton and worked in the Far East primarily with Woodhall Trust plc before joining Travis and Arnold in 1977. He was appointed to the board as finance director in 1981 and became finance director of Travis Perkins on its formation in 1988.

Registered Office
Cobtree House, Forstal Road,
Aylesford, Maidstone,
Kent, ME20 7AG

Secretary
A. L. Gurney, FCIS, ACIB

Auditors
Touche Ross & Co., Leicester

Bankers
Midland Bank PLC
National Westminster Bank PLC

Merchant Bankers
N. M. Rothschild & Sons Limited

Solicitors
Clifford Chance, London
Hewitson, Becke & Shaw, Northampton
Brachers, Maidstone

Registrars
Barclays Registrars Limited
Bourne House, 34 Beckenham Road,
Beckenham, Kent, BR3 4TU

Chairman's Statement

When I reported to you in September last year I was aware that the Company faced a very difficult winter. The prolonged period of high interest rates was having a profound effect on the housing market and our customers were concentrating on conserving funds rather than investing in new projects. As a result of these conditions the last quarter of the year produced an increased decline in output and a further deterioration in our performance.

Pre-tax profits for the year were £20,363,000 against £32,797,000 in 1989. Net earnings per share were 13.8 pence against 22.0 pence the previous year.

The Board is recommending a final dividend of 5.5 pence per share net, giving a total of 8.0 pence per share net for the year as a whole and maintaining last year's levels.

I would like to report on the year by reference to the developments at the Group's three operating subsidiaries.

Travis Perkins Trading Company, the major subsidiary with timber and building material sales of £321 million in 1990 and 163 branches at the year end, found its principal home improvement and housebuilding markets in steep decline and after adjusting for the effect of acquisitions suffered a ten per cent fall in sales volumes over the year. Costs were increased especially in the second half of the year through mounting bad debt and redundancy charges. Profitability declined at an increasing rate as the year progressed despite the considerable achievement of maintained gross profit margins.

The integration of the two Companies that merged at the end of 1988 to form Travis Perkins was finalised during the year with further centralisation of Head Office functions at Northampton and the completion of the development of standard operational and administrative systems. A charge of £1.55 million has been taken in the accounts to cover exceptional costs associated with this work. The cost base of the Company is now benefiting from the substantial restructuring that has occurred over the past two years.

The investment programme mapped out at the time of the merger was progressed and a further high level of expenditure was committed to the development of a standard profile for the merchanting branches and the completion of new central warehousing. It was also opportune to acquire a number of new outlets at Leicester, Maidenhead, Slough, Stockport and Wrexham which became available as a result of the increasing difficulties of others in the industry. Relocations were completed at Canterbury, Dalston, Horsham, Newark and Peterborough and a greenfield site development was opened at Southend. The policy of developing tool-hire outlets in certain of the branches was pursued actively with a further ten openings bringing the total to 55 by the end of the year.

These new developments will prove a valuable addition to the network of branches in the years ahead and will produce good returns as the construction industry recovers.

Subsequent to the year end the scaffolding division, consisting of four branches in the South-West of England, has been disposed of and a new merchanting outlet at Rickmansworth has been acquired.

D W Archer, with timber sales of £20 million in 1990 and a total of 10 branches at the year end, proved to be extremely resilient to the market downturn until the last quarter of the year. The opportunity was taken in October to acquire two new merchanting branches in Birmingham and Gloucester and at the same time to add a third roof truss assembly plant in Gloucester to complement the production units near High Wycombe and at Swindon.

Kennedys Garden Centres, with sales of £7 million through 8 garden centres, improved their retailing profits and acquired a new centre at Church Lawford near Rugby which was fully

Chairman's Statement continued

redeveloped during the year. The nurseries performed less well with a second year of extremely dry weather causing losses at their main nursery near Guildford.

At Group level the high rate of investment in our trading subsidiaries reduced our liquid funds and the income generated from them. Some progress was made with the disposal of surplus properties in a very difficult market. Due to the favourable location of a number of our properties it is anticipated that property sales will continue to make a contribution towards our future income.

Despite capital expenditure in excess of £27 million the Group balance sheet remains strong with no net borrowings at the year end. This leaves us in a good position to take advantage of other acquisition opportunities should they present themselves during the current year.

At the end of last year Frank Burditt retired from the Board after fifty years' service with the Group during which he has been involved with almost every aspect of our merchanting interests. From 1982 until our merger in 1988 he was first joint managing director and then from 1985 sole managing director of Travis and Arnold PLC. His contribution at every level has been outstanding. We all wish him and his family a long and fulfilling retirement.

Since my last full report I am very pleased to welcome two new non-executive directors to our Board. Humfrey Smeeton was appointed in June last year. He is an executive director of Ocean Group plc with responsibilities for group development. Neil Clarke was appointed in October 1990. Widely experienced through a number of senior industrial directorships he is currently Chairman of the British Coal Corporation. We very much look forward to their help and guidance in the future.

The last year has seen one of the sharpest downturns in our industry on record and in such times a particular debt is owed to all our staff who have had to face these difficult conditions. Their commitment and energy has been of the highest order in circumstances when the demands on such resources are at their greatest. My thanks to them all.

The current year will be another difficult one for the construction industry. The first quarter has been an extremely taxing one for the Company with output continuing at low levels. Our first half results will be down on those achieved in the same period last year and whilst I believe the longer term outlook to have improved as a result of the recent decline in interest rates, I remain cautious about the pace of any recovery.

A. Travis
Chairman 16th April 1991

Directors' Report

The directors present their annual report and *the audited accounts for the year ended 31st* December 1990.

Activities

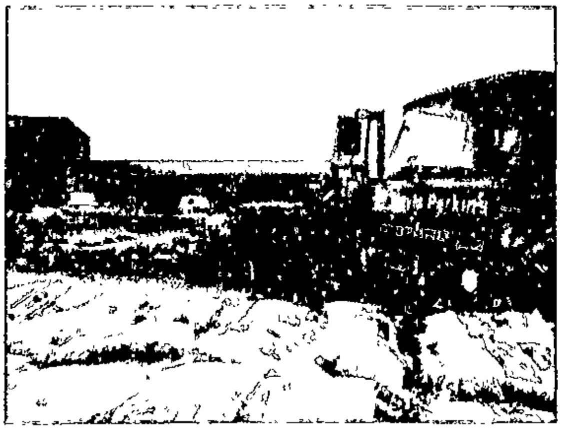
The principal activities of the Group are the marketing and distribution of timber, building and plumbing materials to the building trade *and industry generally within the United* Kingdom. The Group is also a retailer of garden products.

Results and Dividends

The Group results and dividends for the year ended 31st December 1990 are as follows:

	1990 £'000	*1989* *£'000*
Trading profit	17,972	*28,014*
Investment income	548	*1,683*
Profit on sale of properties	3,391	*3,738*
Exceptional item	(1,548)	–
Profit on ordinary activities before taxation and profit sharing	20,363	*33,435*
Employee profit sharing	–	*(638)*
Profit on ordinary activities before taxation	20,363	*32,797*
Tax on profit on ordinary activities	(6,389)	*(10,628)*
Profit on ordinary activities after taxation	13,974	*22,169*
Dividends paid and proposed	(8,140)	*(8,126)*
Retained and transferred to reserves	5,834	*14,043*

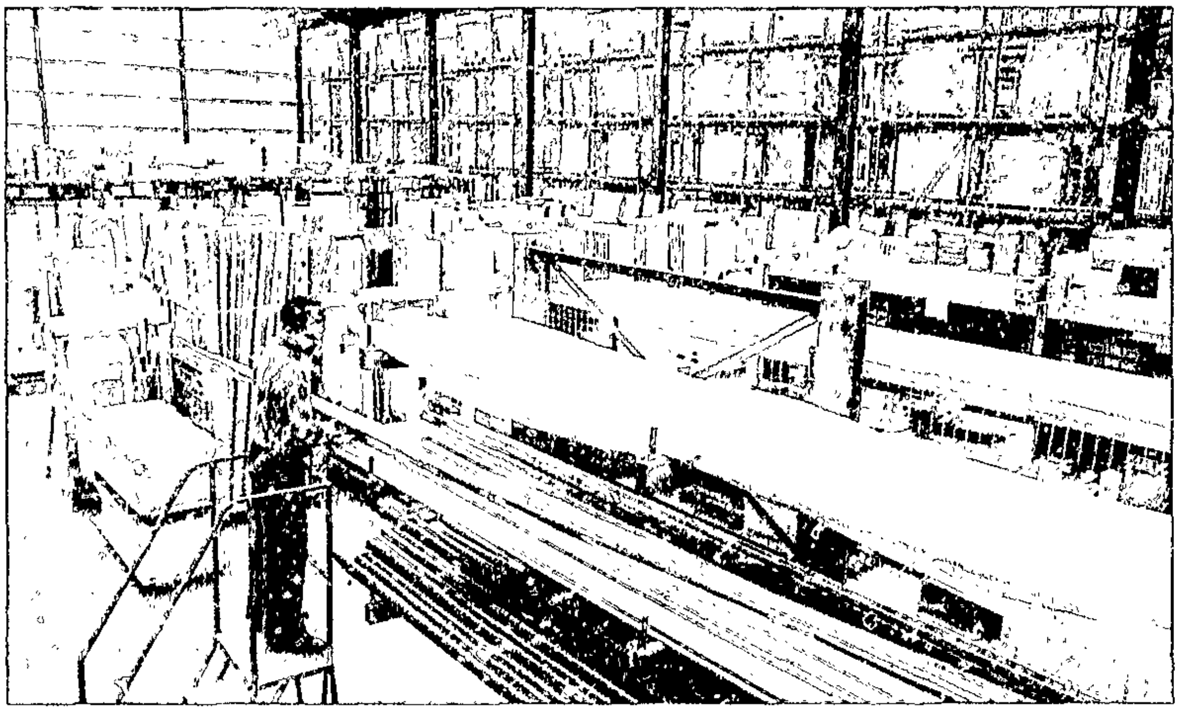
If approved the final dividend will be paid on 1st July 1991 to those shareholders on the register on 24th May 1991.



Rugby branch yard

Redeveloped sales counter at Peterborough branch

Directors' Report continued



Branch distribution from Central Warehouse Northampton

Review of Developments and Future Prospects

These subjects are dealt with as part of the Chairman's Statement.

Issue of Shares

During the year, the Company issued 237,500 Ordinary Shares to employees under the share option scheme.

Directors

The following were directors of the Company at the end of the year. 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
	31.12.90	*31.12.89*	31.12.90	*31.12.89*	
E. R. A. Travis	2,470,111	*2,470,111*	—	—	Beneficial Owner
	3,372,006	*3,372,006*	—	—	Executor/Trustee
	8,566,515	*8,566,515*	—	—	Beneficial Interest as member of a family group
T. I. Perkins	604,450	*604,450*	—	—	Beneficial Owner
	1,792,510	*1,792,510*	—	—	Trustee
D. C. W. Perkins	715,307	*718,307*	30,000	*30,000*	Beneficial Owner
	1,686,759	*1,686,759*	—	—	Trustee
E. C. Adams	210,700	*222,300*	30,000	*30,000*	Beneficial Owner
F. G. Burditt	68,000	*68,000*	25,600	*25,600*	Beneficial Owner
J. N. Clarke	1,000	—	—	—	Beneficial Owner
R. C. Godber	3,840	*1,340*	55,600	*55,600*	Beneficial Owner
H. J. Smeeton	—	—	—	—	
J. H. Wilson	60,400	*60,400*	55,600	*55,600*	Beneficial Owner

Directors' Report continued

As a result of co-trustees relationships, the shareholdings shown for Mr. T. I. Perkins and Mr. D. C. W. Perkins are duplicated to the extent of 1,822,510 shares.

The options are exercisable after 3 years but before 10 years following the date of grant at prices between 177p 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.

Since the year end 90,000 Ordinary Shares have been sold by a trust in which Mr. E. R. A. Travis held a beneficial interest as a member of a family group.

Mr. F. G. Burditt retired as a director of the Company on 31st December 1990.

In accordance with Article 109 of the Company's Articles of Association, Mr. E. R. A Travis and Mr. R. C. Godber retire by rotation and being eligible, offer themselves for re-election. Mr. E. R. A. Travis and Mr. R. C. Godber have unexpired periods under their service contracts of 3 years.

On 16th October 1990, Mr. J. N. Clarke was appointed to the Board as a non-executive director and in accordance with Article 87 of the Company's Articles of Association he now retires as a director and, being eligible, offers himself for re-election at the Annual General Meeting. Mr. J. N. Clarke does not have a service contract with the Company.

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 year.

The Group maintains a director's and officer's liability insurance policy for the directors against liabilities in relation to the Group.

Substantial Interests

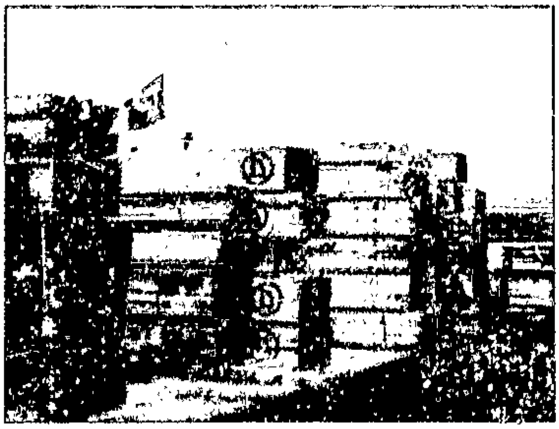
At 16th April 1991 Mr. K. T. Davidson, Mr. W. Worledge and Mrs. C. M. Travis as trustees had interests in 7,377,520 Ordinary Shares. The Company has been notified, under the rules governing substantial acquisitions of shares, that Barings Investment Management Limited, on behalf of various clients, hold 14,804,970 Ordinary Shares. The Board is not aware of any other person, other than a director, who is interested in 3% or more of the issued share capital of the Company.

Fixed Assets

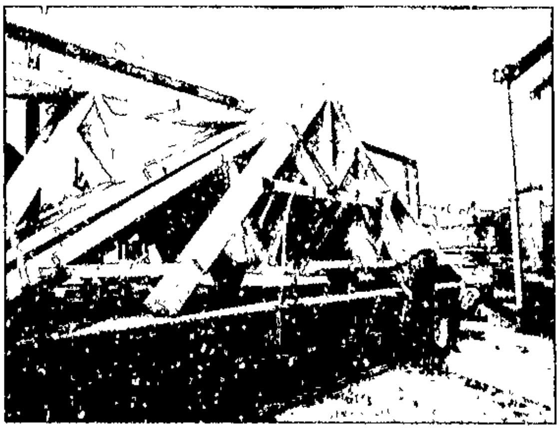
Details of fixed assets are given in note 13.

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.



Timber stocks at Maidenhead branch



Truss rafters manufactured at Maidenhead

Directors' Report continued

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

Donations

During the year the Group made the following donations:
Charitable purposes £36,633

Close Company Status

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

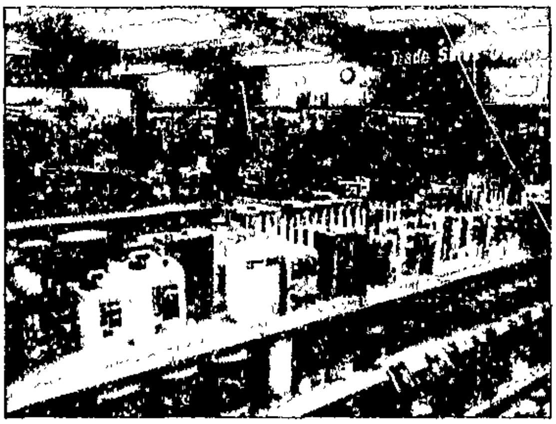
Auditors

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

16th April 1991

New garden centre at Church Lawford



Redeveloped sales counter at Rugby Branch

Auditors' Report to the members of Travis Perkins plc

We have audited the accounts and notes on pages 10 to 23 in accordance with Auditing Standards.

In our opinion the accounts and notes give a true and fair view of the state of affairs of the company and of the group at 31st December 1990 and of the profit and source and application of funds of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Touche Ross & Co.
Chartered Accountants
Leicester

16th April 1991

Consolidated Profit and Loss Account

for the year ended 31st December 1990

Note		1990 £'000	*1989* *£'000*
2	**Turnover**	347,654	*360,887*
	Trading profit	17,972	*28,014*
	Investment income	548	*1,683*
	Profit on sale of properties	3,391	*3,738*
3	Exceptional item	(1,548)	*–*
	Profit on ordinary activities before taxation and profit sharing	20,363	*33,435*
4	**Employee profit sharing**	–	*(638)*
5	**Profit on ordinary activities before taxation**	20,363	*32,797*
8	Tax on profit on ordinary activities	(6,389)	*(10,628)*
	Profit on ordinary activities after taxation	13,974	*22,169*
9	Dividends paid and proposed	(8,140)	*(8,126)*
23	**Retained and transferred to reserves**	5,834	*14,043*
10	**Earnings per ordinary share**	13.8p	*22.0p*

Consolidated Balance Sheet

31st December 1990

Note		1990 £'000	1989 £'000
	Fixed assets		
13	Tangible assets	112,029	*102,196*
14	Investments	3,091	*3,115*
		115,120	*105,311*
	Current assets		
15	Stocks	52,169	*56,819*
16	Debtors	60,932	*61,348*
17	Properties held for resale	2,154	*896*
18	Investments	20	*15,783*
	Cash at bank and in hand	8,855	*1,328*
		124,130	*136,174*
19	**Creditors:** amounts falling due within one year	73,922	*68,405*
	Net current assets	50,208	*67,769*
	Total assets less current liabilities	165,328	*173,080*
20	**Creditors:** amounts falling due after more than one year	729	*8,595*
21	**Provisions for liabilities and charges**	1,920	*3,872*
		162,679	*160,613*
	Capital and reserves		
22	Called up share capital	10,162	*10,138*
23	Share premium account	7,307	*7,113*
23	Revaluation reserve	31,933	*34,532*
23	Other reserves	3,054	*3,054*
23	Merger reserve	819	*774*
23	Profit and loss account	109,404	*105,002*
		162,679	*160,613*

E. R. A. Travis } Directors

J. H. Wilson

The financial statements were approved by the directors on 16th April 1991.

Company Balance Sheet

31st December 1990

Note		1990 £'000	1989 £'000
	Fixed assets		
14	Investments	32,916	32,233
	Current assets		
	Amounts due from subsidiaries	11,822	9,182
	Creditors: amounts falling due within one year		
19	Unsecured loan notes	2,177	383
	Dividends	5,589	5,576
		7,766	5,959
	Net current assets	4,056	3,223
	Total assets less current liabilities	36,972	35,456
	Creditors: amounts falling due after more than one year		
	Amounts due to subsidiaries	8,773	5,297
		28,199	30,159
	Capital and reserves		
22	Called up share capital	10,162	10,138
23	Share premium account	6,180	5,986
23	Profit and loss account	11,857	14,035
		28,199	30,159

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

The financial statements were approved by the directors on 16th April 1991.

Consolidated Statement of Source and Application of Funds

for the year ended 31st December 1990

	1990 £'000	1990 £'000	*1989 £'000*	*1989 £'000*
Source of funds				
Profit on ordinary activities after taxation	13,974		*22,169*	
Adjustment for items not involving the movement of funds:				
Depreciation	8,281		*7,045*	
Deferred taxation	768		*1,015*	
Total generated from operations		23,023		*30,229*
Proceeds of share issues		218		*1,239*
Disposal of tangible fixed assets		3,519		*1,242*
Disposal of properties held for resale		327		*1,211*
Decrease in debtors		–		*295*
Increase in creditors and provisions		3,926		–
Decrease in stocks		4,650		*298*
Disposal of fixed asset investments		121		*460*
Issue of loan stock		1,800		–
		37,584		*34,974*
Application of funds				
Capital expenditure	25,583		*22,696*	
Goodwill	1,763		*2,178*	
Increase in debtors	352		–	
Decrease in taxation	3,596		*4,066*	
Decrease in creditors and provisions	–		*6,225*	
Redemption of loan stock	6		*200*	
Decrease in minority interests	–		*606*	
Dividends paid	8,127		*7,578*	
		39,427		*43,549*
Decrease in net liquid funds		(1,843)		*(8,575)*

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

Summary of the effects of acquisitions during the year:

	1990	1989
Net assets acquired		
Fixed assets	5,141	*1,[illegible]81*
Current assets	2,615	*6,463*
Current liabilities	(2,224)	*(3,[illegible]02)*
Reduction in minority interest share of D. W. Archer Limited	–	*606*
	5,532	*5,648*
Discharged by issue of shares	–	*(1,108)*
Discharged by issue of loan notes	(1,800)	–
Discharged by cash paid	(5,495)	*(6,718)*
Excess representing goodwill	1,763	*2,178*

The goodwill has arisen from the acquisition of the W. S. Shuttleworth (Timber) Limited Group of companies as described in note 14, and from the purchase of the trade and net assets of four other companies and a sole trader.

Notes to the Accounts

year ended 31st December 1990

1. Accounting policies

The Financial statements have been prepared in accordance with statements of standard accounting practice issued by U.K. accountancy bodies. The particular accounting policies adopted are described below.

(a) Accounting convention

The accounts have been prepared under the historical cost convention, as modified by the revaluation of certain assets.

(b) Basis of preparation

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 and transactions involving the purchase of the trade and net assets of existing businesses 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, where appropriate, the investments in subsidiaries are stated at cost less amounts written off. The cost of any acquisition represents the cash value of the 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 and this fair value is incorporated in the consolidated accounts. Any excess of cost over the fair value of net assets represents goodwill and is written off directly to reserves. Any excess of the fair value of the assets over the cost 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 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	20–25% per annum
Computer installations	25% per annum
Tools and plant for hire	33% per annum

(ii) Properties held for resale are surplus to the Group's requirements and are transferred to current assets and shown at the lower of depreciated historic cost and net realisable value. The appropriate transfer from revaluation reserves is set against the value transferred from fixed assets.

(iii) Profits on the sale of properties are calculated by deducting the depreciated historic cost from sale proceeds net of expenses.

(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

The Group operates two defined benefit pension schemes, the assets of which are held in separate trustee administered funds. The schemes are funded by contributions from the employers and the employees. Contributions are paid to the trustees on the basis of advice from independent professionally qualified actuaries who carry out valuations of the schemes every three years. The profit and loss account is charged with the regular pension cost, which is a substantially level percentage of the current and expected future pensionable payroll in the light of the current actuarial assumptions. Variations in the regular cost are allocated over the expected remaining service lives of the current employees. Any differences occurring between the charge to the profit and loss account and the contributions paid to the schemes are recorded as an asset or liability on the balance sheet.

The principal scheme is the Travis Perkins Pension and Dependants Benefits Scheme, for which a valuation was carried out on 1st September 1989. The valuation, which used the "projected unit method", disclosed that the market value of the scheme's assets was £38.5m, and the actuarial value thereof represented a surplus of 25%. The main long term actuarial assumptions were that investment returns would exceed general earnings growth by 3% per annum, and pension increases by 6% per annum. Income from equity holdings is assumed to increase by 2% per annum less than earnings. The surplus has arisen from a variety of sources including investment returns, surpluses from previous valuations and membership turnover.

The second pension scheme in the group provides benefits for the employees of a subsidiary company and was last valued on 1st January 1988. Whilst a small deficit was identified at the time, the results of the valuation are not considered material in the context of the Group results.

(i) Investments

(i) Investments held as current assets are stated at market value.

(ii) Shares in related companies and other related company investments held as fixed assets are stated at cost less provisions for permanent diminutions in valuation.

(iii) Investment properties are stated at open market value as determined by the directors in accordance with statement of standard accounting practice 19.

(j) Leases

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the balance of the obligation. Rental costs under operating leases are charged to profit and loss account in equal annual instalments over the periods of the leases.

Notes to the Accounts continued

year ended 31st December 1990

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

3. Exceptional item
This represents the final costs associated with the re-organisation of systems and Head Office functions following the merger of the two companies to form Travis Perkins plc at the end of 1988.

4. Employee profit sharing
In accordance with the rules of the Travis Perkins plc Employee Profit Sharing Scheme approved by the shareholders on 1st June 1989, the earnings per share have been calculated at 16.7p which is not sufficient to warrant any payment to the trustees of the scheme.

5. Profit on ordinary activities before taxation	1990 £'000	*1989* *£'000*
Profit on ordinary activities before taxation is after:		
Change in stocks of finished goods	(8,908)	*(402)*
Raw materials and consumables	(238,890)	*(256,257)*
Staff costs:		
Wages and salaries	(45,212)	*(41,863)*
Social security costs	(3,798)	*(3,506)*
Other pension costs	(1,021)	*(936)*
Depreciation and other amounts written off tangible and intangible fixed assets	(8,281)	*(7,045)*
Other operating charges	(24,673)	*(23,605)*
Interest payable and similar charges (note 7)	(680)	*(528)*
Other operating income	1,101	*741*
Other interest receivable and similar income	1,228	*2,211*
Profit on sale of properties	3,391	*3,738*
Employee profit sharing	–	*(638)*
Exceptional item	(1,548)	*–*
Items included above but not disclosed elsewhere:		
Interest receivable	775	*563*
Profit on investments	453	*1,648*
Rental income	1,033	*689*
(Loss)/profit on sale of plant and equipment	(128)	*203*
Auditors' remuneration	122	*145*
Hire of vehicles, plant and machinery	1,363	*1,466*
Other leasing charges	2,990	*2,759*
Pension costs represent:		
Regular cost	1,749	*1,578*
Variations from regular cost arising from the latest actuarial valuation	(728)	*(642)*
Charge to profit and loss account	1,021	*936*
Contributions paid to the scheme	(1,767)	*(1,554)*
Increase in pension scheme prepayment (note 16)	(746)	*(618)*

Notes to the Accounts continued

year ended 31st December 1990

6. Information regarding directors and employees

	1990 £'000	1989 £'000
Directors' emoluments:		
Salary	596	594
Other emoluments	80	49
Compensation for loss of office	–	117
	676	760

	1990	1989
Remuneration of the Chairman	76	72
Remuneration of the highest paid director	105	96

Scale of other directors' remuneration:

£		£	No.	No.
0	to	5,000	1	1
5,001	to	10,000	1	1
10,001	to	15,000	–	1
75,001	to	80,000	2	2
90,001	to	95,000	1	3
95,001	to	100,000	1	–
100,001	to	105,000	1	–

Average number of persons employed:

	No.	No.
Selling	2,978	3,091
Distribution	641	661
Administration	578	580
	4,197	4,332

7. Interest payable and similar charges

	1990 £'000	1989 £'000
This consists of:		
Interest on short term loans and overdrafts	619	470
Interest on unsecured loan notes	54	46
Finance lease charges	7	12
	680	528

Notes to the Accounts continued

year ended 31st December 1990

8. Taxation

	1990 £'000	*1989* *£'000*
Corporation tax at 34.25% (1989 35%) based on the taxable profit for the year	5,908	*9,625*
Deferred taxation	768	*1,015*
Prior year adjustment	(287)	*(12)*
	6,389	*10,628*

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.

9. Dividends

	1990 £'000	*1989* *£'000*
Interim 2.5p per share (1989, 2.5p per share)	2,540	*2,534*
Proposed final 5.5p per share (1989, 5.5p per share)	5,589	*5,576*
Adjustment in respect of options exercised between the balance sheet date and the record date	11	*16*
	8,140	*8,126*

10. Earnings per ordinary share

Earnings per ordinary share are calculated by dividing profit on ordinary activities after taxation by the weighted average number of ordinary shares in issue during the year.

11. Profit of parent company

As permitted by S230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements.

	1990 £'000	*1989* *£'000*
Group profit dealt with in the parent company accounts	5,962	*7,872*

12. Operating lease commitments

At 31 December 1990 the Group was committed to making the following payments during the next year in respect of operating leases.

	Land and Buildings £'000	Other £'000
Leases which expire:		
Within one year	33	23
Within 1 to 2 years	23	–
Within 2 to 5 years	457	303
After 5 years	2,519	–
	3,032	326

Notes to the Accounts continued

year ended 31st December 1990

13. Tangible fixed assets

	Total	Property			Plant and Equipment
		Freehold	Long Leases	Short Leases	
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1st January 1990	125,335	76,472	3,055	4,511	41,297
Additions	21,443	11,349	979	742	8,373
Acquisition of subsidiaries	3,779	3,250	–	–	529
Disposals	(7,606)	(2,841)	–	(19)	(4,740)
Transfer to current assets	(2,579)	(2,135)	(434)	(10)	–
At 31st December 1990	140,372	86,095	3,600	5,224	45,453
At valuation	64,315	58,580	2,287	3,448	–
At cost	76,057	27,515	1,313	1,776	45,453
	140,372	86,095	3,600	5,224	45,453
Accumulated depreciation					
At 1st January 1990	23,139	1,893	[illegible]	438	20,719
Charged this year	8,281	1,08[illegible]	30	226	6,910
Transfer to current assets	(41)	[illegible]	(8)	(1)	–
Acquisition of subsidiaries	430	–		–	430
Disposals	(3,466)	(530)	–	(2)	(2,934)
At 31st December 1990	28,343	2,421	136	661	25,125
Net book value					
At 31st December 1990	112,029	83,674	3,464	4,5[illegible]3	20,328
At 31st December 1989	102,196	74,574	2,971	4,073	20,578
Comparable amounts determined according to the historical cost convention.					
Cost	116,523	61,676	3,415	5,979	45,453
Accumulated depreciation	35,869	8,609	284	1,851	25,125
Net book value					
At 31st December 1990	80,654	53,067	3,131	4,128	20,328
At 31st December 1989	68,290	41,705	2,331	3,676	20,578

Those freehold and leasehold properties included at valuation in the consolidated balance sheet were revalued at their open market value on an existing use basis. The valuations were performed as at 31st March 1988 for former Sandell Perkins properties, as at 30th September 1988 for former Travis & Arnold properties, as at 31st December 1988 for D. W. Archer properties and as at 30th June 1989 for Kennedys Garden Centres properties. All the valuations were performed by independent professional valuers. The net book value of plant and equipment includes approximately £1,148,000 in respect of assets held under finance leases.

Notes to the Accounts *continued*

year ended 31st December 1990

14. Fixed asset investments

	The Group		The Company	
	1990	*1989*	1990	*1989*
	£'000	*£'000*	£'000	*£'000*
Group companies	–	–	32,916	*31,183*
Associated companies (note 1(c))	6	*6*	–	–
Other investments other than loans	3,085	*3,109*	–	–
Loans to group companies	–	–	–	*1,050*
Total cost	3,091	*3,115*	32,916	*32,233*
Directors' valuation	3,091	*3,115*	32,916	*32,233*

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

The Company

On 31st May 1990 the Company acquired the entire issued share capital of the W. S. Shuttleworth (Timber) Limited Group of companies. The consideration was £4,195,350 discharged by cash of £2,395,350 and the issue of redeemable loan notes of £1,800,000. The fair value of net assets acquired was £3,253,309. The resulting goodwill of £942,041 has been written off against reserves.

The remainder of the changes to shares in Group companies and loans to Group companies have arisen due to the dissolution of several previously dormant subsidiaries and the capitalisation of a £700,000 loan to D. W. Archer Limited.

The principal operating subsidiaries are set out on pages 24 and 25. All subsidiaries are 100% owned. Each company is incorporated in Great Britain.

The Group	£'000
Other investments other than loans:	
At 1st January 1990	3,109
Additions	182
Disposals	(140)
Revaluation of properties	34
Transfer to current assets	(100)
At 31st December 1990	3,085

15. Stocks

Stocks consist of goods for resale.

16. Debtors

	1990	*1989*
	£'000	*£'000*
Trade debtors	46,462	*52,404*
Other debtors	7,848	*2,719*
Prepayments and accrued income	2,856	*1,230*
Tax recoverable (note 21)	3,766	*4,995*
	60,932	*61,348*

Included in prepayments is an amount of £710,000, being the excess of the amount funded to the Group's pension schemes in excess of the regular cost. In 1989 an amount of £36,000 was included in other creditors.

Notes to the Accounts continued

year ended 31st December 1990

17. Properties held for resale

	£'000
At 1st January 1990	896
Additions	609
Transfer from fixed assets	2,538
Transfer from investment properties	100
Transfer from revaluation reserve	(1,662)
Disposals	(327)
At 31st December 1990	2,154

18. Investments held as current assets

	1990	*1989*
	£'000	*£'000*
Unlisted investments at cost	20	*15,764*
Directors' valuation	20	*15,783*

19. Creditors: amounts falling due within one year

	1990	*1989*
	£'000	*£'000*
Bank loans and overdrafts	2,431	*8,824*
Obligations under finance leases	331	–
Trade creditors	36,919	*30,109*
Corporation tax	15,219	*10,243*
Other taxation and social security	7,571	*6,173*
Other creditors	1,723	*4,7[illegible]*
Accruals and deferred income	1,962	*2,37[illegible]*
Dividends	5,589	*5,576*
Unsecured loan notes	2,177	*383*
	73,922	*68,405*

During the year £1,800,000 of unsecured loan notes were issued as part of the consideration for the W. S. Shuttleworth (Timber) Limited group of companies. These loan notes are non-interest bearing and are repayable on 1st June 1991.

The remainder of the unsecured loan notes were issued on 1st November 1987 as part of the consideration for A. G. Nunn & Co. Limited and are repayable before 1st November 1992 at the option of the registered holders. Interest is payable six monthly at a rate equal to the six month LIBID. During the year £5,[illegible]21 of loan notes were repaid at par.

Obligations under finance leases are secured by the related leased assets and bear finance charges at a rate dependent on the 12 month LIBOR.

Notes to the Accounts continued

year ended 31st December 1990

20. Creditors: amounts falling due after more than one year

	1990 £'000	1989 £'000
Corporation tax	–	8,572
Obligations under finance leases	717	–
Other	12	23
	729	8,595

21. Provisions for liabilities and charges

	Balance at 1st January 1990 £'000	Released to merger reserve £ 000	Applied £'000	Charged to profit and loss account £'000	Balance at 31st December 1990 £'000
Merger costs	45	(45)	–	–	–
Reorganisation costs	3,827	–	(3,455)	1,548	1,920
	3,872	(45)	(3,455)	1,548	1,920

Deferred taxation

In accordance with the accounting policy stated in note 1(f) a deferred taxation asset at 33% (1989 35%) has arisen in respect of timing differences.

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

	1990		1989	
	Provided £'000	Unprovided £'000	Provided £'000	Unprovided £'000
Capital allowances in excess of depreciation	–	4,016	–	5,050
Sale of properties	–	2,598	–	1,830
Unrealised surplus on revaluation of properties	–	1,423	–	5,667
Investment revaluation reserve	–	196	–	332
Balance included in provisions for liabilities and charges	–	8,233	–	12,879
A.C.T. recoverable	(3,127)	–	(3,588)	–
Other timing differences	(639)	–	(1,407)	–
Balance included in debtors (note 16)	(3,766)	–	(4,995)	–

Notes to the Accounts continued

year ended 31st December 1990

22. Called up share capital

	Share Capital Ordinary Shares of 10p			
	Authorised		Issued	
	No.	£'000	No.	£'000
At 1st January 1990	135,000,000	13,500	101,378,134	10,138
Issued under the Group Executive Share Option Scheme (see below)	–	–	237,500	24
At 31st December 1990	135,000,000	13,500	101,615,634	10,162

The following options over ordinary shares have been granted under the Group Executive Share Option Scheme and remain outstanding at 31st December 1990:—

	Outstanding At 1st January 1990	Granted during the year	Lapsed during the year	Exercised during the year	Outstanding At 31st December 1990	Exercise price
a	150,000	–	–	112,500	37,500	43.3p
b	490,000	–	20,000	125,000	345,000	135.0p
c	40,625	–	–	–	40,625	273.0p
d	256,000	–	–	–	256,000	220.0p
e	1,165,000	–	25,000	–	1,140,000	177.0p
f	–	205,000	–	–	205,000	187.0p
	2,101,625	205,000	45,000	237,500	2,024,125	

The options may be exercised during the following periods:—

a any time before 1st November 1994
b any time before 8th September 1996
c any time before 21st August 1997
d between 6th July 1991 and 6th July 1998
e between 30th November 1992 and 30th November 1999
f between 13th October 1993 and 13th October 2000

23. Reserves

		Non-distributable Revaluation Surplus					
	Total Reserves	Investment Property	Trading Property	Other Reserves	Distributable Retained Profits	Share Premium Account	Merger Reserve
(a) THE GROUP	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1st January 1990	150,475	2,439	32,093	3,054	105,002	7,113	774
Transfer from profit and loss account	5,834	–	–	–	5,834	–	–
Realised on disposal of properties	(640)	(19)	(621)	–	–	–	–
Eliminated on reclassification of fixed assets to current assets	(1,662)	(83)	(1,579)	–	–	–	–
Revaluation of properties	34	34	–	–	–	–	–
Realised revaluation surplus arising on additional depreciation of revalued assets	–	–	(331)	–	331	–	–
Issue of shares	194	–	–	–	–	194	–
Goodwill written off	(1,763)	–	–	–	(1,763)	–	–
Released from merger provision	45	–	–	–	–	–	45
At 31st December 1990	152,517	2,371	29,562	3,054	109,404	7,307	819

Notes to the Accounts *continued*

year ended 31st December 1990

23. Reserves *(continued)*

(b) THE COMPANY	Total Reserves £'000	Distributable Retained Profits £'000	Share Premium Account £'000
At 1st January 1990	20,021	14,035	5,986
Transfer from profit and loss account	(2,178)	(2,178)	–
Issue of shares	194	–	194
At 31st December 1990	18,037	11,857	6,180

24. Capital commitments

(a) THE GROUP

	1990 £'000	*1989 £'000*
Contracted for but not provided in the accounts	5,423	*11,741*
Authorised but not yet contracted for	1,134	*1,078*

(b) THE COMPANY

The Company has no capital commitments.

Trading Companies and Locations

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

Merchanting Branches at:

Acton, Altrincham, Andover, Ashford, Aylesbury, Aylesford, Balham, Bedford, Bexhill, Biggleswade, Boston, Bourne, Bournemouth, Braintree, Bredbury, Brentwood, Bridport, Brighton, Bristol, Burton-on-Trent, Cambridge, Camden, Canterbury, Chatham, Chatteris, Cheam, Chelmsford, Cheltenham, Chester, Cirencester, Clacton, Clevedon, Coalville, Colchester, Cottenham, Crawley, Cromer, Croydon, Cwmbran, Dagenham, Dalston, Dorchester, Dunmow, Ealing, Eastbourne, Eastleigh, Epping, Farnham, Fleet, Fulham, Gloucester, Grantham, Gravesend, Grays, Guildford, Hackney, Hampstead, Harrow, Hastings, Hinckley, Hitchin, Horsham, Hull, Huntingdon, Ipswich, Kettering, Leatherhead, Leicester, Lewisham, Littlehampton, Loughborough, Lymington, Macclesfield, Maidenhead, Maldon, Market Harborough, Melton Mowbray, Narborough, Newark, Newbury, Newcastle-under-Lyme, Newhaven, New Southgate, Northampton, Oakham, Paddington, Peckham, Penryn, Peterborough, Plaistow, Plymouth, Poplar, Portslade, Potters Bar, Rainham, Ramsgate, Reading, Romford, Rugby, Rushden, Sheffield, Shoreham, Sidcup, Slough, Southall, Southampton, Southend, Southwark, Stafford, Stamford, Stanford-le-Hope, Stapleford, Stockport, Swanage, Swansea, Swindon, Taunton, Torquay, Totton, Tunbridge Wells, Vauxhall, Wallington, Walthamstow, Ware, Warrington, Wellingborough, Weston-Super-Mare, Weymouth, Wickford, Winchmore Hill, Wisbech, Witham, Woodford, Woolwich, Worksop, Worthing, Wrexham, Yate.

Tool Hire Centres at:

Aylesbury, Aylesford, Balham, Biggleswade, Boston, Bournemouth, Brentwood, Brighton, Bristol, Camden, Canterbury, Cheltenham, Cirencester, Crawley, Croydon, Dunmow, Ealing, Eastbourne, Eastleigh, Farnham, Fleet, Fulham, Gloucester, Grays, Guildford, Hackney, Hampstead, Harrow, Hastings, Hinckley, Kettering, Leatherhead, Lewisham, Littlehampton, Loughborough, Newark, Newhaven, New Southgate, Northampton, Paddington, Peterborough, Rainham, Romford, Rugby, Shoreham, Sidcup, Slough, Southend, Southampton, Tunbridge Wells, Vauxhall, Wickford, Woolwich, Worthing, Yate.

Scaffolding Branches at:

Eastleigh, Fawley, Plymouth, Poole.

Roof Truss Manufacturing at:

Maidenhead.

Trading Companies and Locations

D. W. ARCHER LIMITED
Head Office: 17–19 Rosekiln Lane, Reading, Berkshire RG2 0JW

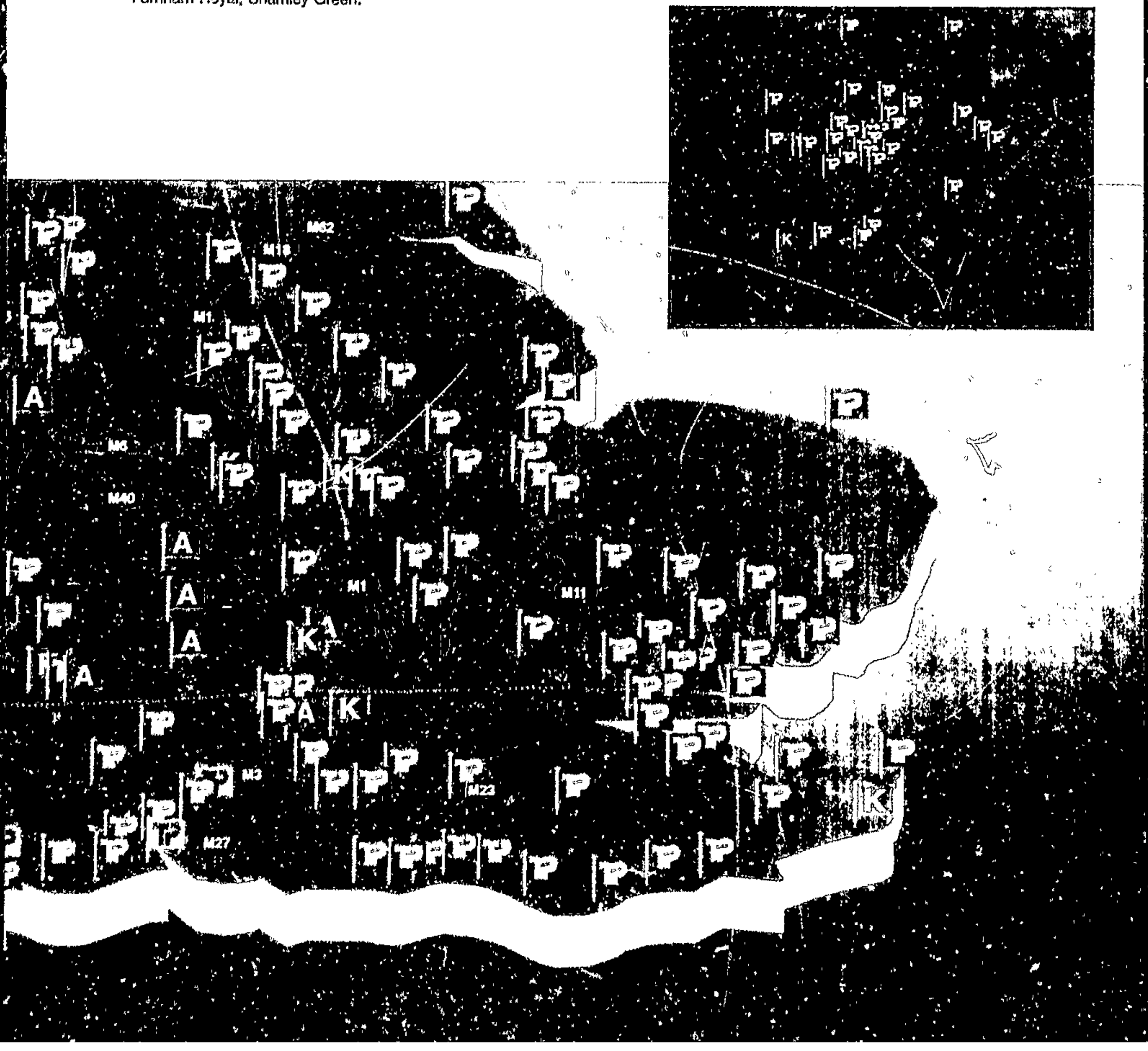
Merchanting Branches at:
Banbury, Birmingham, Bristol, Didcot, Gloucester, Oxford, Reading, Swindon, Wycombe

Roof Truss Manufacturing at:
Gloucester, Wycombe, Swindon.

KENNEDYS GARDEN CENTRES LIMITED
Head Office: Kennedy House, 11 Crown Row, Bracknell, Berkshire RG12 3TH

Garden Centres at:
Church Lawford, Claygate, Farnham Royal, Folkestone, Stroud, Swindon, Twyford, Wellingborough.

Nurseries at:
Farnham Royal, Shamley Green.



Notice of Meeting

Notice is hereby given that the twenty-seventh 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 Tuesday 4th June 1991 at 12.00 noon for the following purposes:—

1 To receive and adopt the financial statements for the year ended 31st December 1990, 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 directors retiring by rotation:

E. R. A. Travis

R. C. Godber

4 To re-elect pursuant to Article 87 of the Company's Articles of Association the following director appointed since the last Annual General Meeting.

J. N. Clarke

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:—

That the Company be and it is hereby generally and unconditionally authorised pursuant to Article 49 of the Company's Articles of Association and Section 166 of the Companies Act 1985 (the Act) to make market purchases (as defined in Section 163 of the Act) of Ordinary Shares of 10p each in the capital of the Company (Ordinary Shares) on such terms and in such manner as the Board of Directors of the Company may from time to time determine provided that:

(a) the maximum number of Ordinary Shares hereby authorised to be purchased is 10,161,563;

(b) the maximum price which may be paid for an Ordinary Share hereunder is an amount equal to 105 per cent of the average of the middle market quotations for an Ordinary Share as derived from The Stock Exchange Daily Official List for the ten business days immediately preceding the day on which the Ordinary Share is purchased;

(c) the minimum price which may be paid for an Ordinary Share is the par value of such Ordinary Share;

(d) the authority hereby conferred shall expire at the earlier of fifteen months from the date hereof or the conclusion of the next Annual General Meeting of the Company, unless such authority is renewed prior to such time; and

(e) the Company may make a contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of Ordinary Shares in pursuance of any such contract.

7 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 Act) of the Company for cash pursuant to any general authority conferred on them in accordance with Section 80 of the Act as if Section 89(1) of the Act 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 or 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:—

Notice of Meeting continued

(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 £508,078.

Cobtree House
Forstal Road
Aylesford
Maidstone
Kent ME20 7AG

By order of the Board
A. L. Gurney
Secretary

10th May 1991

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, Barclays Registrars Ltd, 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.

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 at the Meeting and for a period of fifteen minutes prior to the Meeting.

5 The purpose of Resolution 6 is as follows:—
The Companies Act 1985 and Stock Exchange regulations allow Companies to make market purchases of their own shares for cancellation provided that purchases are first authorised by the Company in General Meeting. Your Directors believe that it is in the best interests of shareholders that the Company should have the flexibility to make market purchases of its own shares.
The effect of any such market purchases would be to reduce the number of shares in issue. The Directors would only make such purchases after considering the effect on earnings per share and the benefits for longer term shareholders. The fact that this authority is being sought should not be taken to imply that shares will be purchased at any particular price or indeed at all. The Directors have no current intention of making market purchases of the Company's shares.

6 The purpose of Resolution 7 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 7 therefore empowers the Board to allot for cash equity securities of a nominal amount not exceeding £508,078 without first offering such securities to existing ordinary shareholders. The authority extends until the earlier of the conclusion of the Annual General Meeting for 1992 or the date fifteen months from the date of the passing of Resolution 7. Any issue of shares for cash will, however, still be subject to the requirements of The Stock Exchange.

BPCC Oyez Press (Birmingham)