

"2014 was the first year in our five year journey to grow each of our businesses in a sustainable way. After refreshing our strategy in 2013, I am pleased with the progress we have made to improve and grow our Group businesses during 2014. We outperformed our markets, grew profits faster than revenues and returns to shareholders further still"

John Carter Chief Executive

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HIGHLIGHTS

For the year ended 31 December 2014

STRONG PROFIT GROWTH AND GOOD STRATEGIC PROGRESS

- Revenue increased by 8.4% to £5.6bn, with like-for-like sales up by 7.3%
- Adjusted earnings per share increased to 119.0p, up 14.9%
- Final dividend of 25.75p giving a full year dividend of 38p, up 22.6%
- Gross capital investment increased by £58m to £165m funded from cash flows to drive on-going share gains and sustainable growth
- 54 new sites opened with a further 47 implants added to the network
- Acquisition of Primaflow, a plumbing and heating distribution business for £16m
- Supply chain capabilities enhanced with new Warrington primary distribution centre and second heavyside range centre
- Lease adjusted return on capital employed improved by 0.4ppt to 10.4%
- Long-term funding secured with £250m bond issued on investment grade terms

	2014 £m	%	2013 £m
Revenue	5,580.7	8.4	5,148.7
Adjusted ⁽¹⁾ :			
Operating profit (note 5a)	384.0	10.5	347.6
Profit before taxation (note 5c)	362.3	12.8	321.1
Profit after taxation (note 5c)	290.8	16.6	249.5
Adjusted earnings per share (pence) (note 11b)	119.0	14.9	103.6
Statutory:			
Operating profit	343.1	4.1	329.7
Profit before taxation	321.4	2.8	312.6
Profit after taxation	258.7	(2.3)	264.7
Basic earnings per share (pence)	105.9	(3.6)	109.9
Total dividend declared per share (note 12)	38.0p	22.6	31.0p

⁽¹⁾Throughout this Annual Report the term "adjusted" has been used to signify that the effects of exceptional items, amortisation of intangible assets and the associated tax impacts have been excluded from the disclosure being made.

Revenue Grov	viii <i>F</i>	AOJUSTEO	Margin	on Capital E	
for-		2014	Change from 2013	2014	2013

		(note 4)				
General Merchanting	13.7%	12.9%	9.8%	(0.9)ppt	16%	16%
Plumbing & Heating	(0.9)%	(1.9)%	4.8%	0.7ppt	9%	8%
Contracts	12.1%	11.8%	6.7%	(0.4)ppt	13%	12%
Consumer	8.8%	6.7%	6.0%	0.7ppt	7%	6%
Group	8.4%	73%	69%	01nnt	10.4%	10.0%

⁽²⁾ The divisional allocation of the Group's businesses for 2013 has been restated following the divisional restructuring effected on 1 January 2014 (note 6).

General Merchanting

Divisional Performance⁽²⁾

- Revenue improved by 13.7% significantly outperforming the market, with all product categories performing strongly
- Adjusted operating profit up 4% to £183m. However, excluding profits from property transactions adjusted EBITA increased by more than 6% to £169 million. Also in 2014 the Travis Perkins business began a modernisation programme which increased operating costs. Had this investment programme not commenced, adjusted operating profits would have increased by more than 10%
- Good progress made in commencing the modernisation programme with new format trials underway, the second range centre operating in Cardiff and a much stronger pipeline of new branch openings

Plumbing & Heating

- As expected revenue growth slowed during the year, down 0.9% owing to fewer Energy Company Obligation contracts, a declining boiler market and some branch conversion disruption in the second half
- Adjusted operating margin improved 0.7ppt to 4.8% with a 1.3ppt benefit from property profits and good cost management despite competitive pricing pressure from weak volume demand reducing gross margins by 0.6ppt
- · Good progress was made effecting the branch reconfiguration programme. 46 branches were converted from the PTS format to the CPS format and 27 PTS branches were closed with customers transferred to larger PTS and nearby CPS branches

Contracts

• Revenue growth of 12.1%, with a particularly strong fourth quarter. Share gains in all three businesses

- Adjusted operating margin fell 0.4ppt due to the relative outperformance of CCF and Keyline and the competitive BSS market
- Strong capital management and higher profits, up 6.1% to £72m, resulted in a 1.0ppt increase in lease adjusted return on capital employed ("LAROCE") to 13%

Consumer

- Revenue up 8.8% to £1,283m with consistent like-for-like sales growth throughout the year and a very strong fourth quarter against a strong prior year comparator
- Adjusted operating profit up 22.7% to £77m from £63m in 2013, adjusted operating margin up 0.7% to 6.0% and improved LAROCE to 7%
- Although early in the transformation programme for Wickes, customer feedback to the changes implemented so far has been positive. Improvements to value, branded ranges, promotions, customer service and the introduction of a new website and click and collect capability demonstrate the extent of the work under way

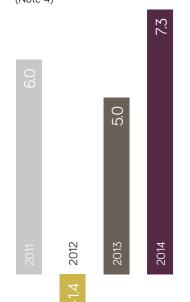


KEY PERFORMANCE INDICATORS

The Group tracks its performance using 2 operating key performance indicators ("KPI"s), 3 financial KPIs and 4 funding targets that the Board believes are key indicators of its progress against its strategic and financial targets. In addition, the Group has a number of guidance measures at a group, divisional and business level, details of which are set out in the business and finance reviews on pages 24 to 37. In 2014, in order to ensure greater consistency throughout the Group, the Group's KPIs were reviewed and an additional 3 funding targets were included.

OPERATING KEY PERFORMANCE INDICATORS

Like-for-like revenue growth (%) (Note 4)



Definition

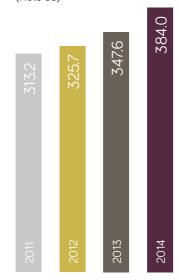
Revenue growth adjusted for new branches, branch closures and trading day differences. Revenue included in like-for-like is for the equivalent periods in both years under comparison. Branches are included in like-for-like sales once they have traded for more than 12 months. When branches close, revenue is excluded from the prior year figures for the number of months equivalent to the post closure period in the current year.

Reason

Calculating like-for-like sales enables management to monitor the performance trend of the underlying business year-on-year. It also gives management a good indication of the health of the business compared to competitors.

Adjusted operating profit (£m)

(Note 5a)



Definition

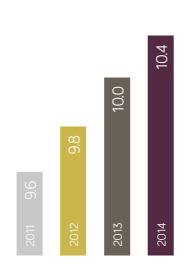
Profit before tax, financing charges and income, amortisation and exceptional items.

Reason

This is the profit earned from the Group's trading activities.

FINANCIAL KEY PERFORMANCE INDICATORS

Lease adjusted return on capital employed* (%) (Note 37)



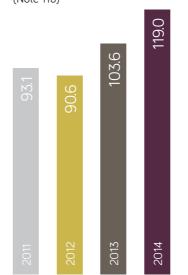
Definition

Adjusted operating profit after adding back 50% of annual property lease rentals, divided by the combined value of balance sheet debt, equity and eight times annual property rental expense.

Reason

This ratio allows management to measure how effectively capital is used in the business to generate returns for shareholders. It takes into account both balance sheet debt and off-balance sheet long term obligations, being principally property leases.

Adjusted earnings per share* (pence) (Note 11b)



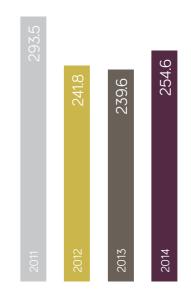
Definition

Profit after tax, adjusted to exclude the effects of amortisation and exceptional items, divided by the weighted average number of shares in issue during the period.

Reason

Adjusted earnings per share is an indicator of the Group's underlying profitability, which is an important factor in determining the Group's share price.

Free cash flow (£m) (Note 35)



Definition

Net cash flow before dividends, growth capital expenditure, pension deficit repair contributions and financing cash flows.

Reason

The Group needs to generate strong free cash flows to enable it to invest and expand its operations, settle financing charges from debt providers, pay dividends to shareholders and access the best property locations.

Like-for-like revenue growth 7.3%

Adjusted operating profit £384m

Lease adjusted return on capital employed

10.4%

Adjusted earnings per share

119.0p

Free cash flow

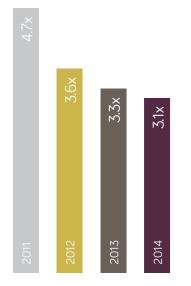
£255m

KPIs marked * are measurements used in determining elements of directors' remuneration, details of which are set out on pages 98 to 117.

KEY PERFORMANCE INDICATORS

FUNDING TARGETS

Dividend cover (times) (Note 12)



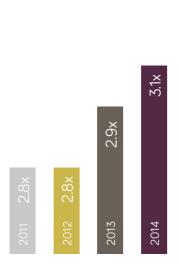
Definition

The ratio of adjusted earnings per share to dividends per share.

Reasor

Dividends are the primary method for returning capital to shareholders. The Board aims to balance retaining profits in the business for future investment with giving shareholders an acceptable return on their investment. The Group's target range for its dividend cover ratio is 2.5x to 3.25x.

Fixed charge cover (times) (Note 36)



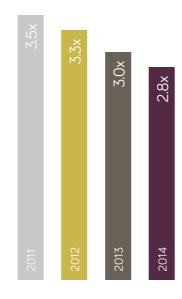
Definition

The ratio of earnings after adding back property lease rentals, but before interest, tax, depreciation, amortisation and exceptional items, to finance charges plus property lease rentals.

Reason

Fixed charge cover is used by management, lenders and Debt Rating Agencies when determining how well the Group can afford to pay fixed financing charges. The Group is targeting a ratio of 3.5x.

Leverage ratio (times) (Note 36)



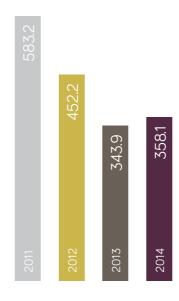
Definition

The ratio of lease adjusted net debt to earnings before tax, interest, depreciation, amortisation, property lease rentals and exceptional items.

Reaso

The leverage ratio is an indicator for management and lenders of the Group's ability to support its debt. The Group has a target of below 2.5x.

Net debt (£m) (Note 33)



Definition

The amounts owed to lenders of finance less cash held by the Group.

Reaso

The value of debt in the balance sheet is an indication of financial efficiency. In general, the return paid to debt lenders is below the return demanded by equity investors. The Group has not set a debt target.

Dividend cover

3.1 times

Fixed charge cover

3.1 times

Leverage ratio

2.8 times

Net debt £358m

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TRAVIS PERKINS PLC AT A GLANCE

A major plc, which can trace its roots back over 200 years, Travis Perkins is a leading company in the builders' merchant and home improvement markets, and is the UK's largest product supplier to the building and construction market, one of the largest industries in the UK. It operates 18 businesses from 1,975 sites across the UK and Ireland. Travis Perkins comprises a strong portfolio of businesses which are organised into four divisions: General Merchanting, Plumbing & Heating, Contracts and Consumer.

Cornerstones

The Group has built an inclusive working environment where everyone can contribute because everyone is listened to, valued and respected. It is founded on five Cornerstones:

Upholding family values – a way of working and treating people

Keeping people safe – safety will always be at the top of the agenda

Making decent returns – creating value for shareholders, employees, customers and suppliers

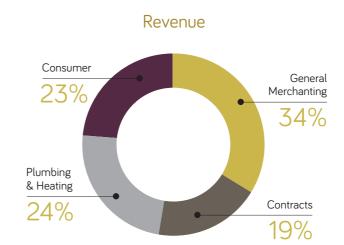
Supporting our customers – the Group's business is based on strong relationships

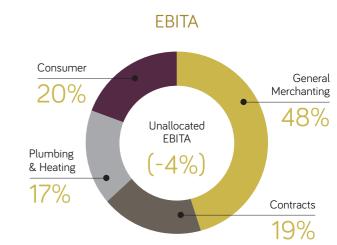
Being the best – setting the bar high and making employees and customers feel special





"Continue to deliver better returns by putting in place and growing the best businesses, with outstanding people providing comprehensive building material solutions to everyone. Creating, maintaining, repairing and improving the built environment, helping to build Britain."





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THE GROUP'S BUSINESSES

GENERAL MERCHANTING

General Merchanting is a division consisting of the Travis Perkins and Benchmarx brands, and is the Group's core business. It supplies products for all types of repair, maintenance and improvement projects ("RMI") as well as new builds and construction. It has developed exclusive own label products, the largest of which is 4Trade. The customers of General Merchanting businesses are primarily professional tradesmen, ranging from sole traders to national house builders whose key requirements are product range and availability, competitive pricing and customer service.



Industry: General building materials

Travis Perkins is a leading company in the builders' merchant market, supplying more than 100,000 product lines to trade professionals and self-builders.



PLUMBING & HEATING Plumbing & Heating symplics the trade with plumbing heating

Plumbing & Heating supplies the trade with plumbing, heating and related products. Plumbing Trade Supplies and City Plumbing Supplies are the main brands in the Division which supplies a wide range of customers including domestic plumbers, independent merchants, large contractors and public services. As well as selling branded products, the Division has developed very successful own brand products such as BOSS and iflo.



Industry: Plumbing and heating

City Plumbing Supplies ("CPS") is a major nationwide plumbing and heating merchant serving the general plumbing and heating trades. The business offers high quality products and expertise to the trade.





Industry: Heating spares

Direct Heating Spares ("DHS") is a leading distributor of domestic heating spares in the UK with national coverage. The business is focused on improving the supply and service of domestic heating spares to the trade.



BENCHMARX Kitchens and Joinery

Industry: Kitchen specialists

Benchmarx Kitchen & Joinery was opened in 2006. It is a trade only specialist outlet supplying kitchens and joinery products that meet the needs of businesses of many sizes from specialist joiners through to local authorities and national house builders.





Industry: Plumbing and heating

Plumbing Trade Supplies ("PTS") sells a wide range of bathroom, heating and plumbing products to the contracts market serving both the private and public sectors, including national house builders and sole trading plumbers.





Industry: Plumbing, heating and bathrooms

F & P Wholesale is the leading distributor of heating, plumbing and bathroom products into the independent merchant sector and to retailers of fires and bathrooms. The business distributes a wide range of the UK's leading brands plus a number of popular own brands including Pro (heating and ancillary products) and Fresssh (bathrooms).





Industry: Tools and hardware wholesaler

Birchwood Price Tools ("BPT") is a leading wholesaler of power tools, hand tools and site equipment. BPT also develops products and brands which are sold both within the Group and through third parties throughout the building materials market in the UK. BPT was formed in April 2009 as the result of a merger between Birchwood Products and Price Tools and was acquired by Travis Perkins plc in December 2010.



THE GROUP'S BUSINESSES

PLUMBING & HEATING

Continued



Industry: Plumbing and heating

Solfex Energy Systems is a distributor of renewables technology.



CONTRACTS

Contracts has three main brands: Keyline, CCF and BSS and these businesses are known for their knowledgeable staff and excellent delivery service.



Industry: Civils, heavy building materials and drainage solutions

Keyline is one of the largest suppliers of civils, heavy building materials and drainage solutions in the UK, with a nationwide network that delivers thousands of product lines to trade professionals and specialist contractors.



CONSUMER

The consumer division supplies domestic building and decorative materials through retail stores. It differentiates its proposition through a higher proportion of own brand products, low prices and good availability supplemented by the key brands required by DIY'ers and the trade.

Wickes

Industry: DIY and home improvement product retailer

Wickes opened its first store in 1972 and now has over 200 stores throughout the UK. Wickes was acquired by the Group in February 2005. There are currently 10,000+ products in the Wickes range which are available to order in-store, online or by telephone.



№PlumbNation

Industry: Plumbing and heating

PlumbNation is a leading supplier of plumbing and heating products through its online ecommerce platform and its UK contact centre operation.





Industry: Pipeline and heating solutions

BSS Industrial Pipeline & Heating Solutions ("BSS") is a specialist distributor of pipeline, heating and mechanical services equipment, serving customers across all industrial sectors within the UK and Ireland.



can be supplied from stock and delivered nationwide.

CCF

airports, retail, food



TOOLSTATION

Industry: Retailer of tools and hardware

Toolstation is a rapidly growing retailer founded in 2003 operating from over 180 stores. Its fully integrated multichannel operating model is class leading and enables the business to offer the lowest prices and best availability.



tile giant

Industry: Retailer of ceramic tiles

Tile Giant is one of the UK's fastest growing suppliers of ceramic tiles which are available to both the public and the trade. Tile Giant was founded in Staffordshire and has grown to over 100 stores nationwide. Tile Giant was acquired by the Group in 2007.

Industry: Interior building solutions - commercial

offices, residential, healthcare, education, hotels,

building products to the construction industry. CCF has an

extensive product range from ceilings, drywall and flooring, to insulation, partitioning and fire protection products, which

CCF is one of the UK's leading distributors of interior



CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2014



INTRODUCTION

A few introductory points, by way of context.

During the years 2008 to 2013, the Company adopted a measured approach to trading and investment, combining self-help initiatives and selective acquisitions (Toolstation and BSS), which reflected opportunities at that stage in the business cycle.

During the second quarter of 2013, however, the Group saw early signs of recovery in the sector and decided to adopt a more expansionary stance, investing ahead of the cycle and planning accordingly:

- Continuing to carefully plan and execute CEO succession, with the pending retirement of Geoff Cooper
- Developing longer term strategies for each of the Group's businesses
- Realigning the Group's senior management teams and devolving more operating authority to each of the Group's businesses to take full advantage of the Group's traditional strengths as operators
- Planning well in advance for a series of Board retirements and recruiting a Board fit for the future
- Commencing a disciplined approach to capital allocation that fully reflected the Company's most attractive investment choices

One year into this new direction, I am pleased to report impressive progress. Point by point, addressing each of the five points above:

 John Carter, taking over as Chief Executive Officer ("CEO") in January 2014, has had a strong first year and has established a close working partnership with Tony Buffin, the Group's Chief Financial Officer ("CFO")

- The Group's five year strategic direction was presented to the City in a Capital Markets presentation in December 2013; this was followed by a further operational briefing day in November 2014, when many of the Group's senior executives presented their individual businesses. The Group plans to continue this high level of communication
- The new devolved organisation is clearly working. There is significant commitment and energy in each of the businesses aimed at innovating their business models to serve customers better
- Board recruitment is now complete. The Group now has a talented Board, comprising directors with extensive experience, many of whom are current and past CEOs and CFOs
- During 2014, £183m of capital investment was approved.
 Disciplined processes are in place to monitor this investment to ensure that targeted returns are achieved, and future capital is put to best use

Finally, and despite good progress to date, the Board remains vigilant about future political and market uncertainties, and it will continue to ensure the Group retains significant flexibility to adjust its stance, should conditions change.

Results

As a result I am pleased to report another good year, in which the Group once again outperformed its sector.

The improvement in market conditions has led to revenue increasing by 8.4% to £5.6bn (2013: £5.1bn), whilst adjusted profit before tax rose by £41m or 12.8% from £321m to £362m. Adjusted earnings per share were up 15.4 pence to 119.0 pence, a 14.9% increase over last year's 103.6 pence.

As a result of the Group recognising a net £23m of pre-tax exceptional items (2013: £9m credit), profit after tax fell by £6m to £259m and basic earnings per share was 3.6% lower at 105.9 pence.

Net debt has risen slightly to £358m (2013: £344m) despite, as planned, the Group increasing the dividend payment to investors, commencing its investment programme in branch and store expansion, distribution centre restructuring and extension and in IT developments and completing a bolt on acquisition. Overall gross capital expenditure, before acquisitions and disposals, increased by £58m to £165m (2013: £107m).

Dividend

The strong performance of the Group in 2014 combined with the Board's confidence that the Group's self-help strategy and underlying market indicators will result in continued strong future earnings growth, has enabled the Board to propose a 22.6% increase in the full year dividend.

A final dividend of 25.75 pence, payable on 1 June 2015 to shareholders on the register on 1 May 2015, will give a full year dividend of 38 pence (2013: 31 pence) which is covered 3.1 times by adjusted earnings per share. The proposed dividend brings cover to within the Board's target range of 2.5x to 3.25x in the medium term.

Board of Directors

The Group believes that it is best served by directors who have demonstrated a successful track record of leading businesses as either CEO or CFO. The evolution of the Board, which started two years ago, continued at pace during 2014. Two new non-executive directors joined the Group during the autumn and a further appointment was announced during December following the retirement of John Coleman, and in advance of the planned retirement from the Board of Andrew Simon in October 2015.

John Coleman retired from the Board on 31 October 2014. He has served the Group with distinction since he became a non-executive director in February 2005 having been a member of the remuneration, nominations and audit committees and also fulfilled the role of senior independent director from January 2013 until August 2014. The Board would like to express its thanks to John and wish him well for the future.

John Rogers and Pete Redfern joined the Board as non-executive directors on 1 November 2014, whilst Coline McConville has joined it in the same capacity on 1 February 2015. The Board believes that it will be enhanced by the newly appointed directors as they bring a wide range of skills and experience to the Group.

Andrew Simon became senior independent director on 1 August 2014. Having joined the Board in 2006, he completed nine years of service as a director on 20 February 2015 and would normally have retired at that time. However, with all the changes to the composition of the Board over the past eighteen months Andrew has agreed to its request to defer his retirement until 31 October 2015, by which time the recently appointed directors will have settled in to their roles.

Employees

The successful implementation of the Group's strategy is wholly dependent upon the quality of the entire Travis Perkins team. During the year, the already successful team was joined by a number of new colleagues bringing skills to support the growth and development of the business. The Board would like to welcome all of those new colleagues to the Group and thank everyone who has contributed to what has been yet another successful year for Travis Perkins.

Outlook

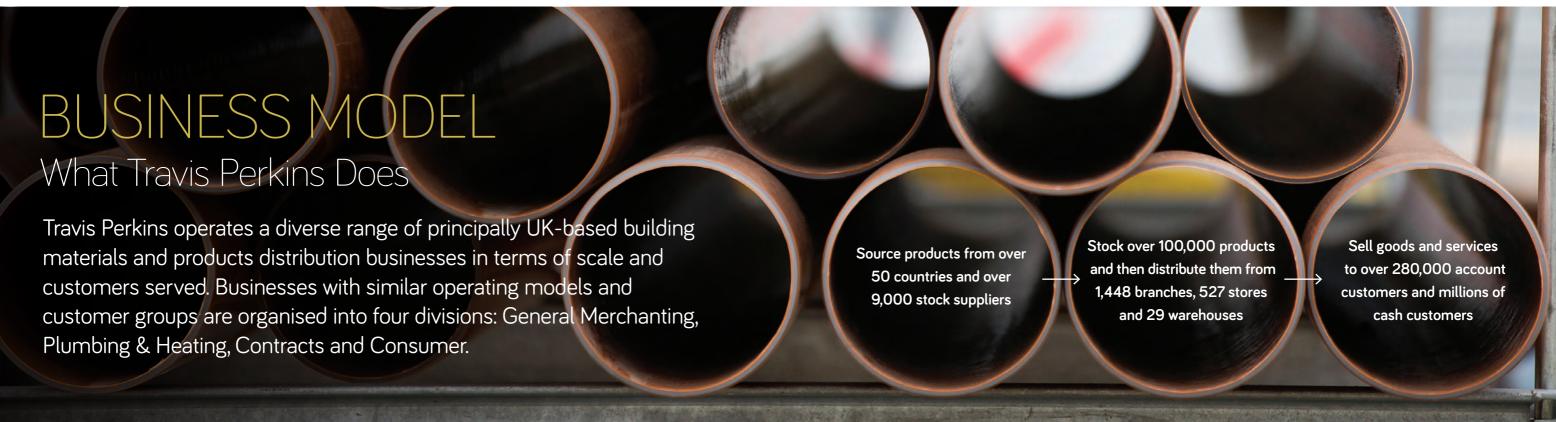
Good progress has been made implementing the Group's updated strategy, although there remains much still to do. Whilst it is early in the recovery of the construction industry, the new housing market, new commercial and industrial markets and the repair, maintenance and improvement markets have been performing largely as the Group expected.

The key lead indicators monitored by management show that the drivers of activity have settled into a more sustainable and consistent trend. Mortgage approval rates and subsequent housing transactions began to moderate in 2014 and this is not expected to significantly reverse in 2015. The upcoming general election may also create some short-term volatility. However, consumer sentiment has improved, employment is rising, mortgage rates are at an historical low and the Group has begun to see wage price inflation above consumer price inflation.

However, the Group's growth plans are not just predicated on resurgent markets, but on active investment programmes to drive sustainable competitive advantage and long term improvements to shareholder returns. Through investing in customer propositions, optimising the branch network, accelerating the scale advantage the Group enjoys and disciplined portfolio management the Group remains confident it can continue to outperform the markets it operates in over the year ahead and the medium-term.

Robert Walker

Chairman 2 March 2015

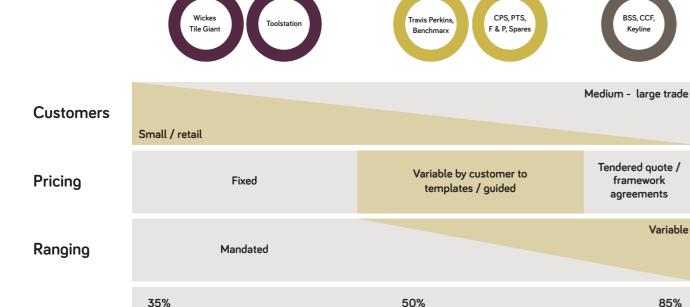


The Group sells quality building products and related services over the counter through its physical branches and stores, using its nationwide sales force and increasingly online to a diverse range of customers ranging from sole traders to national house-builders.

The Group aims for each of its businesses to be the number one or number two by share in their respective sector. The unique breadth of businesses in the Group and diverse supply channels provide resilience to future changes in customer buying behaviour. Wickes, Tile Giant and Toolstation are well placed to benefit from the trend amongst smaller customers seeking fixed prices and online convenience. Similarly, BSS, CCF and Keyline provide the level of service and bespoke framework agreements which are increasingly important to larger contract customers. The Group is organised by customer type, product and operating model as follows:

Contracts

Merchants



The Group differentiates its customer proposition through its:

Scale, competitive pricing and convenience:

- The size of the Group allows it to benefit from economies of scale in common and direct product sourcing and selective centralised distribution
- The Group operates from 2,000 locations enabling it to conveniently offer products for collection or delivery to customers anywhere in the UK and increasingly integrate its developing online operations into its branch and store network. This then enables the Group to pass on these efficiencies to customers by ensuring each of its businesses offers competitive prices in their respective markets

Excellent availability and fast and efficient delivery:

- The operation of lightside primary distribution centres, heavyside regional distribution centres and dedicated retail supply chains mean the Group can offer superior access to the broadest product range and excellent availability
- Over 2,250 colleagues, 192 lorries, 29 central warehouses and 3,700 local delivery vehicles enable the Group to operate an efficient local and national delivery service
- Nearly 70% of the Group's sales are delivered to customers with two thirds of these routed through the branch network
- Telephone, mail order and internet ordering channels enable customers to access the product they need at their convenience

Product solutions:

- The Group's scale gives its suppliers access to a wide range of end customers whilst enabling the Group to purchase products on a competitive basis
- The range of businesses in the Group enables it to access and distribute products in almost all building material product categories
- The Group is committed to buying products, commensurate with its customers' needs, from ethically responsible manufacturers
- The Group has developed a wide range of own brand products which enable it to offer products of commensurate quality to branded goods, but at lower price points
- Excellent relationships with suppliers ensure the Group benefits from product innovation and keen prices which it can pass through to its customers

Excellent customer service:

- Each business has developed a proposition to meet the differing needs of its customers, which concentrates on speed and quality of service, breadth of product range, stock availability for both collection and delivery and value for money
- The Group aims to employ, develop and retain the best people in the sector

Through sales expansion, careful control of costs and targeted investment the Group seeks to grow the business, increase shareholder value and strengthen its balance sheet.

18

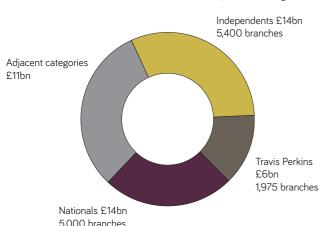
Delivery

THE GROUP'S MARKETS

The total UK construction and home improvement materials market is worth approximately £65bn. Travis Perkins' addressable market is £34bn which excludes certain trade and DIY categories and direct from manufacturer to end-user supplies.

£65bn building materials market Non-addressable trade market £6bn Addressable trade market £27bn Direct to trade/contract £20bn Non-addressable Addressable retail market retail market £5br £7bn

£34bn addressable market - £11bn adjacent categories



Many of the Group's businesses hold market leading positions (by turnover), and those that do not are generally the number two in their respective market. Therefore the Group is well-positioned to benefit from the UK's continuing economic recovery and further enhance shareholder returns.

The Group's largest nationwide competitors account for less than half the turnover in the Group's addressable markets.

Independents and regional, largely private, companies make up the remainder of the market. There are categories with an addressable market of approximately £11bn, in which the Group does not currently operate. These categories provide potential opportunities into which the Group may extend its reach.

Market Trends

The UK has a long history of significantly under-investing in its housing stock. According to a recent survey by the Office for National Statistics, there are approximately 28 million homes in the UK and only 60% of these are maintained to a satisfactory standard. A trend towards smaller family units results in around 230,000 new households being formed each year. The combination of under-investment in existing dwellings and new household formation provides a reasonable expectation of sustainable medium to long term growth in both the new build housing and the repair, maintenance and improvement ("RMI") markets.

Lead Indicators

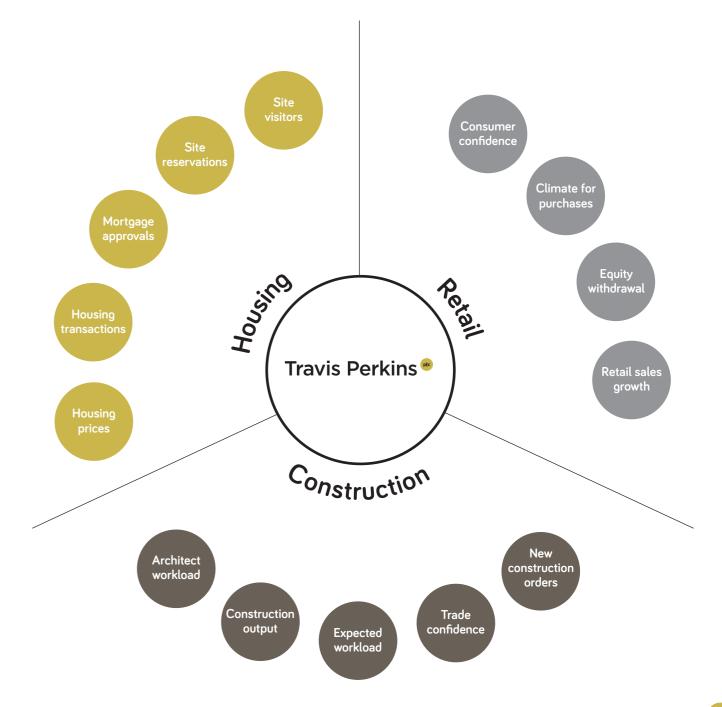
The Group's businesses supply greater volumes of product to the more resilient RMI market, albeit with a small, but important component of turnover coming from the supply of material to the new build market.

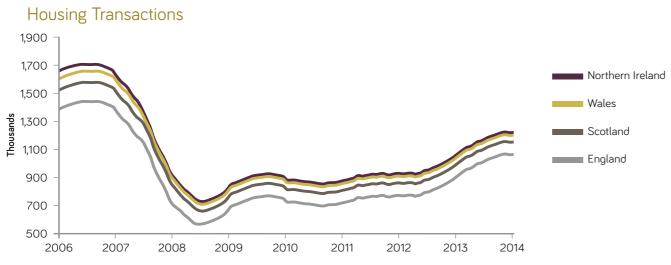
The Group tracks several market indicators from the housing, retail and construction sectors in order to determine levels of investment and inform the Group's trading stance. Secondary housing transactions and consumer confidence remain the key indicators that most closely correlate to future performance. Traditionally there has been a lag of around nine months between a change

in those key indicators and a corresponding uplift in demand volumes.

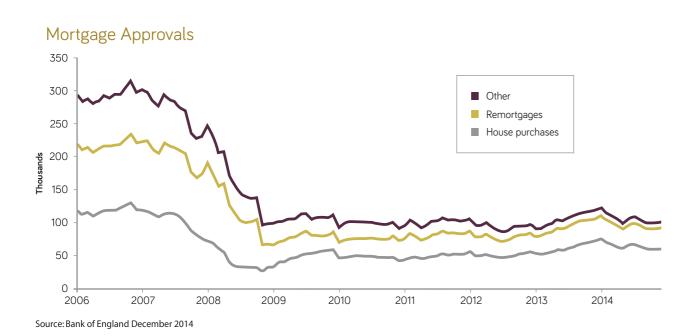
There was a significant improvement in the key lead indicators the Group monitors as the UK recovery took hold in 2013. Whilst it is still relatively early in the recovery of UK construction industry, the key indicators monitored by the Group have steadied during the course of the year and are now at levels that the Group believes are consistent with those needed to support sustained medium-term growth in RMI spend, new housing construction and new commercial and industrial development.

The following chart shows some of the key lead indicators the Group tracks:

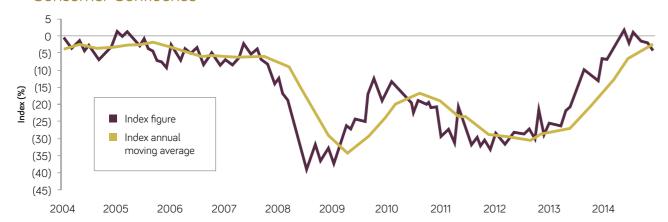




Source: HM Revenue and Customs December 2014 and Travis Perkins analysis



Consumer Confidence



Source: GFK UK Consumer Confidence Index December 2014

Looking in more detail at a number of the lead indicators the Group tracks, the charts on page 22 show that key lead indicators for housing transactions and mortgage approvals are relatively strong, albeit growth rates have moderated during 2014.

Government actions and returning confidence led to a rapid increase in housing transactions in late 2013 and early 2014. Following these initial increases, secondary housing transactions have been broadly consistent at around 100,000 transactions per month which has formed the basis for the Group's long term planning

An improving economic outlook with lower inflation, rising employment, low and steady interest rates and rising real wage increases for the first time in many years has resulted in consumer confidence increasing to its highest point since 2008.

Customer Propositions

Customers' buying behaviours continually evolve and it is important that the Group stays ahead of these changes. End-users are becoming more confident in challenging tradesmen on materials prices with improvements in technology enabling increasing levels of price transparency. In some of the Group's markets, in specific categories and for smaller tradesmen, there is an emerging trend towards more fixed rather than negotiated prices. Larger customers, quite rightly, continue to demand both increased levels of service and better value.

The Group's assembly of businesses serving large and small customers, across a broad range of categories,

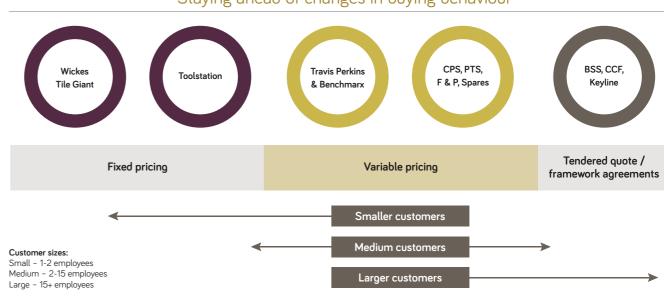
through on-line and off-line channels, and its nationwide delivery capability means it is well placed to adapt to and benefit from any changes in customer behaviour and buying patterns.

Online penetration of building material supply to the trade remains relatively modest at around 3% and 7% for the DIY sector. Industry forecasts predict that online penetration is expected to grow and mainly for lighter or higher value items where the cost and ease of distribution is not restrictive.

Despite the expectation of relatively modest growth in penetration of online sales, the Group is constantly monitoring, and will respond to, changes in technology, buying behaviour and supply arrangements. The Group continues to invest in the expansion of Toolstation with its well-developed online capability and in its online heating supplies business. New multichannel platforms are being developed for General Merchanting, before being rolled out across the Group. Wickes has implemented a new web platform, which is designed to ensure it is the DIY supplier of choice. All of these measures demonstrate the Group's intention to enhance its market leading positions whatever the customers' channel of choice.

The Group will continue to monitor changes in end-user and customer buying behaviour to ensure that it is well placed to invest in and benefit from any changes under way. Beyond changes to the channels through which products are distributed the Group has identified further outsourcing opportunities where larger end-users, such as local authorities, have requested full service supply agreements.

Staying ahead of changes in buying behaviour



- Increasing price transparency
- End-users challenging tradesmen on material prices
- Jobbing tradesmen able to better compare prices
- Lightside and high-value products
- Large customers demanding increasing levels of service and value



Improved ranging, own brand development, better availability, greater value through price investment and new formats have improved the Group's customer proposition. The Group's network has been extended with 54 new trading locations opened during the year together with a further 47 non-spares implants being opened in existing locations. The Plumbing & Heating Division's programme to reconfigure its branches into two more clearly defined operating models commenced during the year and will continue through 2015 and into 2016.

A significant step up in the Toolstation new store opening programme meant that 33 new stores were opened during the year.

The Group has made good progress in better using its scale advantage. A new primary lightside primary distribution

centre located near to Warrington opened towards the end of the year, with a second heavyside range centre opened in Cardiff. Although still at an early stage a number of important technology investments have commenced as the Group seeks to modernise its information technology infrastructure. Further improvements have been made in sourcing where the Group has continued to grow volumes through its international buying teams.

Significant progress has also been made in better managing the Group's portfolio of businesses and improving returns on capital. Divisional management teams have been considerably strengthened and have further developed the strategic plans for their respective divisions. The enhanced discipline brought to portfolio management resulted in the Group determining it could not make an acceptable

return from its roofing business, Rinus Roofing, which was subsequently disposed of during the year.

Incentive structures have been better aligned to the more clearly defined plans, particularly in the Consumer Division, and more work is under way to link management performance to compensation in the other Divisions. In the first year of implementing the updated strategy the Group has successfully outperformed the market and gained share, grown operating profit in line with its target of double digit growth over the medium-term and improved lease adjusted return on capital by 40bps to 10.4%. Significant operating and capital investment programmes have continued to improve customer propositions, optimise the Group's property network and take advantage of its scale.

The markets for three of the Group's four divisions have followed an improving trend, which began in 2013. Only the plumbing and heating market has struggled to grow in the face of a reduction in government initiatives and generally weak demand. The Group has taken advantage of lower demand in the market to commence the restructuring of its two principal plumbing and heating businesses, CPS and PTS to better align them to the needs of their customers.

With sales outperformance being a key element of the Group's strategy, it was encouraging that for much of 2014 the merchanting businesses have outperformed the Builders Merchants Federation ("BMF") and the Construction Products Association ("CPA") growth benchmarks, whilst the new Wickes management team has significantly increased Wickes market share.

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Revenue

Total revenue grew by 8.4% driven by strong like-for-like ("LFL") sales of 7.3% and further network expansion across the Group.

Total Revenue	General Merchanting	Plumbing & Heating	Contracts	Consumer	Total
	%	%	%	%	%
Volume	10.3	(1.6)	10.3	9.8	7.0
Price / mix	2.6	(0.3)	1.5	(3.1)	0.3
Like-for-like per day	12.9	(1.9)	11.8	6.7	7.3
Expansion / disposals	0.8	1.0	0.3	2.1	1.1
Total revenue change	13.7	(0.9)	12.1	8.8	8.4

Like-for-Like Revenue	General Merchanting	Plumbing & Heating	Contracts	Consumer	Total
	%	%	%	%	%
Quarter to 31 March	16.6	13.2	12.8	6.9	12.7
Quarter to 30 June	13.3	1.2	9.7	6.8	8.1
Quarter to 30 September	10.9	(5.1)	9.6	6.4	5.7
Quarter to 31 December	11.6	(13.3)	15.8	6.7	3.5
First half	14.6	7.4	11.1	6.8	10.2
Second half	11.3	(9.7)	12.4	6.4	4.6
Full year	12.9	(1.9)	11.8	6.7	7.3

Better weather when compared to the same period in 2013, combined with improved market conditions meant that the Group started the year strongly with first quarter like-for-like sales up 12.7%. Whilst the rate of like-for-like sales growth moderated as the year progressed due to much stronger comparators, General Merchanting, Contracts and the Consumer Division all finished the year well.

Despite a strong start to 2014, the plumbing and heating market weakened as the year progressed. Boiler sales suffered an industry-wide slow down owing to mild weather and the impact of government inducement schemes which pulled forward boiler installations into 2013 and early 2014. As a result the market became increasingly competitive with more aggressive pricing and significant discounting of boiler prices during the latter part of the year.

The Consumer Division saw a strong sales volume increase during 2014, driven partly by an improved kitchen and bathroom performance in Wickes. However, the impact of higher volumes on like-for-like sales was tempered slightly as Wickes continued to invest in lowering prices and strong promotions on key product lines to further enhance its value leading position in the DIY market.

The Group has continued its programme of new branch openings, utilising existing space more effectively and rationalising underperforming sites, particularly in the Plumbing & Heating Division where the Building the Best transformation programme gathered pace. Network expansion and intensification added £60m to revenue which represented 1.1% of group sales.

In November 2014 the Group purchased Primaflow, a plumbing and heating distribution business that complements the Group's existing F & P operations.

Adjusted Operating Margin

Gross margins fell by 0.2ppt for the Group largely owing to the weaker volumes in the Plumbing & Heating Division and to the stance adopted to grow volumes alongside a sales mix shift in the Contracts Division. Implementing the Group's strategy has led to an increase in investment in self-help initiatives, but despite this investment the ratio of overheads to sales fell by 0.2ppt in 2014.

Overall Group adjusted operating profit increased by 10.5% to £384m (2013: £348m), which resulted in adjusted operating margins growing by 0.1ppt to 6.9% (2013: 6.8%) after the inclusion of property profits across both years.

Property profits increased by £9m during the year to £26m (2013: £17m) following the disposal of the freehold for the Warrington distribution centre, which added 0.1% to operating margin.

	General Merchanting	Plumbing & Heating	Contracts	Consumer	Unallocated	Total
	%	%	%	%	%	%
2013 adjusted operating margin	10.7	4.1	7.1	5.3	(0.3)	6.8
Gross margin	(0.2)	(0.6)	(0.7)	(0.3)	100	(0.2)
Operating costs	(0.4)	0.5	0.3	1.0	0.1	0.2
2014 adjusted operating margin before property profits	10.1	4.0	6.7	6.0	(0.2)	6.8
Property profits	(0.3)	0.8	-	-	-	0.1
2014 adjusted operating margin	9.8	4.8	6.7	6.0	(0.2)	6.9



General Merchanting

Performance	2014	2013	Change
Revenue	£1,873m	£1,648m	13.7%
LFL growth			12.9%
Adjusted operating profit	£183m	£176m	4.0%
Adjusted operating margin	9.8%	10.7%	(0.9)ppt
Network expansion (No. of owned branches)	772	728 ¹	44
Lease adjusted ROCE	16%	16%	-

¹Excludes Rinus Roofing branches

The improved market conditions experienced in the second half of 2013 continued into 2014. New housing activity, sustained growth in the RMI sector coupled with improved sentiment from the Group's trade customers led to strong market growth. The General Merchanting Division experienced modest sales price inflation, predominantly but not exclusively in heavyside products, where supply fell short of demand and a positive sales mix effect from growth in heavyside and timber sales.

Divisional sales grew by 13.7%, 12.9% on a like-for-like basis. In May 2014 twelve Keyline branches were transferred into the Division and rebranded as Travis Perkins and two large Travis Perkins branches were rebranded Keyline. The branches added approximately 0.8ppt to Travis Perkins revenue and reduced Contracts revenue by approximately 1.4ppt. There was no material impact on like-for-like revenue as these branches were excluded from comparative calculations.

From a category perspective, good growth was seen in heavyside and timber product areas, with moderate sales price deflation in lightside products particularly plumbing & heating, reducing growth. Gross margin reduced slightly in the second half due to product mix and additional promotional activity, but throughout the year margins benefited from strong price management and rational markets in the face of supply constraints.

Adjusted operating margins fell by 0.9% from 10.7% in 2013 to 9.8% and 0.6% after adjusting for property profits.

Divisional operating costs increased during the year due to a combination of the comprehensive modernisation programme being established, volume increases, investment in customer service and delivery service enhancements. New format trials were undertaken, upgrades were made to IT software and hardware and additional tool-hire and Benchmarx implants were established. The second half saw an increase in the level of investment, when compared to the first half as the modernisation programme gained momentum.

Property profits for the Division were lower in 2014 as the impact of the St Pancras redevelopment reduced, which resulted in a 0.3% fall in adjusted operating margin.

Operating the branches of the Division in a safe manner is of paramount importance. During 2014 improved reporting allowed the earlier identification of potential issues which, when coupled with branch led initiatives, has strengthened the Division's safety position; further improvements will be sought in 2015.

In December 2014, Travis Perkins successfully opened its second range centre ("RC") in Cardiff and by the end of 2014 the RC was supplying heavyside product to more than 30 branches. Work is under way to open a third RC at East Tilbury during 2015. The Warrington RC is now serving 135 branches. RCs enable Travis Perkins to provide customers with an extended range catalogue and to offer better availability to all the brands they serve.

The property pipeline required to deliver new branches has been re-established during 2014 and is now well placed to deliver between five and fifteen new branches per year into the medium-term. Existing space intensification continued in 2014, with two Benchmarx kitchen showrooms opening in Travis Perkins branches, along with 10 more branches able to offer tool-hire services.

Work continues with the Travis Perkins modernisation programme:

- Format, range and space initiatives are now being trialled in three branches, with a fuller pilot programme to commence in 2015
- Extending the Travis Perkins multi-channel offer remains a priority with IT infrastructure under development and the range centre development both being an integral part of enabling fulfilment.
- Modernising the pricing architecture in Travis Perkins, through better systems and analytics, is already seeing improved decision making in branches and will continue in 2015

The Benchmarx business had a record year in 2014, with sales growth of 28.2%, 14.7% on a like-for-like basis. Early in the year 27 kitchen showrooms within Travis Perkins were rebranded as Benchmarx showrooms resulting in increased sales, whilst a further two implants and five brownfield branches were opened during the year taking the total number of sites to 119.

The Benchmarx strategy is well defined with three branch formats: standalone branches, implants in Travis Perkins branches, which carry stock to fulfil orders, and showrooms which enable customers to view product and then order kitchens for delivery. Improvements in sourcing in 2014 and a significant review and rationalisation of the range mean the business is well placed for growth in 2015.

Plumbing & Heating

Performance	2014	2013	Change
Revenue	£1,353m	£1,366m	(0.9)%
LFL growth			(1.9)%
Adjusted operating profit	£65m	£56m	15.4%
Adjusted operating margin	4.8%	4.1%	0.7ppt
Network expansion (No. of owned branches)	505	526	(21)
Lease adjusted ROCE	9%	8%	1.0ppt

In March 2014 the business announced its Building the Best plans to transform the Plumbing & Heating Division by clarifying the plumbing and heating format strategy, more specifically aligning the PTS business to support large contract customers with CPS supporting the small to medium sized plumbing and heating engineers and bathroom installers. The network reconfiguration will bring a clearer segmentation of customer propositions with around 180 branch conversions planned over two years. The effect will be to re-allocate capital to City Plumbing, which offers better returns and significantly improve divisional LAROCE. Furthermore, the PTS network is being designed to better satisfy demand from larger customers with fewer stocking points, better account management and more efficient deliveries reducing the level of capital employed.

During the year 46 branches have been converted from the PTS format to the CPS format. This has enabled more CPS customers to access the new bathroom showroom concept and a broader range of product. In addition 27 PTS branches have been closed with customers transferred to larger PTS and nearby CPS branches.

Revenue in the Division declined by 0.9% as a result of a number of one-off Energy Company Obligation Scheme contracts ending in the first half of the year as well as a weaker market for boiler sales. In addition, as expected, sales in the second half of the year were impacted by the disruption of branches being physically converted to the CPS format and the closure of PTS branches, which were not considered to be viable under the new PTS operating model. This disruption will continue through 2015.

Gross margins declined 0.6ppt when compared with last year a result of a highly competitive market whilst operating costs were well controlled with the ratio of cost to sales improving by 0.5ppt in the year. This operating cost improvement has been delivered despite the business continuing to invest in new bathroom showroom facilities and spares implants across the network.

The business has recognised an exceptional charge of £29m relating to the reconfiguration of the plumbing and heating network across PTS and CPS. This includes onerous lease costs, dilapidations expenditure, abnormal stockwrite offs associated with branch closures and the costs of running the transformation programme. These costs include items such as lease rental costs, which would have been incurred through to 2020.

Operating profit grew from £56m in 2013 to £65m in 2014. If the impacts of property profits and ECO contracts are excluded from both the 2013 and 2014 results then underlying profits increased from £46m in 2013 to £48m in 2014. As a result the underlying operating margin increased from 3.4% to 3.5% and the reported operating margin improved from 4.1% to 4.8%.

During the year, the business undertook a number of initiatives to drive productivity improvements across the branch network, for example reviewing warehouse layouts and processes. In addition property profits of £11m arose following the sale of the freehold for the Warrington primary distribution hub.

Lease adjusted return on capital employed has improved to 9%, a year-on-year increase of 1.0ppt as initiatives to reduce working capital have gathered pace.

The Division continued to expand the CPS network format outside the core Building the Best change programme. Through 2014 four new CPS sites were opened in key markets and bathroom showrooms were rolled out to an additional 34 sites. Spares implants were rolled out to 44 new PTS and CPS sites in the year, enhancing the customer offer and improving sales densities.

In November 2014 the business acquired Primaflow for £16m, which has an annual turnover of £37m. Primaflow will sit alongside the Connections business within F & P, distributing small parts largely to the independent plumbers merchants. This investment will support the growth of the F & P business through category expansion as well as producing commercial and supply chain synergies.

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Contracts

Performance	2014	2013	Change
Revenue	£1,072m	£956m	12.1%
LFL growth			11.8%
Adjusted operating profit	£72m	£68m	6.1%
Adjusted operating margin	6.7%	7.1%	(0.4)ppt
Network expansion (No. of owned branches)	171	182	(11)
Lease adjusted ROCE	13%	12%	1.0ppt

Good progress was made in the Contracts division in 2014, which was created just over 15 months ago to provide a better service to large contract customers and realise synergy benefits. Double digit revenue growth led to market share gains in all three businesses, with investments commenced to deliver the strategic plans laid out in late 2013.

Revenue growth of 12.1% with a like-for-like sales increase of 11.8% benefited from good volume growth throughout the year and a particularly encouraging final quarter given the very strong prior year pricing comparatives. Positive sales price and mix variance were slightly more muted than expected at the outset of the year with commodity price deflation in the BSS plumbing and heating categories being offset by inflation in heavy building materials in Keyline.

The gross margin decline in the Division was predominantly due to competitive price discounting in BSS and more limited pass through as well as a mix shift to the lower margin Keyline and CCF businesses. Despite the competitive market conditions BSS grew both market share and gross profits in the year.

Overheads were well controlled across all three businesses. Notwithstanding, investments have been made to support the division's long term vision and strategic plan including in skilled, technically strong colleagues to drive an enhanced service proposition. Further investments were made in rolling out nine more tool-hire businesses within existing BSS branches, in the industrial sales team capability, in the range and distribution of Sektor partitions in CCF and in the rail and utility team capabilities in Keyline.

Keyline continued to improve its range conformity and clarity throughout its branch network in 2014. As part of this work it was decided to rebrand 12 branches as Travis Perkins fascias. These branches were smaller than required to stock the comprehensive civil materials range which Keyline customers have come to expect and so were better suited to meet the needs of Travis Perkins customers. Two larger Travis Perkins branches were branded Keyline in locations where Keyline was historically under-represented. Product ranges were extended and specialists recruited in the rail, utilities, highways and geo-technics customer segments and categories. Encouragingly strong growth was achieved in all parts of the business. In addition, further

investments were made in the tool-hire category with 12 branches now offering the full range of tool-hire assets.

BSS faced a more challenging market in 2014, but continued to make market share gains, with particular focus on growth in the industrial market sector delivering double digit growth through the deployment of 'centres of excellence' across the branch network. The BSS Hire IT offer is now available on a national basis through 27 branches. It is supported by a central warehouse distribution service, which ensures that hire assets are available when and where customers need them.

CCF has had a very strong year as it focused on expanding its interiors range. All categories have shown positive growth, particularly insulation and internal partitions. Following an exciting launch at the end of 2013, sales of CCF's own brand 'Sektor' partitions products have grown strongly during the year and were well received by customers. Further investment is planned in 2015. The business' online presence through Insulation Giant has been enhanced with an expansion of product range and improvements to the on-line customer experience.

CCF added one new branch in 2014 taking the total network to 32. In addition three branches were relocated to larger, more efficient premises giving a total space increase of 6.6%, which contributed 4.8% to CCF sales. Network development provides a material opportunity to grow footprint, improve national coverage and reduce the cost to serve. Plans are well advanced to extend CCF's network further in 2015.

Operating margins in the Division fell from 7.1% to 6.7% in the year in part owing to the competitive BSS market and in part owing to higher growth in lower margin CCF and Keyline businesses. Despite the fall in margins EBITA grew by 6.1% and lease adjusted return on capital employed increased from 12% to 13%.

Following the year end, on 4 February 2015, the Division completed the small acquisitions of Rudridge. This should add about £50m to revenue from four well located branches in the South East.

Consumer

Performance	2014	2013	Change
Revenue	£1,283m	£1,180m	8.8%
LFL growth			6.7%
Adjusted operating profit	£77m	£63m	22.7%
Adjusted operating margin	6.0%	5.3%	0.7ppt
Network expansion (No. of owned branches)	527	489	38
Lease adjusted ROCE	7%	6%	1.0ppt

The Division showed strong revenue growth throughout 2014. Like-for-like sales growth was consistently over 6% throughout the year. The first quarter benefited from milder weather than in 2013, coupled with strong winds which assisted fencing and roofing sales. The fourth quarter saw the strongest underlying sales growth with like-for-like sales up over 6% and two-year growth of over 15%.

Total revenue growth of 8.8% and like-for-like sales of 6.7% demonstrates the improvements made in the Wickes offer through the year and the attractiveness of the Toolstation proposition. Continued price investment in Wickes, to keep prices generally lower than its competitors, helped the business gain significant share and establish a stronger price perception amongst customers. Toolstation continued to invest to maintain its 'lowest price in the market' positioning.

Despite these significant investments for customers, gross margin declined by only 0.3ppt owing to the continued work to re-source and rationalise range. However, the growth in volumes and strong cost control resulted in operating margins improving from 5.3% to 6.0% and EBITA growing by nearly 23%.

New stores contributed 2.1ppt to sales during the year with four new Wickes stores opened alongside 33 new

Toolstation shops, including 12 implants in Wickes. At the end of 2014 Toolstation operated from 184 shops and Wickes from 232 stores.

The transformation plans for Wickes started to gain momentum during 2014 with improvements in price, branded ranges, promotions, customer service and Wickes online offer through the introduction of a new website and click and collect. Further improvements and investments are planned in 2015 alongside an acceleration in the store opening programme.

To date the incremental returns from these investments have been strong and are contributing towards management's medium-term target of improving lease adjusted returns by 200-300bps for the Division as a whole.

Wickes plans to continue the expansion of its network by between 5 and 10 new stores per year and Toolstation is planning to open more than 30 shops again in 2015 (2014: 33).

With clear improvement and expansion plans in place for 2015, a strong performance in 2014 and positive market indicators, management are encouraged with the improved outlook for the Division.

The Group has seen encouraging progress in the majority of its businesses during the first year of implementing its updated strategy. The key priorities remain on modernising General Merchanting, transforming Wickes and reconfiguring the plumbing and heating businesses to better suit their customers' needs.

The Group's key lead indicators have settled into a still positive, but more moderated and consistent trend. This backdrop allied to the Group's "self-help" growth initiatives should support on-going market share gains, medium-term double digit operating profit growth and continuing growth in return on capital.

John Carter Chief Executive Officer

2 March 2015

FINANCIAL REVIEW

The Group has made good progress towards achieving the medium term strategic financial targets set out in last year's annual report and towards its aim of running the business on investment grade metrics. Investment levels have increased, longer term funding has been put in place and six of the Group's seven key financial metrics have improved as a result of increased profits when compared with 2013.

Measure	Note	2014	Change	2013	Medium Term Ambition
Adjusted earnings per share	11b	119.0p	14.9%	103.6p	Double digit growth p.a.
Lease adjusted ROCE	37	10.4%	40bps	10.0%	+200-300bps
Lease adjusted debt to EBITDAR	36	2.8x	0.2x	3.0x	2.5x
Fixed charge cover	36	3.1x	0.2x	2.9x	3.5x
Adjusted dividend cover	12	3.1x	0.2x	3.3x	2.50x-3.25x
Net debt	33	£358m	£(14)m	£344m	-
Free cash flow	35	£255m	£15m	£240m	-



With increasing investment levels the Board had a strong desire to diversify sources of funding to improve the Group's debt maturity profile, to ensure the Group is not overly reliant on any one form of financing and to improve its covenant in negotiations with landlords, the Trustees of the Group's pension schemes and its suppliers.

During 2014 the Group obtained a public debt rating from Standard & Poors. In line with the expectations of the Group's management and its advisors, the Group was assessed as being BB+ stable, one notch below investment grade.

In September 2014, with strong liquidity in the debt capital markets, the Group issued a £250m seven year debut listed sterling denominated bond, on investment grade terms, even though the Group was rated slightly below investment grade. The issue was oversubscribed by more than 3 times. Issuing the bond improves the tenor of the Group's funding and it will enable it to implement its investment plans, whilst allowing \$200m of US private placement senior notes to be repaid in January 2016 which are not expected to be replaced.

Financial Results

The operating performance of the Group is set out in the Business Review on pages 24 to 31 of this report. The key financial metrics and targets are set out above, the key income statement metrics, stated after the exclusion of £18m (2013: £18m) of amortisation and £23m of exceptional costs (2013: £9m of exceptional income and £21m of exceptional tax credits), are included in the table below:

	2014 £m	Change	2013 £m
Revenue	5,580.7	8.4%	5,148.7
Operating profit	343.1	4.1%	329.7
Profit before tax	321.4	2.8%	312.6
Tax	62.7	(30.9)%	47.9
Profit after tax	258.7	(2.5)%	264.7
Basic EPS (pence)	105.9p	(3.6)%	109.9p

Throughout this annual report, consistent with the approach in prior years, the term "adjusted" has been used to signify that the effects of exceptional items and amortisation of intangible assets have been excluded from the disclosures being made. The adjusted operating profit and profit before tax are shown below:

	2014 £m	Change	2013 £m
Adjusted operating profit	384.0	10.5%	347.6
Adjusted profit before tax	362.3	12.8%	321.1
Adjusted basic EPS (pence)	119.0p	14.9%	103.6p

Impairment and amortisation

The annual amortisation charge was £18m (2013: £18m). In accordance with the requirements of International Accounting Standards the Group conducted an annual review of the

carrying value of goodwill and intangible assets to determine whether any impairment should be recognised in the financial statements. As shown in notes 13 and 14 and noted in the Audit Committee report on page 94, after consideration by the Audit Committee and the Board, the Directors concluded that the future cash flows of each business are likely to be sufficient to support the balance sheet carrying value of goodwill and intangible assets, therefore no provision for impairment has been made.

Finance costs

Net finance costs, which comprise interest on debt, mark-to-market fair value adjustments and other financing type costs associated with pension schemes, provision discount unwinds, fund raising and tax were £22m (2013: £26m).

Borrowing costs on outstanding debt were approximately £1m lower at £22m (2013: £23m). Although the interest rate payable on the Group's new bond issue is higher than that on its revolving credit facility, interest charges fell following the expiry of several historical interest rate swaps.

The impact of marking-to-market currency forward contracts used to hedge commercial transactions, which remained outstanding at the year-end was £3m higher in 2014 with a £4m gain being recorded (2013: £1m gain). Other financing type costs were broadly similar to last year at £4m (2013: £4m).

The average interest rate on the Group's borrowings during the year was 3.7% (2013: 3.6%).

Exceptional items

Reported profit before tax was £8m higher than last year at £321m (2013: £313m) because of the impact of exceptional items. In 2014 there was a £23m net pre-tax exceptional charge to the income statement (2013: £9m of pre-tax exceptional income). The exceptional items in 2014 comprised the release of a £10m onerous lease provision, a £5m loss on the disposal of an investment in an associate company, a £1m gain on fair valuing contingent consideration for an historic acquisition and £29m of costs relating to the reconfiguration of businesses in the Plumbing & Heating Division.

Exceptional costs and cash flows	2014 Cash Impact £m	2014 EBITA Impact £m	2015 Incremental Cash Impact £m	2014 EBITA Impact £m
Wickes store closure	-	10	(3)	-
Plumbing and heating network reconfiguration	(4)	(29)	(3)	-
Other	-	1	-	-
Rinus Roofing disposal	3	(5)	-	-
Total	(1)	(23)	(6)	-

Taxation

The statutory tax charge for the year was £63m (2013: £48m). 2014 was the first year in the last five that the Government did not enact a change to the standard rate of corporation tax, which in previous years has resulted in a significant reduction in the Group's tax charge (2013: £20m).

The underlying tax charge, excluding the tax deduction for exceptional items, was £68m (2013: £68m), which represents an effective rate of 19.7% (2013: 22.4%). This is slightly below the standard rate of corporation tax of 21.5% (2013: 23.25%) applicable to profits in the United Kingdom. The difference is mainly due to the value of non-taxable property profits exceeding the value of expenses not deductible for tax purposes and a reduction in prior year tax charges following the implementation of FRS 102, a new UK Accounting Standard that impacted the Group's subsidiary companies. A full reconciliation of the actual to standard tax rates is included in note 10 of the financial statements.

The Group's balance sheet tax provision includes £50m relating to uncertain tax positions currently under discussion with H. M. Revenue and Customs ("HMRC"), which arose in prior periods. As a result of changes in Government legislation in the 2014 budget, the Group expects that in 2015 it will have to pay approximately £50m in corporation tax to HMRC before the tax positions under discussion are finalised, although to date no payment demand has been received.

Should the Group's filed tax positions be agreed with HMRC the tax charge in the group income statement in a future period will be reduced by the release of the £50m of provisions, or if previously settled by the repayment of £50m of taxes paid. If after concluding all possible avenues available to the Group, it becomes necessary to amend the Group's filed tax position then there should be no significant impact on the tax charge in the group income statement.

Earnings per share

Profit after taxation fell by 2.3% to £259m (2013: £265m) which resulted in basic earnings per share falling by 3.6% to 105.9 pence (2013: 109.9 pence). There is no significant difference between basic and diluted basic earnings per share.

Adjusted profit after tax was £291m (2013: £249m) (note 5) which resulted in adjusted earnings per share (note 11) increasing by 14.9% to 119.0 pence (2013: 103.6 pence). The increase reflects the improvement in trading profit, lower financing costs and the previously enacted reduction in the standard rate of corporation tax. There is no significant difference between adjusted basic and adjusted diluted earnings per share.

Capital employed and lease adjusted return on capital employed

Net assets at the end of 2014 were £2,678m (2013: £2,515m), which contributed to capital employed of £3,207m (2013: £3,009m) (note 37).

Increased adjusted pre-tax profits in 2014 have resulted in the Group's adjusted (for exceptional items and amortisation) return on capital for the year being 0.6% higher than 2013 at 12.4%, (2013: 11.8%). After adjusting for property leases at a rate of 8 times the annual lease charge, the lease adjusted return on lease adjusted capital employed was 10.4%, (2013: 10.0%). On both a reported and lease adjusted basis returns are well above the Group's post tax weighted average cost of capital of 7.7%.

Property transactions continued to be an important source of profit for the Group in 2014. The development and then disposal of the freehold of the Group's Warrington primary distribution centre together with the final element of the St. Pancras branch development profit were the main contributors to the Group's £26m of property related gains (2013: £17m), which have been included within divisional profits.

In 2014 the Group has been implementing its strategy of investing in strategically important freeholds by spending £35m to acquire 19 sites. At the year end, the balance sheet

carrying value of the freehold and long-leasehold estate was £350m (2013: £309m).

During the year, the daily closing share price ranged between 1,574p (2013: 1,088p) and 1,982p (2013: 1,872p). The shares closed the year at a price of 1,857p (2013: 1,872p), making the Group's market capitalisation at the year-end £4.62bn (2013 £4.62bn). This represented 1.7 times shareholders' funds (31 December 2013: 1.8 times).

Dividend

The proposed dividend for the year of 38 pence (2013: 31 pence) results in a 22.6% increase compared to 2013 (2013: 24% increase). An interim dividend of 12.25 pence was paid to shareholders in November 2014 at a cost of £30m. If it is approved, the proposed final dividend of 25.75 pence will be paid on 1 June 2015 and will cost the Group approximately £58m.

A 38 pence full year dividend would reduce dividend cover to 3.1 times (2013: 3.3 times) adjusted earnings per share, bringing it within the Board's target cover of between 2.5x and 3.25x.

Financing strategy

Strong financial capital management is a fundamental component of the overall group strategy. The Group maintains a capital structure that is both appropriate to the on-going needs of the business and ensures it remains within the covenant limits that apply to its banking arrangements.

The current preferred capital structure of the Group consists of debt, which includes listed sterling bonds, syndicated bank borrowings and US private placement notes, cash and cash equivalents and equity attributable to equity holders of the Parent Company, comprising issued capital, reserves and retained earnings.

The capital structure is formally reviewed by the Board as part of its annual strategy review, but it is kept under review throughout the year. The Board regularly reviews the facilities available and seeks to maintain them at a level sufficient to facilitate execution of its strategy, whilst ensuring that liquidity headroom will cover most reasonably possible eventualities. As necessary, the Group will rebalance its capital structure by investing in the business, raising or repaying debt, issuing equity or paying dividends.

The strategic capital management ambition of the Group is to:

- Target investment grade credit metrics
- Maintain group funding flexibility to allow for property purchases and branch infill and category acquisitions
- Ensure debt funding is suitably diversified to provide an acceptable maturity profile and reduce reliance on individual sources of finance, whilst lowering overall funding costs
- Balance the need to ensure available funding with the desire for an efficient cost of capital

- Generate sufficient free cash flow to enable the Group to follow a progressive and sustainable dividend policy through the cycle. Specifically this will result in:
- A dividend cover range of between 2.5x and 3.25x
- Moving towards the centre of the range in 2015 and 2016

Whilst the Group has consistently reduced outstanding debt in recent years deleveraging over the next two years may be more modest given the Group's:

- Value adding investment plans
- Need to increase investment in working capital as the Group expands
- Intention to operate a progressive dividend policy

The Group is also party to a large number of leases, most of which relate to premises it occupies for trading purposes. The weighted average duration (the time until the Group's first opportunity to exit the lease) is approximately 9.5 years.

At 31 December 2014, property leases capitalised at 8x the annual rent roll were approximately 80% (2013: 80%) of the Group's combined on and off balance sheet funding with an annual rent roll of approximately £184m (2013: £184m). It is likely that property leases will become a smaller component of the Group's financing structure in future, nonetheless they will remain significant and important. In addition the Group paid approximately £36m (2013: £12m) in respect of non-property operating leases.

Note 30 gives further details about the Group's operating lease commitments.

The capital structure of the Group at 31 December comprised:

2014	2013
2014 £m	£m
(108)	(80)
-	240
258	-
133	129
41	3
21	24
36	37
78	57
93	93
(17)	(4)
(6)	(5)
2,678	2,515
3,207	3,009
1,469	1,474
4,676	4,483
	(108) - 258 133 41 21 36 78 93 (17) (6) 2,678 3,207 1,469

Travis Perkins ••

Net Debt, Funding and Liquidity

Net debt rose slightly in 2014 and finished the year at £358m (2013: £344m), an increase of £14m (2013: £104m decrease):

- Cash generated from operations was £6m lower than for 2013 at £313m (2013: £319m). A £29m improvement to cash flows from higher profits, together with lower pension and exceptional payments of £2m, were offset by a £36m increase in working capital absorbed by the business (2014: £107m, 2013: £71m) as the Group sought to further improve availability by investing more into stock
- Gross capital expenditure, before acquisitions and disposals increased by £58m to £165m in 2014 (2013: £107m) as the Group commenced its planned investment programme in branch and store expansion, distribution centre restructuring and extension and in IT development and completing a bolt on acquisition. Capital replacement expenditure totalled £50m (2013: £44m) and aggregate expansionary capital, including acquisitions of £18m (2013: £12m), but before netting off disposal proceeds of £31m (2013: £17m), was £133m (2013: £75m)
- The consideration payable for Toolstation was finalised early in the year and resulted in the issue of £38m of loan notes
- Dividend payments were, as planned, £16m higher as a result of significant dividend increases
- Other cash outflows and non-cash movements were £7m higher than 2013

Adjusted free cash flow for the period was £255m (2013: £240m) (note 35).

At 31 December 2014 the Group's committed funding comprised:

- A £250m UK listed bond due 2021
- A revolving credit facility of £550m, which runs until December 2016, advanced by a syndicate of 10 banks
- \$200m of unsecured guaranteed \$US senior notes due for repayment in January 2016

At 31 December 2014, the Group had undrawn committed facilities of £550m (2013: £360m) and available cash / short-term borrowings of £108m (2013: £54m).

Effective Financial Risk Management

The overall aim of the Group's financial risk management policies is to minimise potential adverse effects on financial performance and net assets. The Group manages the principal financial and treasury risks within a framework of policies and operating parameters reviewed and approved annually by the Board of Directors. The Group does not enter into speculative transactions.

The Group's policy is to enter into derivative contracts only with members of its bank facility syndicate, provided such counterparties meet the minimum rating set out in the Board approved derivative policy.

The Group reviewed its interest rate hedging policy during the year and agreed that its preference is for a 100% variable rate borrowing profile, subject to an annual review that this meets acceptable uncertainty levels for the Group's interest costs, covenants and credit ratios. Currently the Board believes that a fully variable rate borrowing profile provides acceptable uncertainty levels and so wherever it is cost effective to do so the Group's borrowings are to be held at floating rates, with interest rate swaps being used to swap fixed rate borrowings into floating rate borrowings.

At the year-end, the Group had £312m notional value of interest rate derivatives resulting in interest rates floating on approximately 85% (2013: 58%) of the Group's cleared gross debt (before cash and cash equivalents).

The Group has previously entered into two cross currency swaps and four forward currency contracts in respect of its \$200m of \$US private placement notes.

The Group settles its currency denominated purchases using a combination of currency purchased at spot rates and currency bought in advance on forward contracts. During the year, the Group refined its hedging policy to more closely buy forward only those purchases that are fully committed. As a result the Group now purchases forward contracts for approximately 50% of its anticipated requirements seven months forward (previously this was 50% of its projected requirements one year forward). At 31 December 2014 the nominal value of currency contracts, all of which were \$US denominated, was \$75m (2013: \$83m).

The Group is a substantial provider of credit to a large portfolio of small and medium size businesses throughout the UK together with some of the country's largest companies. It manages its exposure to credit risk through a strong credit control function that works closely with the business and its customers to ensure the Group offers credit sufficient for the needs of those customers without exposing the Group to excessive risk. The bad debt charge in 2014 was approximately 0.28% (2013: 0.35%) of credit sales, which is at the lower end of results previously achieved by the Group.

In summary, the key aspects of the Group's financial risk management strategy are to:

- Target investment grade credit parameters
- Reduce the Group's reliance on the bank market for its funding by having a diverse mix of funding sources with a spread of maturities
- Seek to maintain a strong balance sheet

- Accord a high priority to effective cash and working capital management
- Maintain liquidity headroom of over £200m and continue good relationships with the Group's bankers
- Manage counterparty risk by raising funds from a syndicate of lenders, the members of which maintain investment grade credit ratings
- Operate banking covenants within comfortable margins:
- The ratio of net debt to adjusted EBITDA (earnings before interest, tax depreciation and amortisation) has to be lower than 3.0x; it was 0.7x (2013: 0.7x) at the year-end (note 36)
- The number of times operating profit covers interest charges has to be a least 3.5x and it was approximately 22x at 31 December 2014 (31 December 2013: 18x)
- Have a conservative hedging policy that reduces the Group's exposure to currency and fluctuations, whilst allowing it to benefit from low interest rates

Tax Strategy and Tax Risk Management

The Group's objectives in managing and controlling its tax affairs and related tax risks are as follows:

- Ensuring compliance with all applicable rules, legislation and regulations under which it operates
- Maintaining an open and co-operative relationship with the UK Tax Authorities to reduce its risk profile
- Paying the correct amount of tax as it falls due

Tax policies and risks are assessed as part of the formal governance process and are reviewed by the Chief Financial Officer and reported to the Group's Audit Committee on a regular basis.

Significant tax risks, implications arising from these risks and potential mitigating actions are considered by the Board when strategic decisions are taken:

- The tax risks of proposed transactions or new areas of business are fully considered before proceeding
- The Group employs professional tax specialists to manage tax risks and takes appropriate tax advice from reputable professional firms where it is considered to be necessary

Pensions

At 31 December 2014 the combined accounting gross deficit for the Group's two final salary pension schemes was £98m (2013: £71m), which equated to a net deficit after tax of £78m (2013: £57m).

The Group has compared the funding positions of its pensions schemes calculated in accordance with IAS 19 with the net present value of the minimum agreed funding contributions. The deficit in the balance sheet is then based on the higher of the two numbers.

At the year-end the gross deficit for the Travis Perkins scheme, based upon the net present value of the agreed minimum funding contributions was £41m (2013: £6m). The gross deficit of the BSS scheme was £57m calculated in accordance with IAS 19.

The Trustees of the Travis Perkins scheme are in the process of undertaking an actuarial valuation of the scheme as at 30 September 2014. The Trustees of the BSS scheme are due to undertake the next actuarial valuation of the scheme as at 31 May 2015. It is likely that these valuations will result in changes to the value of additional pension payments made by the Group to fund the Scheme's historic deficits (2014: £26m).

The Group made £12m (2013: £12m) of contributions to its defined contribution scheme during the year.

Tony Buffin

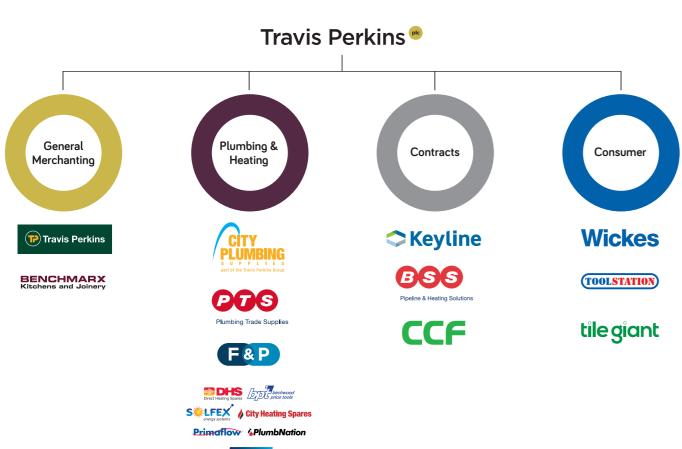
Chief Financial Officer 2 March 2015

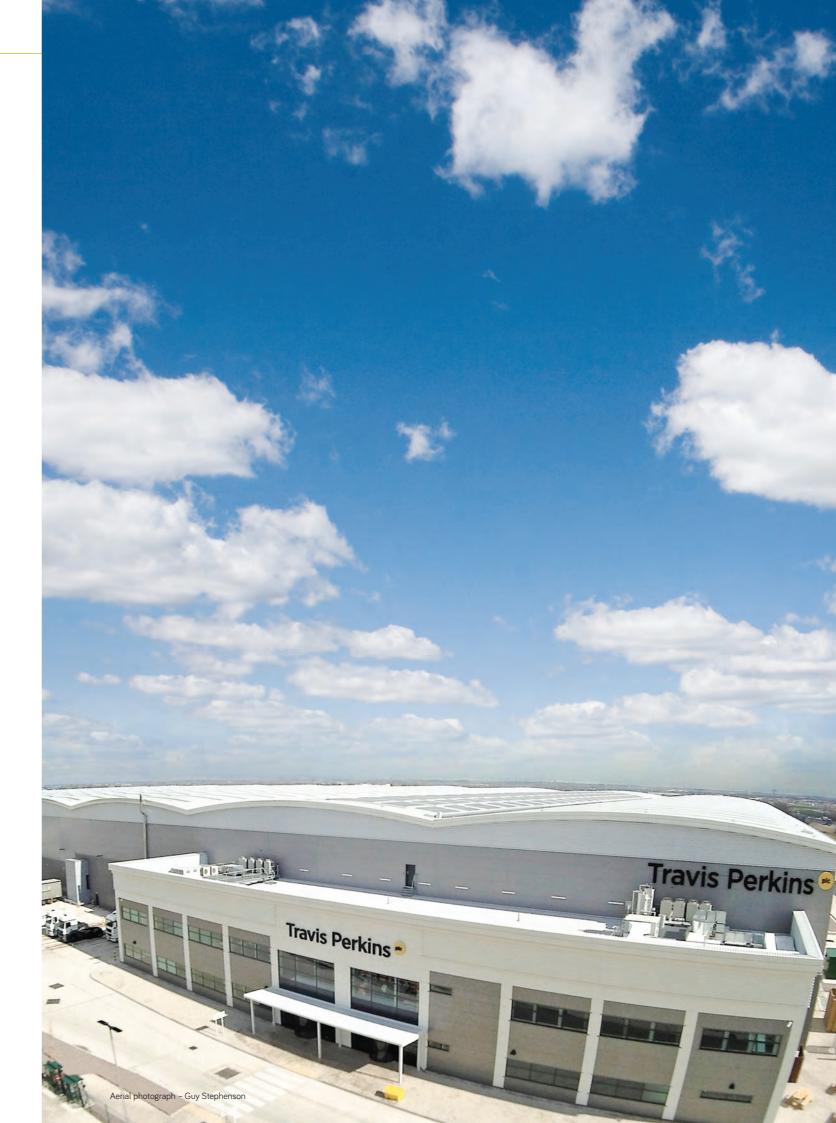
36

THE GROUP'S STRATEGY

One of the Group's key strengths is its unique breadth in the UK. It has a portfolio of 18 businesses that cover the spectrum of the building materials distribution markets from retail customers in the consumer division to major construction companies purchasing large scale building products from the Contracts division. The chart below shows the structure of the Group:

Strength as a Group - Unique Breadth in the UK



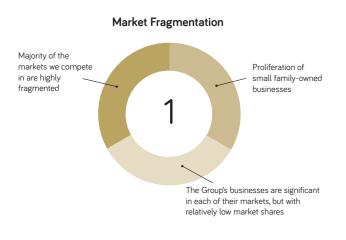


Enabled through people and evolution of unique culture

The Group's markets are in the early stages of recovery from what has been a significant and protracted downturn for the UK's construction sector. This recovery now appears to be increasingly broad based and this combined with a

series of self-help initiatives outlined at the Group's capital markets day presentation in 2013 and operational briefing in 2014 means that the Group's performance improvements should not be constrained by market growth.

Our growth is not constrained by the market



Structural Advantages

Sourcing and supply chain:

sourcing terms, range,

efficiency

stocking and distribution

platforms and volume hardware purchasing

Range & value: improved promotions and KVI pricing,

availability

own label development,

format and customer service: investment in

online channels, new formats and better service

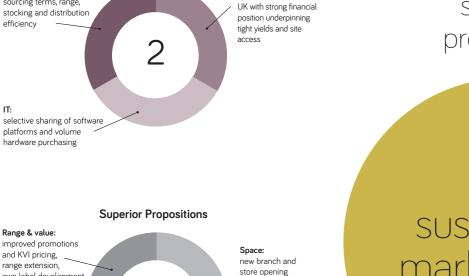




structural advantage



superior proposition



programme

with implants

intensifying space

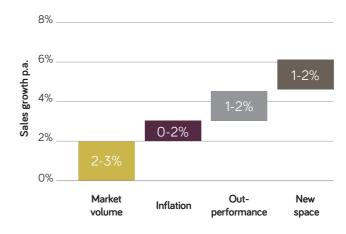
Branch network:

2,000 locations in the



In setting its strategy the Group believes that it can sustain revenue growth into the medium-term due to a number of factors:

Sustainable medium-term revenue growth



- Low single digit market volume growth assumed
- Low levels of inflation
- Structural advantages and investment opportunities generate consistent market outperformance
- ~6-7% revenue growth p.a.

Levers of value creation

The Group's strategy is designed to deliver long-term sustainable shareholder value through the following levers of value creation:

- Improved customer innovation
- Optimising the Group's store and branch network
- Scale advantage
- · Portfolio management

The levers of value creation and key components of each lever are set out in the column on the right:

Levers of value creation

Customer innovation

- Improved value
- Extended range
- Product development
- Format renewal
- Technology enabled
- Multi-channel

Optimising network

- TP expansion & modernisation
- · Wickes national footprint
- Plumbing & Heating format clarity
- · Implants intensity returns
- Trade parks

Scale advantage

- Supply chain investment
- · Leverage property capability
- · Group sourcing benefits
- Shared technology investment

Portfolio management

- Streamlined central functions
- Devolved management responsibility
- Disciplined planning and capital allocation
- Regular market updates

Portfolio Management

The Group has a robust planning approach enabling it to allocate capital to the opportunities which are expected to deliver the most material value for shareholders. Aligned with this approach to managing capital allocation is a selection of key metrics upon which the Group is managed. In particular lease-adjusted return on capital employed is an important measure of success as the Board believes it best aligns investment decisions with the ultimate goal of shareholders; their return on equity.

In order to improve lease adjusted return on capital management responsibility for both earnings and capital employed is devolved down through the business. This greater accountability and autonomy is managed and monitored through strong governance processes. As management in each of the businesses are taking more control for managing returns, central functions are being streamlined to ensure all teams are closer to the businesses they support and ultimately customers. This approach to capital allocation is creating more competition for capital with management allocating capital to those investments with demonstrably the highest returns.

Capital expenditure, which rose in 2014, will increase further in the medium-term to take advantage of investment opportunities in the market. Capital expenditure is being tiered based upon the risk and return profiles of the various investment opportunities identified. The tiering of capital spend is managed under four broad headings:

- Extending the Group's leadership: investment in proven businesses and opportunities delivering attractive returns
- 2. Investing to grow: investment in customer propositions to adapt to changing customer needs and cement the Group's market leading positions
- 3. Infrastructure investment: investment to enable future outperformance
- 4. Divest: where there are better uses for capital either to grow the business or where it is sensible for it to be returned to shareholders

Scale Advantage

One of the key value creation levers is using the Group's scale to improve efficiency and deliver a better customer proposition.

The Group's supply chain ambition is to provide branches and customers with easy access to the broadest range of products, reliably, efficiently, safely and on time:

 Ordering will be made simpler for branches with improved range management tools and automated stock replenishment systems

- The Group's distribution centre ("DC") footprint will undergo further change, increasing lightside DC capacity and rolling out regional heavyside range centres
- Route planning tools and further optimisation of the vehicle fleet will reduce the cost of, and enhance, the local delivery proposition

The Group's scale enables improved efficiency and the ability to offer a stronger proposition. Customers increasingly want certainty of product availability and access to broader product ranges.

The Group's strategy of Easy Supply of Product (ESP) offers continuous access to more products quickly, reliably and efficiently. The strategy will deliver a sustainable structural advantage in the form of:

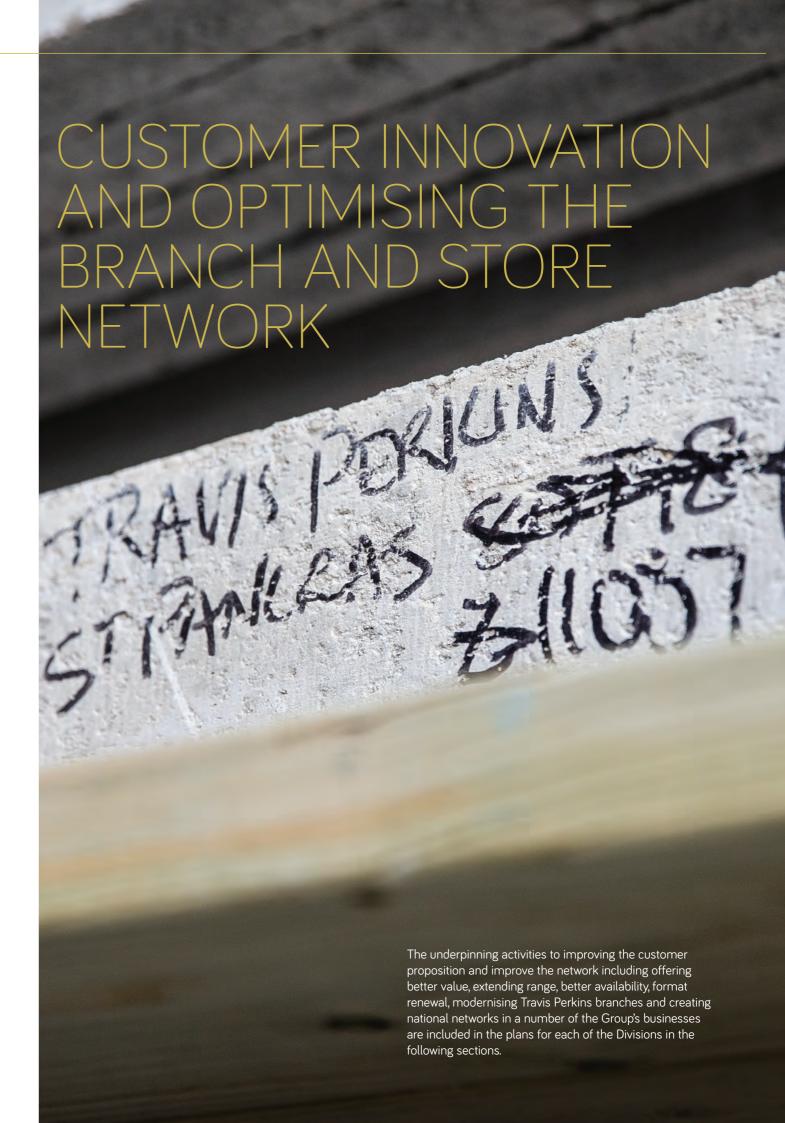
- Next day availability on 24,000 lightside products nationwide
- Next day availability on 3,000 heavyside 90% of the country
- Next week availability on further 3,000 heavyside products
 90% of the country
- Lower in-branch stock holding
- Reduced inter-branch transfers
- · Fewer empty trucks, travelling fewer miles, more frequently

The strength of the Group's balance sheet enables businesses within the Group to access properties they would otherwise find it difficult to occupy. Furthermore, by developing multi-fascia sites, the Group is able to provide opportunities for the Group's smaller operating businesses to co-locate with the Group's larger businesses and benefit from greater foot traffic.

The Group is also focused on using its buying scale to source products directly from manufacturers at lower cost and on creating more commonality in product ranges such that it can consolidate volumes so reducing unit costs still further.

For many years, the Group has benefited from efficient, low-cost IT systems. These systems are approaching the end of their useful life and, therefore, a clear four point strategy has been developed to ensure better IT systems capacity and flexibility in the future:

- Delivering a common and shared trading platform across the Group's merchanting businesses
- Delivering an appropriate multi-channel presence for each brand making it easier for customers to order, buy and receive products
- Simplifying back office systems to enable decoupling and enhance efficiency
- Increasing system usability and the experience for colleagues and customers so that it is easier to do business with the Group



GENERAL MERCHANTING DIVISION STRATEGY

Travis Perkins is, and for the foreseeable future will continue to be, the Group's core business. It is the Group's largest business by sales, profitability and one of the highest returning businesses operated within the Group.



The business benefits from national coverage with over 650 branches, an efficient lightside central distribution network, access to a range few competitors can match, a modern vehicle delivery fleet and branch managers who have built an unparalleled relationship with customers. Branch manager incentives are based on return on capital performance setting the business apart from its competitors, which is a key component of Travis Perkins' market outperformance.

The following chart sets out the key components of the plan to improve Travis Perkins, combining both sales and profit drivers and investments in enabling infrastructure.

Simon Stamp - Travis Perkins, Guildford





Modernising the Travis Perkins Model



Sales and Profit Drivers



and pricing

management expansion



Managed services development



network

Expand the



Modernising

formats





development

Enablers





develop our people





Mark Munro and Michalakis Michael – Travis Perkins, Aylesford





Clean and functional

- Branch to site delivery for heavyside
- Branch collection only for lightside
- Branch acting as call centre

- Transactional capability
- · Integration to pricing systems
- Account management
- Click & collect
- Heavyside distribution improvements expanding range and availability
 - Lightside range access from DCs
 - DC direct to site picking



- Leading online gateway
- Interactive & social hub
- Seamless experience across channels
- Integrated CRM

- Cross-channel fulfilment for lightside
- CRM and account management systems development
- Contact centre coordination

The targets for improvement are set out below and right:

Current

772

3-5%

£110m

Sector leading

Measure

Network expansion

Like-for-like sales

Operating margin

Capital expenditure

LAROCE

improvement prospects

outperformance

General Merchanting Ambition

Medium-term ambition

5-15 new p.a.

£40-60m p.a.

16% Add 200-300bps

1-4% p.a.

Sustain



• Strong market outperformance Network expansion opportunity • Modernisation programme the key focus

• More Benchmarx & Toolhire implants and branches

• Good early progress with LAROCE improvement

ANNUAL REPORT & ACCOUNTS 2014 ANNUAL REPORT & ACCOUNTS 2014

PLUMBING & HEATING DIVISION STRATEGY

The strategy for the Plumbing & Heating Division has three key elements:



- 1. Providing plumbers and bathroom installers with a dedicated branch network tailored to their needs:
 - a. City Plumbing Supplies creating a national network of around 400 branches serving local plumbing and heating engineers and bathroom installers
 - b. Tailored bathroom showrooms showcasing the best branded and own label ranges, operated by a design consultant, helping local tradesmen deliver the complete job to their customers faster and more efficiently
 - c. Increasing availability of spares through extending the number of City Heating Spares implants
 - d. Selective range extension offering renewables products and advice on fitting



- 2. Providing large contract customers with a dedicated nationwide branch network and efficient delivery service:
 - a. Plumbing Trade Supplies once the reconfiguration is complete, a network of around 80 to 90 branches servicing value driven plumbing contractors
 - b. Fewer branches holding broader ranges of product in contract specified quantities available for same day or next day delivery
 - c. Branch network supported by overnight dead drops from the distribution centre network improving availability
 - d. Dedicated large customer account management capability providing transparency of products ordered, despatched and awaiting delivery alongside improved billing









- 3. Building scale in the P&H Division's focused customer proposition:
 - a. F & P Wholesale expanding the range throughput of product through the reconfigured distribution infrastructure to offer local independents broader ranges, which are available more speedily
 - b. Plumbnation online providing local heating engineers with a fixed price, online ordered boiler and spares delivery service
 - c. Solfex providing solar, thermal, photo-voltaic and under-floor heating packages to specialist installers
 - d. Primaflow has a complementary product set to F & P and so provides the opportunity to offer an extended range in both businesses

Graphically represented overleaf

Travis Perkins STRATEGIC REPORT

Share Gain Through Focused Customer Propositions

Sales and Profit Drivers

City Plumbing

reconfiguration



spares













multi-channel capability

















Enablers







#1 P&H business

Stanislav Golovenkin – F & P



The targets for the Division are shown below alongside how the Plumbing & Heating Division intends to outcompete in its markets:

Plumbing & Heating Ambition

Measure	Current	Medium-term ambition
Network expansion	504	5-10 net new branches p.a
Like-for-like sales outperformance	0-3%	0-3% p.a
Operating margin improvement prospects	3.5%	Good
Capital expenditure	£14m	£10-20m p.a
LAROCE	9%	Add >250bps

- Outperformance through:
- Reallocation of the capital base from PTS to CPS
- CPS network expansion
- Spares and showroom implants
- Differentiated customer offer
- Sourcing and own label development
- F & P supply chain development
- Development of multi-channel offer



CONTRACTS DIVISION STRATEGY

The Contracts Division was formed on 1 January 2014, bringing together the three businesses within the Group that supply products to large construction companies and project contractors.

These businesses all track major commercial and infrastructure projects and by bringing them together into one division, it is enabling the Group to better track projects and sell to major contractors. The key components of the strategy for the division are set out below.

Collaboration Drives Outperformance

Sales and Profit Drivers

insulation



expansion



industrial offer



partitions



& project management

Branch network optimisation







Whole Contracts Division

Enablers



customer service

capability

As with the other divisions, the Group has clear performance targets for the division including increasing the level of capital investment with the ambition of outperforming market peers.

Contracts Ambition

Measure	Current	Medium-terr ambitio
Network expansion	171 branches	1-2% net spac growth p.
Like-for-like sales outperformance	0-3%	1-3% p.
Operating margin improvement prospects	0.7%	Goo
Capital expenditure	£14m	£15-25m p.:
LAROCE	13%	Add 200-300bp

- Late-cycle recovery encouraging lead indicators
- Good market positions throughout project lifecycle
- Good synergies through businesses collaborating
- Clear category expansion opportunities
- · Opportunity to improve customer coverage through expanding CCF network



Ben Parsons - BSS



Daniel Horgan - Keyline



CONSUMER DIVISION STRATEGY

The Consumer Division's three businesses, Wickes, Toolstation and Tile Giant have distinct strategies. The strategies for Wickes and Toolstation are set out below:

Wickes



Dan Millers and Sophie Haynes - Wickes

The strategy is to transform Wickes into the UK's strongest serious DIY retailer with the ambition of having a Wickes project in every home. This will be achieved by leveraging Wickes' advantaged position in the market and building on:

- Wickes' small box footprint
- · Modest range extensions to the focused store range
- Reinforcing Wickes value price position
- · Investing in further improvements in the online proposition
- Selectively opening new stores in underserved catchment areas

The Wickes plan is graphically represented below:



Philippa Marsh - Wickes

Wickes offers a focused range of high quality products at great value coupled with best in class availability. During the year more brands were introduced, there were fewer but bigger promotions, and stronger direct communication with customers. The business continues to expand its appeal to a broader customer base, whilst remaining a great value, reliable and convenient place to shop for a loyal base of trade and expert DIY consumers. The focus is to continue to grow sales and gain market share over the medium term.

The Wickes business is structurally advantaged over its competitors. The majority of stores operate from 25 - 30k sq ft and there are no plans to significantly modify the average store footprint. There are over 60 potential new locations in the UK where the Wickes model has already proved that the business would be able to gain a profitable

share of the market. The focused Wickes in-store range and excellent availability enable customers to shop for a DIY project confident that they will be able to find all the materials they need to complete the project. Wickes investment in its multi-channel capability means customers can access an extended range of products which can be delivered to home or store with further investments planned.

With a focused range and access to buying scale through the Travis Perkins Group, Wickes is able to offer DIY sector leading prices and intends to maintain this advantage.

TRANSFORMING THE CUSTOMER PROPOSITION

A Wickes Project in Every Home!

VALUE FOR MONEY

- Refocus product offering based on clear customer needs
- Maintain structural price advantage with authority
- Extend to broader customer base
- Leverage group scale in buying & distribution
- Leaner service model
- Enable greater efficiency through IT

WE ALWAYS DELIVER



QUICK, SIMPLE & EASY

- Build on multi-channel strengths
- National estate coverage
- Improve in-store infrastructure & experience
- Become a great place to work,
- Develop a diverse workforce to match our customer base

2 3 4 5 6 7 8 9 10 L



Wickes plans to continue to expand its network by between 5 and 10 new stores per year



Consumer Ambition

Measure	Current	Medium-term ambition
Network expansion	232 Wickes 111 Tile Giant 184 Toolstation	~10-15 Wickes p.a. 30+ Toolstation p.a.
Like-for-like sales outperformance	Above market	Above market
Operating margin improvement prospects	6%	Good
Capital expenditure	£20m	~£40m p.a.
LAROCE	7%	Add 150-200bps

- Toolstation expansion continues at pace
- Wickes transformation driving outperformance:
 - New store openings
 - Range extension
 - Maintain value advantage
 - Extend multi-channel leadership

Acquisitions

Geography

On-line

Smaller independent merchants

for regional infill where valuations

• International expansion not a focus

• Accelerate expansion into new

channels for key product areas

• Buy or Build trade-off where

valuations prohibitive

The Group is committed to achieving growth through organic expansion, but that does not exclude taking advantage of suitable opportunities that arise to support growth through small bolt on acquisitions.

Small Bolt-on Acquisitions to Support Organic Growth

- Strategic investments to protect supply chain
- Share in categories which bypass distribution
- Not a focus



- Installation risk / potential competition with customers
- Not a focus

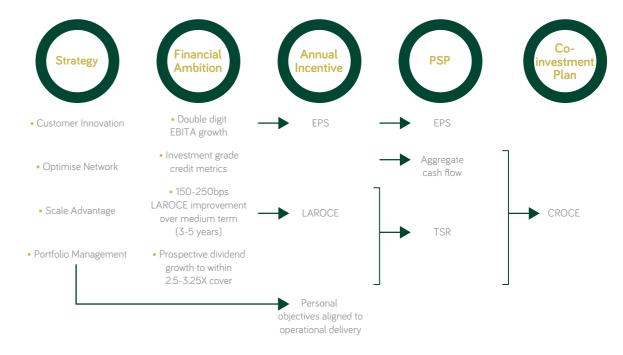
New categories

- Access specialist markets
- Focus on product areas attractive to existing customers
- Smaller footprints attractive to leverage existing branch / distribution assets
- Buy or Build trade-off where valuations prohibitive or lack of targets
- Demonstrable IP / innovation key target areas

How Performance will be Compared to Strategy

The Group's ambition is to deliver long-term, sustainable value to shareholders. There are a series of financial and non-financial measures which the Group tracks to monitor performance. Operationally, success is measured through a comprehensive set of key performance indicators. All of these indicators are aligned to achieving the Group's strategic ambition. The Group's actual performance for 2014 is shown in the key performance indicator section on pages 6 to 9 and in the business and financial review sections on pages 24 and 32.

The following diagram shows how delivery of the Group's strategy links through to the remuneration of the Executive Directors.



Risks

The Statement of Principal Risks and Uncertainties on pages 58 to 63 sets out the key risk factors that are considered by the Directors to be material to the business. These include those risks which are deemed to be material and may impact upon the successful delivery of this strategy. In addition there are a number of risks which are set out in the table below that are not deemed to be material to the Group as a whole but are relevant when setting out a balanced commentary on a divisional basis.

the range offered to customers.

Ben Farler - Toolstation

Toolstation operates from over 180 shops across the UK

catalogue. It aims to provide the lowest cost lightside building

materials to tradesmen and serious DIY customers and to always be in stock in the project quantities its customers

require. If for any reason products are not available it offers

Toolstation plans to continue to open new shops across

transparent, fixed price products. Further investments are

planned to improve customers' online experience, provide

enhanced click and collect services and modestly extend

the UK to meet growing demand from tradesmen for

offering the same range instore, online and through its

next day delivery of those products free of charge.



STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES

FOR THE YEAR ENDED 31 DECEMBER 2014

The Group operates in a market and an industry which by their nature are subject to a number of inherent risks. The Group is able to mitigate those risks by adopting different strategies and by maintaining a strong system of internal control. However, regardless of the approach that is taken, the Group has to accept a certain level of risk in order to generate suitable returns for shareholders.

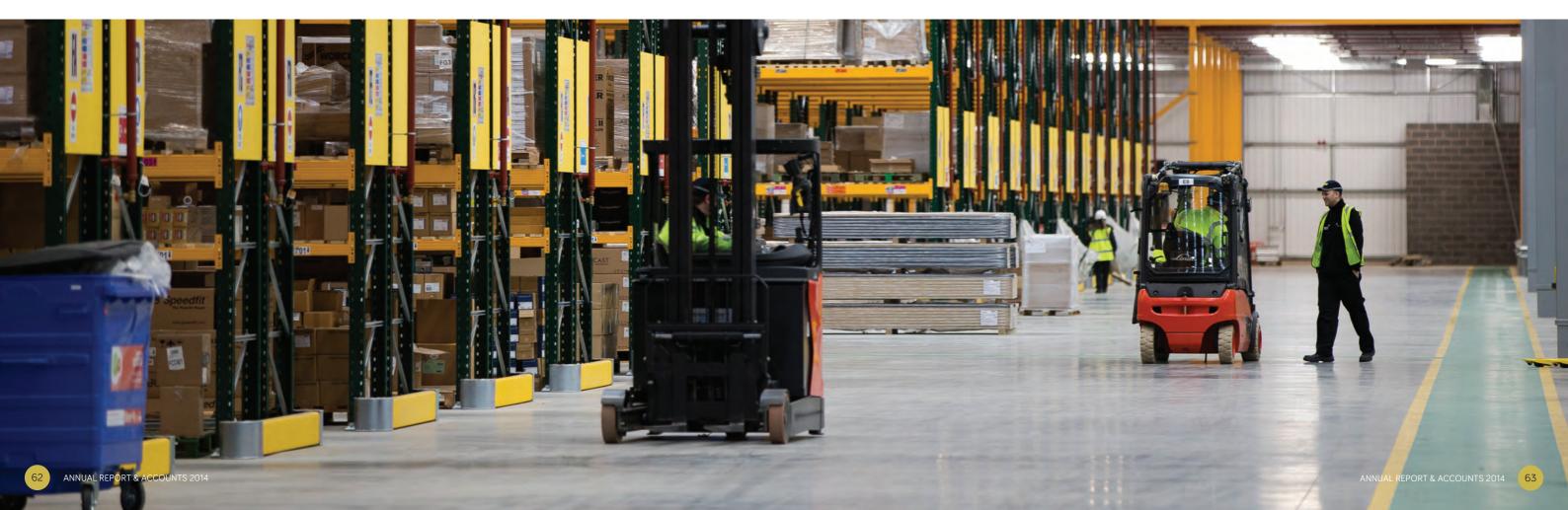
The Board has a reporting framework that ensures it has visibility of the Group's key risks, the potential impacts on the Group and how and to what extent those risks are mitigated. Details of the Group's risk management processes are given in the Corporate Governance report on page 88. The risk environment in which the Group operates does not remain static. The nature of risk is that its scope and potential impact will change over time. As such the list below should not be regarded as a comprehensive statement of all potential risks and uncertainties that may manifest themselves in the future. Additional risks and uncertainties that are not presently known to the Directors, or which they currently deem immaterial, could also have an adverse effect on the Group's future operating results, financial condition or prospects.

This section describes the current risk factors that are considered by the Board to be material, their potential impacts and the factors that mitigate them. The inherent risk (before the operation of control) is stated for each risk area together with an indication of the current trend for that risk:

Inherent Risk and Trend	Risk Description	Impact	Risk Mitigation
Market Conditions Inherent Risk:	The Group's products are sold to businesses, tradesmen and retail customers for a broad range of end uses in the built environment. The Group's markets are cyclical in nature and the performance of those markets is affected by general economic conditions and a number of specific drivers of construction, RMI and DIY activity, including housing transactions, the timing and nature of government activity to stimulate activity, net disposable income, house price inflation, consumer confidence, interest rates and unemployment. Negative or uncertain economic conditions could affect the confidence levels of the Group's customers, which could reduce their propensity to purchase products and services from the Group's businesses.	Adverse effect on financial results.	The Board conducts an annual review of strategy, which includes an assessment of likely competitor activi market forecasts and possible future trends in products, channels of distribution and customer behaviour. The Group maintains a comprehensive tracking system for lead indicators that influence the market for the consumption of building materials in the UK. Significant events including those in the supply chain that may affect the Group are monitored by the Executive Committee and reported to the Board monthly by the Group CEO. Should market conditions deteriorate then the Board has a range of options dependent upon the severity of the change. Historically these have included amending the Group's trading stance, cost reduction, lowering capital investment and cutting the dividend.
Competitive pressures place pressure on prices, margins and profitability Inherent Risk: Trend:	Market trends, particularly in respect of customers' preferences for purchasing materials through a range of supply channels and not just through the Group's traditional competitors may affect the Group's performance so making traditional branch based operations less relevant or profitable. Increased price transparency could cause customers to perceive that the Group is less competitive than some online traders. Public sector buying groups could reduce sales if public bodies chose to buy direct from manufacturers. The Group faces the risk of new entrants to any of its markets, including from businesses currently operating outside its industry or only in overseas markets. Disintermediation may become more of a threat if manufacturers decide to deal directly with the end users.	Adverse effect on financial results.	Changes to market practice are tracked on an on-going basis and reported to the Board each month. The Group is building multi-channel capabilities that complement its existing operations and provide its customers with the opportunity to transact with the Group through channels that best suit their needs. The Group is leading the industry in terms of the development of new and innovative supply solutions, and works closely with customers and suppliers on a programme of continuous improvements. The Group continues to refine pricing strategies to ensure it remains competitive. The Group's branding strategy allows it to use sites flexibly. Alternative space utilisation models are possible including maintaining smaller stores and implanting additional services into existing branches.
Information technology capabilities impact the Group's ability to trade profitably Inherent Risk: Trend:	The Group depends on a wide range of complex IT systems, both in terms of the availability of hardware and the efficient and effective operation of software. The rapid expansion of the Group together with an increasing demand for IT services, particularly as the Group embraces modern platforms such as multi-channel, updates its point of sale systems and develops its supply chain capabilities, could result in development programmes being delayed or new IT systems and change management systems not being successfully implemented. Should a system become unavailable for an extended period either through deliberate act or through accidental failure it could impact the business' ability to trade. Increasing levels of sophisticated cyber-crime represent a significant threat to all businesses with the potential to cause disruption to systems or the theft and consequential misuse of confidential data.	Adverse effect on financial results. Adverse effect on the Company's reputation.	The strategic demands of the business, the resources available to IT, the performance levels of key systems and IT security are kept under review by the Executive Committee. Plans that require continual investment in the IT infrastructure have been approved and are being implemented. Maintenance is undertaken on an on-going basis to ensure the resilience of group systems, with escalation procedures operating to ensure any performance issues are resolved at an early stage. The Group's three data centres mirror each other with data processing switched from one to the other on a regular basis. An IT disaster recovery plan exists and is tested regularly together with the business continuit plan. Arrangements are in place for alternative data sites for both trade and consumer businesses. Off-site back-up routines are in place. A programme of risk oriented reviews is undertaken to ensure the level of control around the IT systems remains robust.
Colleague recruitment, retention and succession plans do not deliver the required skills and experience Inherent Risk: Trend:	The ability to recruit, retain and motivate suitably qualified staff is an important driver of the Group's overall performance. The strength of the Group's customer proposition is underpinned by the quality of people working throughout the Group. Many of them have worked for Travis Perkins for some considerable time, during which they have gained valuable knowledge and expertise. The Group faces competition for the best people from other organisations. Ensuring the retention, proper development of employees and the succession for key positions is important if the Group is not to suffer an adverse effect on future prospects.	Inability to develop and execute development and succession plans. Competitive disadvantage.	The Group Human Resources Director monitors staff engagement and turnover by job type and reports to the Executive Committee regularly and to the Board annually. Succession plans are established for the most senior positions within the Group and these are reviewed annually. The Group's reward and recognition systems are actively managed to ensure high levels of employee engagement. A wide-range of training programmes are in place to encourage staff development, whilst management development programmes are used to assist those identified for more senior positions. Salaries and other benefits are benchmarked annually to ensure that the Group remains competitive.
Supplier dependency could result in shortages of product Inherent Risk: Trend: Inherent risk: High • • • Medium • • Low	The Group is the largest customer to many of its suppliers. In some cases, those suppliers are large enough to cause significant supply difficulties to the Group if they are unable to meet their supply obligations due to either economic or operational factors. Alternative sourcing may be available, but the volumes required and the time it may take those suppliers to increase production could result in significant stock-outs for some considerable time. The Group has become more reliant on overseas factories producing products as the Group has rapidly expanded its direct sourcing capabilities. This has increased the Group's exposure to sourcing, quality, trading, warranty and currency issues. There is a potential for European anti-dumping legislation to be extended to encompass further Asian countries which could increase the cost of some imported products. Trend: Increasing A Static Peducing Reducing	Adverse effect on financial results. Adverse effect on reputation.	The commercial and financial teams have established strong relationships with the Group's key suppliers and work closely with them to ensure the continuity of quality materials. To spread the risk where possible contracts exist with more than one supplier for key products. The Group has made a significant investment in its Far East infrastructure to support its direct sourcing operation which allows the development of own brand products, thereby reducing the reliance on branded suppliers. Comprehensive checks are undertaken on the factories producing products, the quality and the suitability of that product before it is shipped to the UK. The Group has reacted to the increasing cyber threat by doubling the size of its team to deliver a comprehensive security architecture. Investments in best of breed solutions have been made that continual adapt to mitigate the risk associated with the most advanced threats. Furthermore, the Information Security team has the full support of senior management acting as an important gateway to ensure the development of new systems is performed according to industry standard security practices.

Inherent risk: High ● ● ● Medium ● ● Low ● Trend: Increasing ▲ Static ◀ ▶ Reducing ▼

Inherent Risk and Trend	Risk Description	Impact	Risk Mitigation
Defined benefit pension scheme funding could increase significantly Inherent Risk: Trend:	The Group is required by law to maintain a minimum funding level in relation to its on-going obligations to provide current and future pensions for members of its two defined benefit pension schemes. The level of contributions required from the Group to meet the benefits promised in the final salary schemes will vary depending upon the funding position of those schemes. The funding of pension obligations could increase due to a number of factors including poor performance of the pension fund investments, falling corporate bond and gilt yields and increasing longevity of pension scheme members.	Adverse effect on financial condition.	All of the Group's final salary pension schemes are closed to new members. For the Travis Perkins scheme, pensionable salary inflation has been capped at 3% per annum. The Schemes' investment policies are kept under regular review to ensure asset profiles are kept in line with the profile of liabilities. The Group has agreed deficit payment plans which currently require it to pay up to £26m per annum to its defined benefit pension schemes. The repayment plans will remain in place until the next actuarial valuations, when in conjunction with the Scheme Trustees they will be reassessed to take into account the circumstances at the time.
Future expansion plans are not implemented or do not achieve the desired sales and profit improvements Inherent Risk: Trend:	The Group's strategic plans are predicated on the continued expansion of its UK branch network and the development of its supply chain capabilities. Large scale acquisitions in existing UK markets are unlikely due to the Group's size and the resulting concerns of the competition authorities to ensure competitive markets. Therefore the Group will rely on developing smaller scale opportunities, in new catchment areas or in new formats within existing sites or on expanding into adjacent markets in which it does not have a presence. The Group also needs to ensure that funding is available to support its plans. The Group has been reliant on the banking market for funding, a market that has contracted in recent years and which may continue to contract in the future. It has established a bond issuance capability in 2014, but the availability of funds from that market at a sensible cost may depend upon The Group's rating which can be affected by its trading performance.	Adverse effect on financial results.	Responsibility for identifying and implementing opportunities to expand the Group's operations rests with each of the divisional boards, with capital being deployed to those projects giving the best return on capital. The Group has identified a significant number of opportunities for expansion throughout the United Kingdom and continues to develop alternative trading formats that will open up additional opportunities in future. The Group continues to invest in its leading supply chain infrastructure. Its capabilities in this area allow it to source directly from manufacturers, offer superior availability to customers and operate cost efficient mechanisms to deliver products to customers when they most need it. As part of its capital management strategy the Group has developed plans and instituted a series of metrics that are designed to maintain opportunities to extend sources of funding.
Business transformation projects fail to deliver the expected benefits, cost more or take longer to implement than expected Inherent Risk: Trend:	The Group is undertaking a large number of strategic projects throughout its business. These projects are intended to transform the Group's infrastructure and its information technology systems and to develop its supply chain operations and its branch and store networks. By their nature, strategic projects are often complicated, interlinked and require considerable resource to deliver them. As a result the expected benefits and the costs of implementation of each project may deviate from those anticipated at their outset.	Adverse effect on financial results.	All potentially significant projects are subject to detailed investigation, assessment and approval prior to commencement. Dedicated teams are allocated to each project, with additional expertise being brought into the Group to supplement existing resource when necessary. All strategic projects are closely monitored by the Executive Committee with regular reporting to the Board.



STRATEGIC REPORT Travis Perkins

CAPTURING THE WAY THINGS ARE DONE AROUND HERE

FOR THE YEAR ENDED 31 DECEMBER 2014

How the Group drives growth and returns is about a combination of a clear strategy with ways of working that will ensure its teams deliver the plans underpinning it. 2014 has been notable in that the Group has defined the people 'must haves' which have enabled it to grow to the size and scale of business it is today - its **Cornerstones** and **Leadership framework** - and will help to ensure it achieves its future growth plans and returns. Other enablers are the new management trainee programme and women's community which were launched during the year.

The Group's 5 Cornerstones are:



Upholding Family Values

"I have relationships that have been built throughout the Group that make it like a family."



Keeping People Safe

"Staying safe is our highest priority."



Making Decent Returns

"It's about doing the right thing and not being greedy."



Working for our Customers

"Building good customer relationships is key – it leads to loyalty."



Being the Best

"The best people create the best company."

Unveiling the Group's 'Cornerstones'

Travis Perkins wanted to find a way to define and 'bottle' the ways of working, leading and managing people which have made it so successful since it was formed by the merger of the family businesses of Travis and Arnold and Sandell Perkins.

Firstly, during the year colleagues from across the Group's 2,000 business outlets helped define what can best be described as 'the way we go about doing things around here'. A critical aspect of the project was that the outputs had to be shaped by the Group's people, for the Group's people. The project started as an attempt to re-clarify and refresh 'Group Values' in a way that that would

enable them to work seamlessly with those of the Group's individual brands. Colleagues quickly said that 'values' was not a well understood word and working with them it was decided that going forward they will be known instead as the Group's 'Cornerstones'.

Focus groups, held with hundreds of colleagues as part of the research process, reported that group colleagues are looking for responsibility at a young age, are driven by their commitments to their families and have a desire to learn new skills and develop their careers within a stable, successful and safe environment.

Unique Leadership: What Makes the Group Great?

Codifying what makes the Group's leaders different helped complete what makes the Group a great place to work. How leaders behave is really important to the teams around them and they need to help others develop into leadership roles.

New leaders joining the Group always say that they never imagined how good it would be to be part of the Travis Perkins Group and how different it is.

Based on the colleague feedback the new **Leadership framework** supports the **Cornerstones** to capture what's

good about the Group's leaders and summarises the behaviours and personality traits that are important.

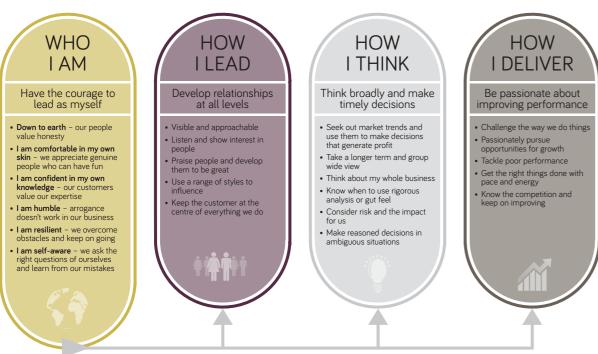
The framework is a checklist for current leaders and will also guide the recruitment and development of those who will lead the business in the future.

The Group believes the heart of its business has to be about how people behave and conduct themselves and that the combination of its Cornerstones with the Leadership framework will underpin everything it does and will ensure that it drives the planned growth and returns for all stakeholders.

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Four activity groups have been formed that the Group believes best describe what makes a great leader in Travis Perkins:

What Makes Us Great



Building A Workforce with a Difference

Building a workforce with a difference means recruiting, developing and supporting people with a wide range of backgrounds and experiences and introducing fresh perspectives and new ways of thinking into the business. During the year, as part of achieving the best possible workforce the Group established a Women's Community as a first step to building a future workforce that has a significantly different composition to the current one.

There are already great women in the Group, all of whom are contributing to its strong commercial performance, so an environment is being created where they and others like them can be a positive force for change. In addition steps are being taken to attract and retain more women.

The Group's Women's Community is aimed at giving women a greater voice in the organisation. It was launched across the Group in July 2014 after being pioneered by City Plumbing Supplies ("CPS").

A new Google+ Community has been launched where women, and men, can share their ideas, challenges and success.

The aim is to strengthen female representation in the senior leadership and management population because analysis shows that in every division outlets run by women managers outperform those run by men so it's good for the Group's people and its customers and it makes good commercial sense.

Whilst recruiting and developing more women is an important factor in achieving Travis Perkins' growth ambitions, a more diverse mix of colleagues in outlets and within the leadership team will help broaden the Group's thinking and bring a fresh approach to problem solving.



Bringing More Talent into the Group

1. Management Apprenticeship Scheme

In 2014 there has been much more activity focused on bringing young talent into the business. From a pool of 10,000 applicants, 170 young people made it through the recruitment process to join the Travis Perkins plc Management Apprenticeship Scheme, which is now in its fourth year and is bigger and better than ever.

The two year scheme has been running in its current form since 2011 when just 19 apprentices joined the Company. The fact that this number has grown nearly ten-fold in 3 years bears testament to its success. Expectations of the apprentices increase each year. Many now reach supervisor level midway through their apprenticeship and some take on assistant branch manager roles within their first year. Management apprentices are a valuable resource for the branches in which they are working.

2. Fast Tracking the Group's Talent Pipeline

The business is constantly growing and changing and so it needs to develop great people quickly to support this growth. At the same time future leaders need to be adept at working across the Group's brands and functions.

A pilot programme was implemented during the year to enable the speedy entry into Group of high calibre, high potential candidates to fulfil the following:

- Populate more management pipelines with the desired quality of people
- Fast-track candidates towards management roles across the Group and beyond
- Provide future managers with a far broader perspective than traditional programmes including branch exposure and support function specialism
- Enhance and stimulate a more diverse mix of high potential managers for the future

Giving Colleagues More Choice - Launch of MyPerks

During the year further steps were taken to enhance the Group's industry leading, approach to compensation and benefits. In order to provide more options and choice for colleagues myPerks, an online hub for employees of the Travis Perkins Group, was introduced in 2014. The hub is open to all employees of the Travis Perkins Group and it provides detailed information about all the rewards and benefits that are included in the Perks scheme as well as specific access to colleague rewards, benefits, discounts, advice and guidance. To ensure ease of access, which is crucial to myPerks, it can be accessed through work or home computers, mobile phones or tablets.

Included in myPerks is a comprehensive range of flexible benefits. Everybody's lifestyle is different and so flexible benefits allow colleagues to find benefits that best suit them. They can 'trade' some of their benefits in favour of others or elect to increase or decrease their benefits to suit their lifestyle or circumstances. Current flexible benefits range from savings on mobile phones and childcare vouchers to income protection and the Group's healthcare cash plan. The portfolio of benefits available will be expanded further during 2015.

Charities and Communities

Once again during the year colleagues from across the Group have engaged in a wide variety of community and charitable activities. The activities are many and varied and the Group is often recognised for its efforts in this area.

The City Plumbing Supplies business made it through to the final of the Business Charity Awards. The Travis Perkins General Merchanting brand, received the Corporate Partnership Innovation Award for its Breast Cancer Campaign. Overall, during the year the Group and its colleagues raised £1.9 million for charities and good causes.

At a local level, Northampton-based colleagues joined forces with Northampton Saints RFC to organise the Big Christmas Toy Collection for children in care or in need. Finally the Wickes business gained an award for Best Commercial Float at this year's Manchester Gay Pride Event.

Engagement

The Group regularly undertakes surveys to measure how employee engagement is changing and 2014 was no exception. The Group recognises that engaged colleagues continue to be a vital part of its success and is very pleased that in 2014 levels of colleague engagement reached a level that was 40% higher than when the Group first started measuring it back in 2007.

Colleague engagement is key to the Group's success so it is good news that the 2014 survey showed that typically 8 out of 10 colleagues are proud to work for the business and around 9 out of 10 feel loyal to their branch or store. This sense of pride and loyalty makes the difference in the way Travis Perkins people go about their business at work and fuels the tremendous extra-curricular activities undertaken with the charities and communities it supports.

Communication

Colleagues are regularly informed about the performance of the Group and the business they work for through a variety of internal engagement channels including a Group quarterly magazine, face-to-face updates, printed materials, video and digital sources. A number of the Group's businesses share their local news, successes and strategic objectives in more detail through their own quarterly publications and online communities, all designed

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to increase employee engagement and productivity. The Group's continuing efforts to drive employee engagement have proven their worth, with all the businesses delivering consistently high engagement scores in our regular 'You Talk, We Listen' employee surveys.

Ethical Policies

The Travis Perkins Group is a leading supplier to Britain's building construction and home improvement industry. Its reputation for providing excellent customer service with the highest integrity is the direct result of the collective effort of its employees, all of whom are caretakers of that reputation. How the business conducts itself in its businesses and how it treats others will continue to determine how the world views Travis Perkins.

The Group has established clearly defined principles aimed at helping all its employees to uphold the highest ethical, legal and business standards across all the business activities it is involved in.

The Group's "Doing the Right Thing" initiative lays down the standards expected of its colleagues under the umbrella of three separate, but closely related policies on business principles, diversity and encouraging equal treatment.

The initiative sets out the expectations that colleagues will not have any involvement with acts of bribery, will avoid conflicts of interest, will ensure they comply with all aspects of all applicable laws when performing their duties and will not become involved with any aspect of insider dealing.

During 2014 it was compulsory for all managers to complete online anti-bribery training which provided an overview of the Bribery Act and our policies regarding Corporate Hospitality, Entertaining and Gifts and concluded with a requirement to pass an online examination. The completion of the anti-bribery training is a requirement for all new managers and completions/non completions are reported on monthly. Any Gifts and hospitality that are accepted must be recorded in a register.

In summarising the Group's commitment to integrity, to acting honestly and ethically and to complying with the law the initiative has provided a one-stop guide for colleagues when considering how they interact with customers,

suppliers, shareholders and the communities in which they operate. In essence it sets out the Group's commitment to "Doing the Right Thing".

Any colleague who is concerned about wrongdoing, malpractice or improper behaviour is encouraged to report the matter using our confidential telephone hotline.

Equal Opportunities, Human Rights and Diversity

The Group is committed to promoting equality of opportunity for all employees and job applicants. It is an equal opportunity employer and always treats its employees and applicants fairly regardless of their age, gender, full or part time status, disability and marital status. Decisions relating to any aspect of employment are based upon ability and potential rather than age, sex, race, religion or belief, disability or sexual orientation, gender reassignment, civil partnership status, pregnancy or maternity.

The Group complies with national legal requirements in respect of wages and working hours. It supports the International Labour Organisation's ("ILO") standards regarding child labour and minimum age. It is also committed to working only with suppliers who embrace standards of ethical behaviour that are consistent with

A workforce with a difference allows the Group to maximise the unique and individual qualities of its people introducing fresh perspectives and new ways of thinking into the Group's businesses. A diverse workforce is at the heart of a strong business performance; it delivers increased engagement, improves output and generates better financial returns.

The Group employs over 27,000 people in 18 different businesses across both the retail and merchanting sectors.

Around 37% of the workforce in the Group's retail sector businesses is female; across the central functions it is 47%. The Group's challenge is to improve the attractiveness of its merchanting businesses only 14% of colleagues are female. As part of the Group's strategy the diversity of all applicant shortlists are now monitored by our recruitment teams.

The following table sets out more details of the mix of men and women employed by the Group at the year-end.

М Total Number % Number % Number % Central Functions 763 47.2% 52.8% 100% 854 1,617 Consumer Division 3,536 37.2% 5.978 62.8% 9.514 100% Contracts Division 560 17.8% 2,583 82.2% 3,143 100% General Merchanting Division 902 11.5% 6,917 88.5% 7,819 100% 643 16.9% 3,164 83.1% 3,807 100% Plumbing & Heating Division 186 1,680 90.0% 1,866 100% Supply Chain 10.0% **Grand Total** 6,590 23.7% 21,176 76.3% 27,766 100% The following table sets out the gender demographics for the Group:

	F		М		Total	
	Number	%	Number	%	Number	%
Director	1	12.5%	7	87.5%	8	100%
Senior Manager	98	20.0%	392	80.0%	490	100%
Colleague	6,491	23.8%	20,777	76.2%	27,268	100%
Grand Total	6,590	23.7%	21,176	76.3%	27,766	100%

The Women's community was launched in 2014 and now has over 400 members. Two Women's community conferences were held during the year where over 200 nominated attendees were treated to inspiring speeches from women who have thrived in male dominated businesses.

A Google + community was established in 2014 where women (and men) can share their ideas, challenges and successes, supporting each other and inspiring more women in to the Travis Perkins Group in the future.

At a senior leadership level 18% (2 out of 11) of the operating Executive and 13% of the Board (1 out of 8)

John Carter

Chief Executive Officer 2 March 2015

Kaycee Benson - Travis Perkins Vauxhall



STAY SAFE REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

The Group's Stay Safe Philosophy and Objectives

The Group's underlying philosophy that all injuries are avoidable and that everyone involved in its business should return home safe and well at the end of every day remains unchanged.

It continues to recognise that achieving a significant reduction in accidents is a major challenge for an organisation of the scale and complexity of the Group and that it requires dedicated effort and perseverance.

Since its inception in 2008, Stay Safe has resulted in real improvement in the Group's safety performance particularly in the first couple of years, however improvement has slowed and it is now at what is a recognised and characteristic plateau.

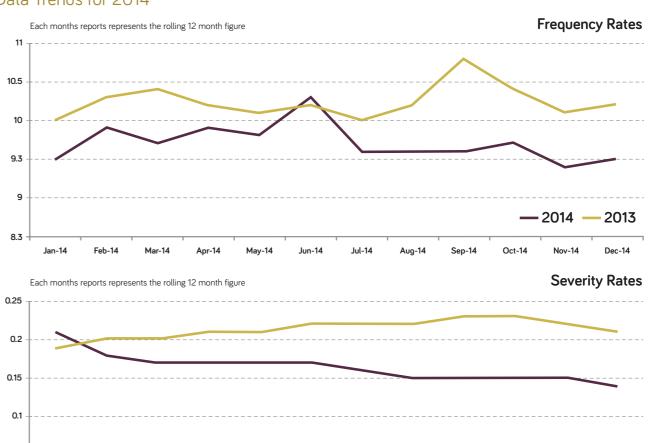
This year the Group has engaged with external consultants to conduct a qualitative assessment of 'where it is now' referencing 'the safety culture ladder' in one of its major brands. The assessment considered five main drivers of safety culture; Systems, Safety/Profit balance, Reporting, Training and Communication. With some variation across branches the overall assessment rated the brand as 3.82 out of 5 or approaching proactive. Considering the detailed recommendations from the assessment, the Group will determine its approach to a wider roll out of this method for assessing its overall safety culture.

Safety Culture Ladder GENERATIV (High reliability organisation) HSE is how we do business around here PROACTIVE Safety leadership and values drive continuous improvement **ALCULATIV** Safety leadership and values drive continuous improvement REACTIVE Safety is important, we do a lot every time we have an accident ATHOLOGIC/ Who cares as long as we're not caught

Stay Safe Governance

Throughout 2014 all Stay Safe activity was reviewed by the Plc Stay Safe Committee, in addition to Stay Safe performance being reviewed at group board meetings. Stay Safe also forms part of regular Divisional leadership meetings.

Data Trends for 2014



The Stay Safe report for 2013 noted a plateau effect in the lost time frequency rates during 2013. For 2014, it is pleasing to report that for most of the year frequency rate and group severity rates were below those seen in 2013. This positive trend is supported by a 29% reduction in the number of days lost overall from 8,145 (2013) to 5,783 (2014). The main contribution to the effect is a 10% reduction in those lost time incidents that lasted a month or more.

Whilst reporting of 'lagging' or 'output' based indicators such as injury frequency rates is helpful in demonstrating the Group's overall long term aim of reducing accidents, there is often a lag between improvement activity and a translation into accident reduction. With this in mind the Group will be reviewing its performance measures with a view to focusing on a new suite of 'leading' or 'input' based indicators and objective measures of safety culture and behaviours. This will allow a more proactive approach and a focus on human factors and reducing errors in the workplace.

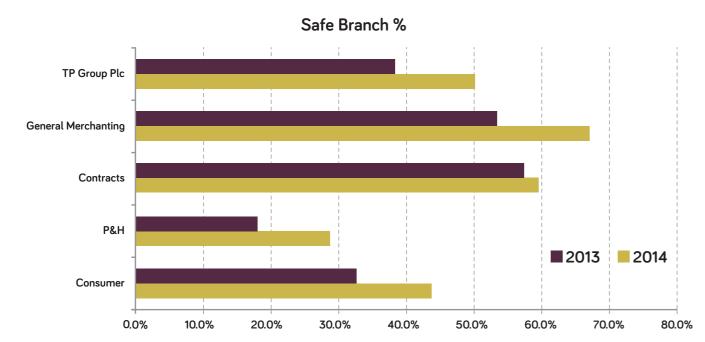
Safe Branches

Safe branches are those where:

- No lost time injuries have been reported
- Near misses are being reported using the Group's online reporting system
- The Group's internal audit team has not given the branch a red or amber rating following its most recent Stay Safe audit

In 2014 50% of the Group's branches achieved this benchmark, an improvement from 39.1% in 2013, which means a further 218 branches became safe branches in 2014. Because of the size of the Group's estate not all branches are audited for safety every calendar year so the Group accepts that the safe branch measure is an 'indicative' measure. It recognises that whilst obtaining Safe Branch status is an achievement it also needs to continually challenge the baseline for this benchmark and 'raise the bar' in terms of expectation for what makes a truly safe branch. Therefore the Group will review the safe branch standards and how it reports on this indicator to provide a meaningful year-on-year comparison against a continually improving standard.

— 2014 **—** 2013



Type of Lost Time Injuries in 2014

The type of lost time injuries the Group experiences continue to be broadly similar year-on-year.

However the Group is confident that its Manual Handling programme LIFT and innovations in each its divisions to reduce the need to manually handle heavy objects will secure the reductions it seeks in lost time injuries in this area. LIFT is a bespoke practical programme focusing on the people, system and environmental issues effecting manual handling. There is a focus on eliminating manual handling tasks as well as teaching safe lifting techniques.

As reported in the transport matters section below the Group has reason to be proud of its overall transport safety record. Therefore, the Board was deeply saddened by the tragic loss of one of the Group's delivery drivers from F & P Wholesale in a fatal road traffic accident during 2014.

- Hit by moving / falling object
- Hit by moving vehicle

Hit something fixed / stationary Injured while manual handling Slipped, tripped or fell on the same level Some other kind of accident

Stay Safe Innovations in 2014

The Group's businesses continue to take the Stay Safe philosophy and translate this into specific actions that are tailored to their operations and the safety issues that they face. Some of the activity completed in 2014 includes:

• Keyline estimated that its manual workers in the yard move between 4 and 6 tonnes each day. As part of its target to reduce this by 75% in 3 years it ran a Strictly Come Dancing meets the Dragons Den event where regional directors

were challenged with finding best manual handling practice in the region and pitched their finding to a panel of vard supervisors and drivers who scored ideas. The winning ideas are now being developed for roll out across the division. They include more effective manual handling accessories for fork lift trucks.

• CCF have introduced new yard-safety co-ordinators to provide a focal point for safety and purchased a ride on sweeper to avoid manual sweeping and improve housekeeping.

34%

2013

10%

- BSS has launched its own LiFT programme, including a DVD of colleagues from Cambridge in real life situations.
- Wickes has focused on behavioural safety, delivering training to 433 branch managers, deputies and supervisors. It has also been rolling out the LiFT manual handling programme and improving employee engagement.
- Within General Merchanting, in addition to behavioural training for its branch managers and yard supervisors, a Stay Safe challenge was run where branch teams were encouraged to spot potential hazards in branches and to fix them, reporting fixed hazards to their regional director. The Group believes that in excess of 200 potential hazards, which could have led to an injury to a colleague or customer in our branches, have been spotted and fixed.
- All Plumbing & Heating Division drivers received a drivers day card signed by their regional director, and all directors, senior managers, heads of department and many branch managers booked a day out with a driver to help their understanding and learn more about the drivers' role and how their safety can be improved.
- All Plumbing & Heating branches held a Stay Safe meeting on June 27, with the branches closing early to facilitate an effective meeting. Branch managers were provided with supporting materials, flipcharts etc. to launch the "Hole in the Swiss Cheese" reporting system. The team meeting session also built on some of the feedback from the drivers' day to fully engage all the branch colleagues in making sure safety is an integral part of the operation, from making a sale to delivering the products. The concept of holes in the Swiss cheese was launched across the Plumbing & Heating

Transport Matters

misses or unsafe behaviours.

Division to better illustrate the importance

of hazard spotting and reacting to near

For the fourth year in a row the Travis Perkins Group has achieved gold accreditation as part of the Fleet Operators Recognition Scheme (FoRS) and has built on the success of being finalists in the Motor Transport Industry awards last year by winning the 2014 Safety in Operation Award.

The Construction Logistics and Cycle Safety (CLOCS) programme brings together developers, construction companies, operators, vehicle manufacturers and regulatory bodies to ensure a road safety culture is embedded across the construction industry. In 2014 the Group became a CLOCS Champions, i.e. one of the organisations that have signed a Memorandum of Understanding with Transport for London to support the CLOCS programme.

As a major part of the Group's outward supply, deliveries are subject to the FORS and now the CLOCS requirements, and it has again been accredited in 2014, passing the required audits. The standard is based around safety in driving

and vehicle design, and highlights vulnerable road users, i.e. cyclists. The accreditation also provides a competitive advantage as it can be a requirement to trade with certain customers and so is responsible for over £12m in sales for Keyline via the rail industry.

The Group was successful in winning the Fleet Safety Award in 2014 from BRAKE the road safety charity, which was based on its work with the Fleet Risk Assessors, and the Safer Roads campaign. The award recognised the Group's success in reducing its accident ratio from 0.7 to 0.54 through the use of vehicle telemetry, which provides live data from vehicles such as GPS location, speed, fuel use etc. as well as sharing lessons from incidents to coach drivers.

From January 2014 all new fleet vehicles have been fitted with 4 way cameras to protect the Group and its drivers from fraudulent claims and help with investigations into any incidents. The system has a 30 day recording facility so all incidents are reviewed and the footage is used to progress cases and help with training.

Looking Ahead to 2015 and Beyond

As part of its continual challenge for improvement in safety performance, the Group has recruited a Safety Change Director. Whilst responsibility for safety will remain devolved to the divisional leadership teams, this new role will act as a thought leader for the Group and focus on new ways to engage with employees and will work with each of the Divisions to build stronger sustainable programmes to embed the Stay Safe philosophy.

Embedding grass roots behavioural safety will form a key part of the strategy along with a focus on consistency in regional and branch manager visible leadership. Where attention is focussed on leadership training the Group will challenge itself to measure and improve the effectiveness of this training and its translation into actions on the shop floor. It will also start to champion general health and wellbeing as a key part of its engagement and improvement strategy as well as reviewing all of its safety performance measures.

This is my last report before handing over the Chairmanship of the Committee to my colleague Peter Redfern, the CEO of Taylor Wimpey, who brings a wealth of experience of safe working conditions in the construction industry. In spite of the fact that there are still too many accidents in the Group, there is no doubt in my mind that the investments in equipment, training and processes will over time help the Group achieve its goal of a significant reduction in the number of accidents.

I would like to sincerely thank all colleagues in the Group for their efforts in making Travis Perkins a safer place for themselves, their colleagues and our customers.

Andrew Simon

Chairman Plc Stay Safe Committee 2 March 2015

ENVIRONMENTAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

Behaving Responsibly

Travis Perkins takes pride in attaching the values of working safely, fairly and ethically to its business activities. These values are described as the Group's Cornerstones, and they apply just as much to environmental performance as they do to other aspects of the Group's operations. At the same time, an essential part of being a successful, sustainable company is the return that is provided to shareholders. This means that the way environmental impact is reduced is also shaped by the desire to create sustainable competitive advantage.

In 2014 the Group's performance¹ met or exceeded targets in many areas. In some, it fell short of expectations and there is still work to be done, as described in this summary of activities which covers three areas: buying, operating and selling.



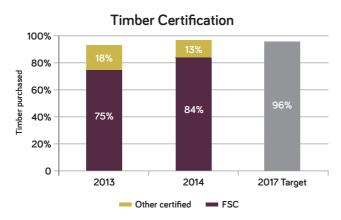
Buying Responsibly

Headline Results for 2014

- 97% certified timber (up from 93% in 2013 and surpassing the Group's 2017 target of 96%)
- Better understanding of the Group's Supply Chain impacts

Within the Travis Perkins Group there are 18 brands and more than 2,000 suppliers. This makes it possible to positively influence environmental awareness and performance across an extremely wide group of stakeholders. It's really an extension of the Group's family values. A key aspect of the Group's approach to working with suppliers is understanding their energy, greenhouse gas, water and waste performance, and to openly share and report that data. The objective is to encourage more co-operation between suppliers and to lead the way for the UK building materials industry.

Timber certification is another key business issue that the Group is able to use its buying power to influence, for the good of the environment. As the percentage moves closer to 100, the task becomes even more challenging. For this reason, during 2014 the Group began providing support to smaller suppliers to help them with certification challenges and help to ensure that they achieve full compliance.



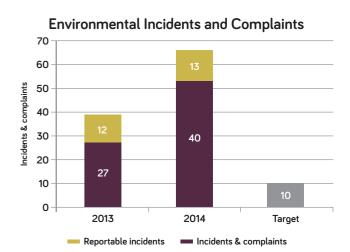
Operating Responsibly

Headline Results for 2014

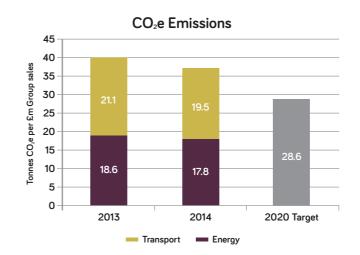
- 45% energy reduction due to lighting improvements in 5 Wickes stores
- 89% Waste diverted from landfill

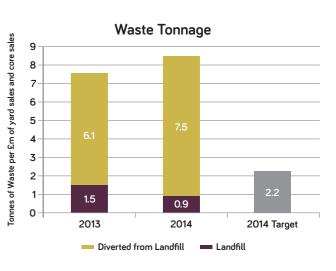
During 2014 the "Constant Energy Conversation" began at Wickes. The objective was to get store managers and their colleagues to adopt a more active approach to energy conservation. The results were extremely encouraging. Initially, energy champions were enlisted and trained by the Energy Managers' Association in 15 regions. By the end of 2014 over half of the Wickes managers had completed the training which has produced energy reductions, along with the associated savings in energy cost. An ambitious pilot project focused on replacing lighting in some existing Wickes stores. As a result, energy savings across 5 of the stores in the pilot averaged 45%. The project is due to be rolled out to all stores, beginning in 2015. However, in spite of the big improvements made in energy management, the Group did fall short of its reduction target for the year, so there is still work to be done. This aspect of carbon performance is balanced by the outstanding results that were achieved with CDP (formerly the Carbon Disclosure Project). Very few companies voluntarily report on all 3 disclosures (carbon, water and forestry). Travis Perkins Group does; achieving a score of 88 for disclosure and B for performance for the climate change submission, as well as being recognised by CDP as the company with the most improved deforestation policy in its sector.

Environmental incidents and complaints rose during 2014 and as a result, the Group fell short of its stated 2014 target of 10. A non-compliance issue at Solfex, which occurred prior to the Company's acquisition by Travis Perkins Group, was voluntarily reported to the Environment Agency. There is work still to be done on achieving the targets in this area. However, across the Group significant improvements in site management procedures and compliance have been made, in spite of the challenges faced by a business as large and diverse as this one.



The tonnage of waste diverted from landfill continued to improve during the period alongside improved recycling rates, with the implementation of dry mixed recycling (DMR) in selected branches providing further opportunities to reduce landfill quantities.





74

¹ This Report includes data for companies where Travis Perkins plc has operational control except PlumbNation (76%) (recent acquisition) and Primaflow (recent acquisition). It excludes activities and data relating to, Rinus Roofing Supplies Ltd (interest disposed of during 2014), The Mosaic Tile Company Ltd (49%) and Toolstation Europe Ltd (49%).

Selling Responsibly

Headline Results for 2014

• Increased stakeholder awareness of sustainable products and opportunities

An entire business, Sustainable Building Solutions (SBS) is dedicated to selling sustainable products as well as professional services and training focused on building regulations. SBS focuses exclusively on helping customers reduce both operating costs and environmental impact. This approach to making things easy for customers is also demonstrated in the Group's waste-broking initiative, which enables customers to include recycling skips on their materials purchasing account. A waste recycling "take back" scheme was also introduced during 2014, enabling customers to pass responsibility for managing and recycling product packaging, such as cardboard and plastic, back to the Group.

Progressing Responsibly

During 2014, environmental improvement measures accounted for over £11 million of savings. Quantifying risks and opportunities enables us to identify competitive advantage and improved profitability resulting directly from the implementation of environmental initiatives.

Moving forward, there are three major environmental targets that will be a focus of particular attention in the future.

- Halving carbon intensity² by 2020, compared to the Group's original 2005 baseline. This equates to a 28% reduction on the Group's new 2013 base year³
- Zero waste to landfill by the end of 2017
- 96% certified timber purchases by the end of 2017

Each division will have direct responsibility for its own environmental performance from 2015, with sustainability leadership being recognised by the Board as a core leadership competency. During 2015 the Group will be embarking on the most comprehensive stakeholder engagement exercise ever to be undertaken by the business, with a view to reporting to the new Global Reporting Initiative G4 guidelines in future years. For this year data and performance have once again been independently verified by LRQA, full details of which are available on the new environmental section of the Travis Perkins Group website. The web will be used increasingly to update stakeholders on progress during 2015.

The Group has considered direct GHG emissions (Scope 1) and indirect GHG emissions (Scope 2) from all activities and operations where the Group has operational control over the business.

(Visit: www.travisperkins.co.uk/responsibility/environment.aspx)

The Group has reported on all of the emissions' sources required under the Companies Act 2006 (Strategic Report and Directors Reports) Regulations 2013. Scope 1 and 2 emissions are calculated using the UK Government Conversion Factors for Company Reporting 2014. 95% of Scope 1 and 2 data is from measured sources⁴ with the remainder extrapolated from expenditure on fuel.

	Carbon Dioxide Equivalent (CO ₂ e) Tonnes			
	Comparison year 2013 ⁵	Reporting year 2014		
Scope 1 Direct emissions from burning gas and solid fuel for heating and from road fuel use for distribution ⁶	136,614	132,295		
Scope 2 Indirect emissions from the Group's use of electricity.	68,904	74,292		
Intensity Tonnes of CO ₂ e from Scope 1 and 2, sources per million pounds of inflation adjusted sales	39.69 ⁷	37.24		

John Carter

Chief Executive Officer 2 March 2015

Notes

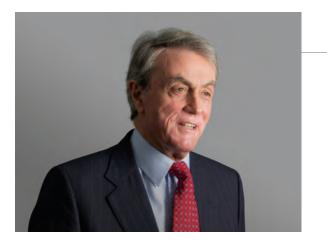
- ² Carbon intensity is referenced to turnover, which is adjusted to allow for inflation, relative to the baseline year. It uses best available financial data at the time the report was produced.
- ³ 2013 was chosen as the new base year due to significant changes to the business.
- ⁴10% of the energy data is estimated due to supplier data provision issues.
- ⁵ Fugitive emissions from domestic refrigeration, vehicle & building air conditioning have been excluded in 2013 as they were not material to the Group's overall emissions.
- $^6\,\mathrm{Scope}\,\mathrm{1\,CO_2}\mathrm{e}$ emissions include 24,184 from buildings and 108,111 from transport.
- ⁷ This carbon intensity value was reported as 54.36 in the Group's 2013 report. The new value represents the Group's base year change from 2005 to 2013 using unadjusted sales figures.







DIRECTORS



Chairman Robert Walker

Robert Walker was appointed as a non-executive director in September 2009 and became Chairman in May 2010. He is chairman of Enterprise Inns plc, and of Eagle TopCo Limited. He was chairman of W H Smith PLC, Williams Lea Group Ltd, Americana International Holdings Ltd and BCA Marketplace, senior independent director of Tate & Lyle PLC and Group Chief Executive of Severn Trent Plc. Previously, he spent over 30 years with Procter & Gamble, McKinsey and PepsiCo and has also served as a non-executive director on a number of other FTSE 100 and 250 boards. He is Chairman of the Nominations Committee and a member of the Remuneration and Stay Safe Committees.



Non-Executive Director Ruth Anderson

Ruth Anderson was appointed as a non-executive director in 2011. She is a non-executive director of Ocado plc, Coats plc, Coats Group plc, The Royal Parks - an executive agency of the Department of Culture, Media and Sport, and a trustee of the charity, the Duke of Edinburgh's Award. She is a chartered accountant, and held a number of positions in KPMG (UK) from 1976 to 2009, being a member of its board from 1998 to 2004 and Vice Chair from 2005 to 2009. She is Chairman of the Audit Committee and a member of the Stay Safe Committee.



Non-Executive Director **Christopher Rogers**

Christopher Rogers was appointed as a non-executive director on 1 September 2013. He is a chartered accountant, Managing Director of Costa Coffee and a director of Whitbread PLC, of which he was Group Finance Director from 2005 to 2012. He was Group Finance Director of Woolworth Group PLC from 2001 to 2005 and previously held senior roles in both finance and commercial functions in Comet Group PLC and Kingfisher PLC. He was also a non-executive director of HMV Group PLC from 2006 to 2012. He is a member of the Audit Committee and the Nominations Committee.



Chief Executive

John Carter

John Carter joined Sandell Perkins as a management trainee in 1978. He held a number of regional management positions, before being appointed Managing Director, Operations in 1996, and a director of Travis Perkins plc in July 2001. He became Chief Operating Officer in February 2005 and Deputy Chief Executive in December 2011. He was appointed Chief Executive on 1 January 2014. He is a trustee of the Building Research Establishment. He is a member of the Stay Safe Committee and Chairman of the Executive Committee.



Non-Executive Director Coline McConville

Coline McConville was appointed as a non-executive director on 1 February 2015. Coline is currently a non-executive director of TUI AG, Inchcape PLC, Fevertree Drinks PLC, UTV Media PLC and Wembley National Stadium Limited and was formerly a nonexecutive director of Shed Media PLC and HBOS PLC, and a global advisor and director of Grant Thornton International Limited. Previous to that Coline was Chief Operating Officer and Chief Executive Officer Europe of Clear Channel International Limited. She holds an MBA from Harvard Business School, where she was a Baker Scholar. Coline joined the Remuneration Committee and the Nominations Committee of the Board upon appointment and has since joined the Audit Committee. It is anticipated that she will become Chair of the Remuneration Committee in due course when Andrew Simon retires.



Non-Executive Director John Rogers

John Rogers was appointed as a non-executive director on 1 November 2014 and is currently Chief Financial Officer of J Sainsbury plc and a member of the Board of Sainsbury's Bank plc. During his career at Sainsbury's he has held the posts of Property Director, Director of Group Finance and Director of Corporate Finance. Prior to joining Sainsbury's, John held a variety of financial, operational and strategy roles. John is a member of the Audit Committee and the Nominations Committee.



Chief Financial Officer

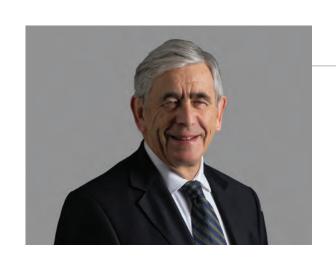
Tony Buffin

Tony Buffin was appointed as Chief Financial Officer on 8 April 2013. He is a chartered accountant and was previously with the Coles Group in Australia where he was Chief Financial Officer from 2009. Prior to that he was Chief Executive Officer of the Loyalty Management Group. He is a member of the Executive Committee.



Non-Executive Director Pete Redfern

Pete Redfern was appointed as a non-executive director on 1 November 2014. He is currently Chief Executive of Taylor Wimpey plc and is also a Chartered Accountant. Pete was previously Chief Executive of George Wimpey Plc and prior to that, he held the roles of Chief Executive and Finance Director of its UK Housing division. Pete is a member of the Remuneration Committee, Stay Safe Committee and the Nominations Committee. It is anticipated that he will become Chair of the Stay Safe Committee in due course when Andrew Simon retires.



Non-Executive Director Andrew Simon O.B.E.

Andrew Simon O.B.E. was appointed as a non-executive director in 2006. He is a non-executive director of Finning International Inc. (Canada), Management Consulting Group plc, SGL Carbon SE (Germany), Exova Group plc, Icon Infrastructure Management LLP (Guernsey), Icon 1A GP Ltd, BCA Marketplace and Gulf Keystone Petroleum Ltd (Bermuda). He was previously Deputy Chairman of Dalkia plc, Chairman, and before that Chief Executive of Evode Group plc and has also held non-executive directorships with Severn Trent Plc. Ibstock PLC. Laporte Plc. Associated British Ports Holdings PLC, and Brake Bros Holdings Ltd. He is the Senior Independent Director and chairman of the Remuneration and Stay Safe Committees and a member of the Nominations Committee.





"Through investing in customer propositions, optimising the branch network, accelerating the scale advantage the Group enjoys and disciplined portfolio management the Group remains confident it can continue to outperform the markets it operates in over the year ahead and the medium-term."

Robert Walker Chairman

"2014 was the first year in our five year journey to grow each of our businesses in a sustainable way. I am pleased that during this year of investment we grew revenues, earnings at a faster pace and the dividend at an even faster pace."

John Carter Chief Executive

"Strong capital discipline is a fundamental part of the overall group strategy. By focusing on investing in areas with a strong incremental return on capital we increased our key lease adjusted return on capital employed measure in each of our Divisions, bringing the group total to 10.4%."

Tony Buffin Chief Financial Officer

COMMITTEES AND ADVISORS

Committees

Secretary

Audit Committee

Remuneration Committee
Nominations Committee

Stay Safe Committee

Executive Committee

Deborah Grimason

Ruth Anderson (Chair), John Rogers, Christopher Rogers, Coline McConville

Andrew Simon (Chair), Pete Redfern, Coline McConville, Robert Walker

Robert Walker (Chair), John Rogers, Andrew Simon, Christopher Rogers,

Ruth Anderson, Pete Redfern, Coline McConville

Andrew Simon (Chair), Pete Redfern, Ruth Anderson, John Carter, Robert Walker

John Carter (Chief Executive and Committee Chairman)

Tony Buffin (Chief Financial Officer)

Norman Bell (Group Strategy & IT Director)

Frank Elkins (Divisional CEO, Contracts Division)

Deborah Grimason (Company Secretary & General Counsel)

Andrew Harrison (Divisional COO, General Merchanting Division)

Carol Kavanagh (Group HR Director)

Simon King (Wickes Managing Director)

Martin Meech (Group Property Director)

Ian Preedy (Group Commercial Director)

Robin Proctor (Group Supply Chain Director)

Paul Tallentire (Divisional CEO, Plumbing & Heating Division)

Advisors

Investment Bankers / Advisors:

Corporate Brokers:

Bankers:

Solicitors:

Auditor: Registrar: HSBC Bank plc, Nomura International plc

Citibank, JP Morgan Cazenove

The Royal Bank of Scotland plc, Barclays Bank plc, Lloyds Bank plc

Linklaters LLP, London; Herbert Smith LLP, London

Deloitte LLP, London

Capita Registrars, Beckenham



CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

UK Corporate Governance Code

The following pages explain how the Company has applied the principles and provisions of the 2012 UK Corporate Governance Code ("the Code") during 2014.

I would like to make the following points by way of introduction before describing the Group's approach in more detail. I hope you will find them helpful:

- The Board considers that John Carter in his first full year as Chief Executive has seamlessly succeeded Geoff Cooper, and has established an excellent working relationship with Tony Buffin, who joined the Company in April 2013
- Having successfully completed the recruitment of three non-executives, the Group now has a stable and superbly qualified Board to monitor, challenge and support the evolution of the Company's strategy
- Given the rotation in non-executives in 2014, the Board delayed, for a year, the initiative of having individual non-executives 'mentoring' one of the Group's businesses or central functions and we plan to reintroduce this later in 2015
- An external evaluation of the Board's performance was conducted by Egon Zehnder, one of the UK's foremost providers of such services, and the results are summarised on page 91
- The Board continues to welcome extensive and regular shareholder engagement on both business and governance matters
- On governance issues, the Group always aims to engage early and with as wide a range of shareholders as possible, contacting at least the top 20 investors. In 2014, and despite follow-up reminders, the Board was disappointed that fewer shareholders chose to engage, on the basis that they had no governance concerns. The Board's view is that Group would always prefer to have a regular annual discussion
- The Board has decided not to adopt voluntary reporting against the 2014 edition of the Code which applies to financial periods starting on or after 1 October 2014



The following pages summarise the Company's governance practices by reference to the five main sections of the Code.

1. Leadership

At 31 December 2014 the Board was made up of six non-executive directors (including myself as Chairman) and two executive directors. A further non-executive director (Coline McConville) was appointed and took up her role on 1 February 2015. Andrew Simon is the Senior Independent Director. The Board has a schedule of matters reserved to it, which is reviewed annually. Revisions were made in December 2014 to:

- Raise to £10m the level of capital expenditure requiring Board approval
- Require the acquisition of any business or company whose business is not within the ordinary course for the Group to be approved by the Board
- Remove (subject to safeguarding provisos) change of control provisions in certain contracts with public bodies from the requirement to obtain Board approval
- Remove parent company guarantees of £50,000 and under from the requirement to obtain Board approval

The Board's key responsibilities are for overall Group strategy, policy on corporate governance, approval of expansion plans and major capital expenditure, consideration of significant financial and operational matters and the Group's exposure to key risks. It also reviews the strategy of the individual businesses, the annual budget and progress towards the achievement of the budget and long term objectives. Legislative, environmental, health and safety and employment issues are also considered.

The Board has approved a written statement of the division of key responsibilities between the Chairman, and the Chief Executive. This is reviewed annually and minor changes were made in 2014. The Board, in 2014, also approved a statement of the role of the Senior Independent Director.

The Company maintains directors & officers' insurance in respect of the risk of claims against directors. This is reviewed annually and has been increased in 2014.

All directors have direct access to the Company Secretary / General Counsel and may take independent professional advice in the furtherance of their duties if necessary.

I agree the agenda for board meetings in conjunction with the Chief Executive and the Company Secretary / General Counsel. Agendas are based upon an annual plan, but also include matters of particular interest or concern to the Board at any particular time.

I monitor the information provided to the Board to ensure it is sufficient, timely and clear.

I generally contact all the Non-executive Directors in advance of Board meetings, to suggest the key issues for discussion. In particular I discuss the meeting papers with any director who is unable to attend, to obtain that director's views. At the meetings, as Chairman, I ensure that each director is able to make an effective contribution within an atmosphere of transparency and constructive debate.

Between Board meetings I maintain frequent direct contact with the Executive Directors and keep the Non-executive Directors informed of material developments. I held a number of meetings during the year with all the Non-executive Directors, without the Executive Directors being present.

Board Meetings

The Board held nine scheduled meetings in 2014. Three meetings considered the Group's long term strategy. Six meetings included either visits to parts of the Group's operations or presentations by senior executives on their areas of responsibility. Non-executive directors also made

individual visits to operational sites. In addition to the regular board meetings, key financial information is circulated to the Directors outside of meetings.

The number of Board and Committee meetings attended by each director (in whole or in part) during the year is detailed in the table below.

	PLC Board No.	Audit No.	Remuneration No.	Nomination No.	Stay Safe No.
Number of meetings	9	4	4	4	4
Attendances:					
R. Anderson	9	4	-	4	
A. D. Buffin ⁴	9	-	-	-	-
J. P. Carter ⁴	9	-	-	-	4
J. Coleman¹	8	3	3	4	
G. I. Cooper ²	-	-	-	-	
P. Redfern ³	1	-	1	-	
C. C. B. Rogers	8	3	-	3	
J. Rogers ³	1	-	1	-	
A. H. Simon	9	-	4	4	4
R. M. Walker ⁴	9	-	4	4	4

¹ Retired 31 October 2014 ² Retired 6 March 2014 ³ Appointed 1 November 2014 ⁴ Although not a member of the Audit Committee has attended four meetings during the year

Board Committees

The Group has five Board Committees: the Audit Committee, the Remuneration Committee, the Nominations Committee, the Stay Safe Committee and the Executive Committee, which operate within defined terms of reference, which are reviewed annually. Summaries of these are available on the Company's website or may be obtained from the Company Secretary. The minutes of committee meetings are circulated to all the Directors.

The Executive Committee is chaired by the Chief Executive and its members are listed on page 86. Other executives are invited to attend from time to time in relation to specific matters. The main purpose of this Committee is to assist the Executive Directors in the performance of their duties in relation in particular to:

- Strategy, operational plans, policies, procedures and budgets
- The monitoring of operational and financial performance
- · The assessment and control of risk
- The prioritisation and allocation of resources

On occasions during 2014, sub-committees of the Executive Committee met to carry out more detailed reviews of particular areas.

2. Effectiveness

Save in respect of Andrew Simon who reached the ninth anniversary of his appointment on 20 February 2015 none of the specific circumstances set out in Code provision B.1.1 apply. Nevertheless, the Board is satisfied that **all** the Non-executive Directors are independent.

Given the significant changes to Board composition which have taken place over the past two years and the Company's ambitions for growth presented to investors at the 2013 Capital Markets day the issue of orderly Board succession is of critical importance. A period of transition and handover of between nine and twelve months between Andrew and those new directors who will be assuming membership and chairmanship of Committees in his stead is considered to be necessary and in the best interests of investors and accordingly the Board has decided to extend Andrew's term of office until 31 October 2015.

Appointments of new directors are made by the Board on the recommendation of the Nominations Committee. I chair that Committee and all the other members are independent non-executive directors. A report of the Committee's work in 2014 is on pages 118 to 119.

Appointments of Non-executive Directors

The Group's policy is to recruit people of the highest calibre, with a breadth of skills and experience appropriate for the Company's business. The Group's businesses both trade and retail, are trading businesses. Given the highly competitive and fast moving nature of the markets in which the Group operates, the Group's preference in seeking

future non-executives, is to attract individuals who have had significant Profit and Loss experience as CFOs or CEOs; additional expertise in areas relevant to the Group's businesses is also valuable. The Group supports the principles of the Davies Review and the need for a diverse board, although it does not intend to commit to specific quotas. The Group uses search firms who abide by the voluntary code of conduct which followed the Davies Review. The Board diversity policy is summarised in the Nominations Committee Report.

Non-executive directors are appointed for a period until the third AGM following election, at the end of which the appointment may be renewed by mutual agreement. It is the Board's policy that non-executive directors should generally serve for six years (two three-year terms) and that any term beyond this should be subject to a rigorous review. This review takes into account the need for progressive refreshing of the Board, maintenance of a balance of skills and experience and the particular requirements of the Company at the time of the possible extension.

Non-executive directors do not have a service contract, but each has received a letter of appointment. These appointments expire on the following dates, and the length of service at that date is also shown.

Ruth Anderson	May 2018 (6 years 7 months)
Coline McConville	May 2018 (3 years 4 months)
Peter Redfern	May 2018 (3 years 7 months)
Christopher Rogers	August 2016 (3 years)
John Rogers	May 2018 (3 years 7 months)
Andrew Simon	October 2015 (9 years 7 months)
Robert Walker	September 2015 (6 years)

The letters of appointment will be available for inspection at the Annual General Meeting ("AGM").

During 2014 Pete Redfern and John Rogers joined the Board and on 1 February 2015 Coline McConville also joined. Pete is CEO at Taylor Wimpey plc, John is Group CFO at J Sainsbury plc and Coline is an experienced non-executive director. In view of the number of changes that there have been recently, and in order to secure continuity during this period of change, Andrew Simon's appointment was extended beyond his normal retirement date of February 2015. This extension will be until 31 October 2015.

Induction

The Group has an induction process for new directors, which is facilitated by the Company Secretary / General Counsel. In particular, this includes a programme of meetings with senior management in both operations and central functions, and visits to a range of branches and stores. I ensure that all directors receive appropriate training on appointment and then subsequently as required, taking into account the need to update their skills and their knowledge of the Company's business. Non-executive directors are also regularly provided with information on forthcoming

legal and regulatory changes and corporate governance developments, and briefings on the key risks facing the Company, including those identified in the Statement of Principal Risks and Uncertainties on pages 58 to 63.

Evaluation of Board Performance

Each year, the Board undertakes an evaluation of its performance and the performance of its Committees and individual directors. The Board's policy is to engage an external facilitator to assist this process every three years. In 2007, 2011 and in 2014, the Board's performance was reviewed externally by Egon Zehnder. The Board had no conflict of interest with Egon Zehnder, who has conducted in excess of 400 external reviews, significantly more than most other comparable firms.

In 2013, the Board carried out an internal review of its performance. Reviewing the actions identified at that time, the Board has performed well on all items. Non-executive succession has been comprehensively managed. The success of the 2013 Capital Markets day presentation has been built upon. Further streamlining of the financial reporting for the Board was completed in May 2014. The Board devoted more time to management succession and development beyond the senior team. Finally, the Board continued to involve appropriate and challenging external expertise in its discussions.

Turning to 2014, the Board once again conducted an external performance evaluation. This entailed each director, the Company Secretary and the Executive Committee members completing a questionnaire about the performance of the Board and its Committees, followed by individual interviews with Egon Zehnder. Egon Zehnder presented its report to the Board in December 2014. Additionally, the Non-executive Directors led by the Senior Independent Director conducted a review of my own performance.

As a result, the Board determined that it had effectively managed the achievement of the Company's objectives during the year, that the mix of knowledge and skills among Board members was appropriate, and that the Board worked cohesively.

For 2015, the following areas for focus, among others, were identified:

- Honing Board processes
- Medium-term board succession planning

In 2015, an internal review of the Board's performance will be conducted.

Re-election

At the AGM, all directors will submit themselves for election or re-election as appropriate. As a result of the Board evaluation exercise, as Chairman I am satisfied that each director continues to show the necessary level of commitment to the Group, and has sufficient time available to fulfil his or her duties, to justify their election or re-election. The other directors, in a process led by the

Senior Independent Director, have reached a similar view with regard to my own re-election.

The Board believes that there is presently a blend of skills and experience among the Non-executive Directors which is appropriate for the Group. The skills required for the Board include experience in the merchanting and retail sectors, capital project and M&A evaluation, as well as the essential understanding of financial controls and accounting. An understanding of information technology is increasingly important.

3. Accountability

A review of the performance of the Group's businesses and the financial position of the Group is included in the Strategic Report on pages 38 to 57. The Board uses it to present a full assessment of the Group's position and prospects, its business model, and its strategy for delivering that model. The directors' responsibilities for the financial statements is described on page 124.

Going Concern

After reviewing the Group's forecasts and risk assessments and making other enquiries, the Directors have formed a judgement at the time of approving the financial statements, that there is a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

In arriving at their opinion the Directors considered:

- The Group's cash flow forecasts and revenue projections
- Reasonably possible changes in trading performance
- The committed facilities available to the Group and the covenants thereon
- The Group's robust policy towards liquidity and cash flow management
- The Group management's ability to successfully manage the principal risks and uncertainties outlined on pages 58 to 63 during periods of uncertain economic outlook and challenging macro-economic conditions

Internal Control

The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. In the design of the system of internal control, consideration has been given to the significant risks to the business, the probability of these risks manifesting themselves and the most cost effective means of controlling them. The threat posed by those risks, and any perceived change in that threat, is reviewed half yearly by both the Executive Committee and the Board. The system manages rather than eliminates risk and therefore can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The day-to-day operation of the system of internal control is delegated to Executive Directors and senior management, but the effectiveness of the system is regularly reviewed by the Audit Committee and the Board in a process that accords with the Turnbull Guidance.

Risk Assessment

It is the responsibility of the Board to establish the risk framework within which the Group operates. The Board and the Executive Committee review the risk register twice and the risk appetite once in each year. Members of the Audit Committee also receive reports of Internal Audit reviews. If appropriate, these reports include recommendations for improvement in controls or for the management of those risks. Measures to integrate risk management processes into the Group's operations, to extend awareness of the importance of risk management and to ensure that recommended improvements are implemented, are regularly reviewed and refreshed. Senior executives and managers are asked, each year, to confirm the adequacy of internal controls in their areas of responsibility, identify any control weaknesses, and to confirm the accuracy and completeness of information given to the directors and to the external auditors.

In conjunction with the Audit Committee, the Board has carried out an annual review of the overall effectiveness of the system of internal control and risk management, during the year and up until the date of approval of this Annual Report.

Audit Committee and Auditors

The Board has established an Audit Committee consisting of four independent non-executive directors. Its key responsibilities and a description of its work in 2014 are contained in its report, which is set out on pages 94 to 97.

4. Remuneration

The Board has established a Remuneration Committee consisting of the Chairman and three independent non-executive directors. Its responsibilities include remuneration policy, a review of the performance of executive directors prior to determining their remuneration and the approval of incentive arrangements, including performance criteria. The remuneration of the Non-executive Directors is determined by the Board as a whole, except that the Remuneration Committee makes a recommendation in respect of the Chairman's fee. No director plays a part in the discussion about his or her own remuneration.

The Committee's key responsibilities and a description of its work in 2014 are contained in its report, which is set out on pages 98 to 117.

The constitution of the Committee did not comply with provision D.2.1 of the Code from the beginning of the year until the appointment of Pete Redfern and John Rogers. As described elsewhere there has been period of significant

turnover within the Company's Non-executive Directors and it has taken time to re-populate the Committee to meet the Code requirements.

5. Relations with Shareholders

The Company encourages two-way communication with both its institutional and private investors and responds promptly to all enquiries received. Each year, the Company reviews its strategy for engaging with shareholders. In 2014, the Executive Directors and I, either separately or together, attended a large number of meetings with analysts, and with shareholders.

In November 2014 the Group held an Operational Briefing day, which was attended by more than 50 investors and analysts as well as a number of representatives from the Group's banks. The Executive Directors together with members of the Executive Committee delivered an update on progress against the strategy which was presented at the Capital Markets day in 2013. A copy of the presentation is available in the investor section of the Group's website at www.travisperkinsplc.co.uk. The Chairman and the Executive Directors report to the Board on any meetings with shareholders or analysts. In addition, written reports about the Company by analysts or brokers are circulated to all directors.

The Group makes the Senior Independent Director available as a direct contact for investors and shareholders, if they wish. However, no meetings have in fact taken place between the Senior Independent Director and investors due to an absence of appetite for such meetings among the Company's investors, and accordingly the Company has not complied with provision E.1.1 of the Code in this respect. As regards governance issues, as Chairman I aim to meet with major shareholders shortly after the previous year's Annual General Meeting. These meetings are deliberately timed early in the year so that the Board can consider and respond to shareholder concerns well in advance of the following year's annual report and shareholder meeting. I normally contact the Group's 20 largest shareholders to ensure the widest consultation possible and particularly, given market volatility, to ensure that the views of any shareholder which substantially increases its stake during the year have been fully taken into account. In 2014, and despite follow-up reminders, the Board was disappointed that fewer shareholders chose to engage, on the basis that they had no governance concerns. The Board's view is that Group would always prefer to have a regular annual discussion.

As well as sending the annual report to shareholders, during the year, the Group published its interim results on its website and issued two interim management statements. Shareholders receive at least twenty working days notice of the Annual General Meeting at which all directors are available for questions and a short business presentation takes place. Each substantive issue is the subject of a separate resolution. I announce the numbers of proxy votes for and against each resolution at the meeting, after the

voting has taken place, and these numbers are subsequently published on the Company's website.

The Board's Fair, Balanced and Understandable Declaration

At the board meeting during which the Group's results for the year were presented by the Chief Executive and the Chief Financial Officer, the Board also considered whether the annual report and accounts, when taken as a whole, present a fair, balanced and understandable overview of the Group and its performance. After:

- Hearing from the Executive Directors
- Receiving a report from the Chairman of the Audit Committee on that Committee's meeting to discuss the preparation and content of the year-end financial statements and the audit conducted upon them
- Discussing the contents of the Annual Report and Accounts
- Recognising that the Auditors have stated in their audit report on page 128:

"We are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements."

The Board concluded that the annual report and accounts are fair, balanced and understandable and accordingly the Directors' declaration to that effect can be found in the Statement of Directors Responsibilities on page 124.

Corporate Governance Compliance Statement

I am pleased to report that the Board considers that the Company has complied throughout the year ended 31 December 2014 with the provisions set out in the Code save that for the reasons described on pages 92 and 93:

- The Remuneration Committee comprised only two independent non-executive directors plus the Chairman until the Committee membership was supplemented by the appointment of John Rogers and Pete Redfern
- The Senior Independent Director has not proactively met with Investors; but has made himself fully available for meetings should investors request them

Robert Walker

Chairman 2 March 2015

AUDIT COMMITTEE REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

Dear Shareholder

As chairman of the Audit Committee, I am pleased to report below on the work of the Committee in 2014.

Role of the Audit Committee

The Committee's full terms of reference (which are reviewed annually and were last updated in December 2013) are available on the Group's website (www.travisperkinsplc.co.uk), or on request to the Company Secretary / General Counsel.

Membership and Attendance

I was chairman of the Committee throughout the year. Christopher Rogers was a member of the Committee throughout 2014 and John Coleman was a member of the Committee until his retirement on 31 October 2014. John Rogers joined the Committee following John Coleman's departure. John is currently Chief Financial Officer of J Sainsbury plc and a member of the Board of Sainsbury's Bank plc. Since the year end the Committee has also been joined by Coline McConville whose biographical details can be found on page 83.

All members of the Committee are considered to be independent and have considerable financial and commercial experience gained through a variety of corporate and professional appointments. In particular, the Board considers that John Rogers, Christopher Rogers and I have the recent and relevant financial experience required by the UK Corporate Governance Code (see also the board profiles on pages 82 to 84). The Company Secretary was secretary to the Committee throughout 2014.

The Committee held four meetings during 2014 and attendance at the meetings is shown on page 90. The Group Chairman, the Chief Executive, the Chief Financial Officer, the Group Financial Controller, the Head of Internal Audit and the external auditor also attended most meetings. At each meeting attended, the external auditor and the Head of Internal Audit were given the opportunity to discuss with the Committee any matters which they wished to raise without the presence of management. In addition, during the year, there were a number of meetings between the Chairman of the Committee and the Head of Internal Audit and between the Chairman of the Committee and the external auditors, without management being present.

Work of the Committee

Shortly after each meeting, I report to the Board on the work of the Committee, outlining key matters and making appropriate recommendations. Set out below is the work of the committee in more detail.

The Committee has an annual work plan of standard items within its remit which is based upon the Group's half year and full year financial reporting cycle. The following sets out the main areas of work undertaken by the Committee at each of its meetings:

Key issues considered

February

- Year-end accounting and tax update, including impairment consideration and going concern review
- Consideration of the annual report and financial statements and the preliminary results announcement
- Review of the systems of internal controls
- Review and discussion of a report from Deloitte on their audit findings, representation letter, independence and quality control processes
- Review of the effectiveness and appointment of the external auditors
- Review of the Audit Committee's effectiveness

May

- Review and discussion of upcoming changes to accounting and governance rules – consideration of any proposed changes to accounting policies
- Review of the annual internal audit activity plan
- Review of the terms of reference for internal audit
- Review of the Audit Committee terms of reference
- Agreement of the Deloitte terms of engagement for the interim review
- Review of tax strategy and compliance

July

- Half year accounting and tax update, including impairment considerations and going concern review
- Consideration of the interim results announcement
- Consideration and discussion of a report by Deloitte on their review of the interim results and their representation letter
- Discussion of Deloitte's audit letter of engagement, audit plan and proposed audit fees

November

- Deloitte interim audit report (systems and controls)
- Draft Annual Report & Accounts initial review, including a review of significant accounting issues, accounting estimates and accounting policies
- Annual review of effectiveness of Internal Audit
- Annual review of effectiveness of Audit Committee
- Annual review of External Auditor effectiveness, quality control and independence

In addition, there are a number of standing agenda items where at each meeting the Committee reviews:

- Internal audit and risk reports
- Whistleblowing, fraud and bribery
- Non-audit services and fees
- Progress on implementing recommendations arising from internal and external audit work

In addition to attending the formal Audit Committee meetings, during the year the Committee members met with operational and finance staff and received a number of technical updates.

The Audit Committee reviewed papers from the Group's management team and from the Group's Auditors that provided details of the significant financial reporting estimates and judgements made during the preparation and presentation of the Group's interim and annual accounts.

I am satisfied that the Committee received sufficient, reliable and timely information from management to enable it to fulfil its responsibilities during the year.

Significant Issues Relating to the Financial Statements

The table below sets out the key judgement areas associated with the Group's financial statements for the year-ended 31 December 2014 which were considered by the Audit Committee. In reaching its conclusions set out in more detail below, the Committee has considered papers and explanations given by management, discussed each matter in detail, challenged assumptions and judgements made and sought clarification where necessary. It has reviewed and discussed any internal audit reports in respect of the matters under consideration and the Committee also received a report from the External Auditors on the work undertaken to arrive at the conclusions set out in their audit report on page 125 and had the opportunity to discuss it with them in depth.

Issue and Nature of Judgement

Carrying value of goodwill and intangible assets

Matter

The Group balance sheet contains a significant value of goodwill and other intangible assets associated with historical acquisitions. The Directors are required to determine annually whether those assets have suffered any impairment. They do so by comparing the present value of future cash flows for each cash generating unit with the carrying value of its goodwill and other intangible assets.

The calculations undertaken to help arrive at a conclusion incorporate a consideration of the risks associated with each cash generating unit and are based upon forecasts of their long term future cash flows, which by their nature require judgement to be exercised and are subject to considerable uncertainty.

Accounting for supplier rebate income

Supplier rebate agreements result in a significant value of income being received by the Group. The calculation of rebates due to the Group from suppliers and the amounts to be recognised in the income statement and deferred into stock can be complicated due to the nature of the agreements.

However, very few agreements are not coterminous with the Group's accounting year end, so the level of judgement required to determine whether volume or value of goods purchase thresholds are going to be reached is significantly reduced. As a result the key judgements are to determine the value of rebates to be immediately recognised in the income statement.

Inventory valuation

To meet customer expectations the Group carries a wide range of stock in over 2,000 locations. That stock should be included in the balance sheet at the lower of cost or net realisable value. The determination of cost may be complicated when rebate agreements are in place (see above). Furthermore, determining the net realisable value of stock requires judgement to be applied.

Income taxes

The Group is currently in discussion with H. M. Revenue and Customs ("HMRC") about the tax treatment of several commercial transactions. The outcome of these discussions is uncertain and so the Group has had to consider what benefits it is appropriate to recognise in the income statement.

Factors Considered and Conclusion Reached

The cash flow forecasts used for impairment considerations are prepared from the strategic business plans presented to, and approved by, the Board of Directors annually.

Management explained to the Committee how the cash flow and discount rate calculations were prepared, the key assumptions and judgements that were made and how sensitive those cash flows were to changes in the key assumptions.

The Committee concluded that management had taken a sensible, consistent and reasoned approach to preparing the calculations. It considered the judgements made to be acceptable and concluded that, whilst the headroom was limited for some cash generating units, principally Wickes and PTS, (see note 13 to the financial statements), there was no immediate indication of any impairment.

In the Autumn, management presented a detailed paper to the Committee and explained the Group's key systems and processes, how the sources of supplier income were identified, what estimates were made, how the calculations were undertaken and how recoverability was monitored and reviewed. In addition the Committee reviewed and discussed the findings of reviews of systems, controls and processes undertaken by the internal audit team.

A summary update of the year-end position was given to the Committee at the meeting held to consider the year-end results.

The Committee concluded that the controls over recognising and recovering rebate income were appropriate and that the values included in the financial statements were appropriate.

Management presented a paper that set out the level of stock provisioning and its basis, so that the Committee could understand the adjustments made to stock figures for management accounts purposes in order to get to the stock figures for statutory accounts purposes. The Committee concluded that stock values were fairly stated in the balance sheet.

The Committee considered the Group's provisions for unresolved tax positions. It has received regular updates from management during the year and at the year-end received a paper setting out the latest position based upon the most recent discussions with the Group's advisors and with HMRC. The Committee concluded that the uncertainty justified the provisions held and that the Group's tax position was fairly stated and appropriately provisioned.

Internal Audit

In 2013 we carried out a review of the skills and resources in our Internal Audit team and, as a result, during 2014 we recruited some new team members with the appropriate qualifications and experience. Resources were also supplemented by the use of external resources for some specialist area audits.

The Committee continued to review the plans for work in 2014 throughout the first part of the year and increased the emphasis on finance matters as opposed to operational matters. At each Committee meeting issues raised by, and the recommendations made as a result of internal audits were considered. The Committee had a particular focus this year on reviewing how quickly management implemented actions to meet agreed recommendations. Risk based plans for work in 2015 were agreed by the Committee in

The Committee was satisfied with the overall effectiveness of the internal audit function.

Risk Management and Internal Controls

The Committee reviewed the Group's internal financial controls and its internal control and risk management systems in February 2015. The Committee considered these systems to have been overall effective during the year. Where deficiencies were identified, actions were agreed to provide a remedy and the Committee monitored the "clear down" rate of the agreed actions, as noted in the previous section on Internal Audit. The risk management systems were reviewed in 2014 to more closely align them with the Group's strategy and corporate plans.

External Auditor

Deloitte LLP (or its predecessor firms) is a leading international audit partnership, and was first appointed as auditor to group companies more than 30 years ago. There are no contractual restrictions on the Group with regard to their appointment. In accordance with current professional standards, the partner responsible for the audit changes every 5 years; the last change occurred in 2010.

As flagged in the 2013 report, in 2014 the Committee began the process to tender for external audit services. It is expected that the process will be completed during March 2015 and a proposal either to re-appoint the existing auditor (as permitted under regulation 537/2014/EU on the mandatory rotation of statutory auditors, for one final five year period) or to appoint a new auditor as appropriate, will

be put to the Annual General Meeting in May and will be effective for the 2015 half year reporting process.

During the year the Committee reviewed the following in respect of the external auditor:

- The policy on engagement of the external auditor for non-audit work, as referred to below, and the policy on the employment of anyone previously employed by the
- The plans presented by the external auditor for conduct of the year-end audit and half-year review including the related risk analyses, terms of engagement, fees and letters of representation
- The effectiveness, independence, and objectivity of the external auditor, taking into account information and written assurances provided by Deloitte LLP, on its quality and independence controls, and its ethical standards and reports of the FRC Audit Quality Review Team (formerly called the FRC Audit Inspection Unit)

The Committee specifically discussed the effectiveness of the external audit process at its meetings of February and November 2014 and again at its meeting in February 2015. In each case the Committee obtained input from the Company's finance team. In particular the Committee considered the audit of the 2013 report and accounts, the audit plan for 2014 and the audit of the 2014 report and accounts, and the risk identification process. The Committee was satisfied with the effectiveness of the external audit process.

Independence and Objectivity

One of the Committee's responsibilities is to ensure compliance with the Board's policy in respect of services provided by, and fees paid to, the external auditor. There has been no change to this policy, which is summarised below and is included on the Group's website at www.travisperkinsplc.co.uk.

General Principle

The external auditors should only be chosen to carry out non-audit work where its nature makes it more effective for the work to be carried out by auditors who have existing knowledge of the Group. The external auditors should not provide non-audit services where it might impair their independence or objectivity in carrying out the audit.

Areas of Work

Permitted Work					
Non-audit Related	Book-keeping and work related to the preparation of accounting records				
Tax compliance services	preparation of accounting records				
Tax advisory services	Financial information system design or implementation				
Public reporting on investment circulars and similar documents	Appraisal and valuation services				
Private reporting to sponsors and	Internal audit services				
similar parties in connection with	Actuarial services				
investment circulars and similar documents	Forensic work				
Employee benefit plan audits	Recruitment services				
Provision of market data for remuneration benchmarking	Secondment of staff to a supervisory or management position				
	Provision of investment advice, broking or legal services				
	Non-audit Related Tax compliance services Tax advisory services Public reporting on investment circulars and similar documents Private reporting to sponsors and similar parties in connection with investment circulars and similar documents Employee benefit plan audits Provision of market data for				

Value of Work

Non-audit services require approval as follows:

- £5,000 to £25,000 Chief Financial Officer
- £25,000 to £50,000 Chief Financial Officer and Committee Chairman
- £50.000+ Chief Financial Officer and Committee Chairman following a competitive tender

Formal approval by the Committee is also required if the aggregated level of forecast fees for non-audit services exceeds 50% of the statutory audit fee.

Reporting

The Chief Financial Officer reports twice annually to the Committee on fees for non-audit services payable to the auditors.

As shown in note 5 to the accounts, during the year the Auditors were paid £435,000 (2013: £442,000) for audit-related work, and £111,000 (2013: £188,000) for non-audit work.

The principal items of non-audit fees relate to the interim review, bond issue and sundry tax. In view of Deloitte's detailed understanding of the Group's operations and accounting policies, and being mindful of future Auditor reporting obligations, the Audit Committee decided that it was appropriate for Deloitte to undertake this work. In addition, £1,415,000 (2013: £837,000) of fees were paid to other accounting firms for non-audit work, including advice to the Remuneration Committee.

The Committee understands that the total fees paid by the Group to Deloitte in 2014 amount to less than 0.02% of Deloitte's UK fee income and considers that the Auditor's independence and objectivity has not been impaired by the non-audit fees paid to it in 2014.

Overview

As a result of the Committee's work during the year, and taking into account the result of the Board and Committee evaluation process described on page 91, the Committee considers that it has acted in accordance with its terms of reference and has ensured the independence, objectivity and effectiveness of the external and internal auditors. The Committee has also concluded that the Group's internal control and risk management systems were effective during

I will be available at the Annual General Meeting to answer any questions about the work of the Committee.

Ruth Anderson

Chairman, Audit Committee 2 March 2015

DIRECTORS' REMUNERATION REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

This report sets out the Group's remuneration policies for its directors and senior executives and how these policies will be applied in practice. The policy is available to view on the Company's website in the investor centre

UNAUDITED INFORMATION

1. Remuneration Committee Chairman's Statement

Dear Shareholder,

In my last year, both as Senior Independent Director and in my role as Chairman of the Remuneration Committee, I am delighted to present this report, on behalf of the Board at the conclusion of a very successful year.

Shareholders will recall that 2012 and 2013 were busy years of leadership change and transition as the Committee established, following extensive consultation, the pay and performance framework for the newly appointed Chief Executive Officer, John Carter, Chief Financial Officer, Tony Buffin and the Executive Committee team members.

I was pleased with the high level of shareholder support shown through the votes received in favour of both the remuneration report and the Committee's policy statement. The policy on directors' remuneration received a 93.28% binding vote at the 2014 Annual General Meeting and is included in this year's report again for ease of reference.

Remuneration Philosophy

The principles of the Group's remuneration policy remain unchanged:

- Remuneration should be competitive and contribute to the delivery of short and long term superior financial returns for shareholders
- Remuneration should contain significant performance related incentive elements
- Reward mechanisms should ensure that a significant proportion of variable pay is delivered in deferred shares with clawback provisions ensuring that executives retain a meaningful personal stake in the Group's success
- All colleagues should be able to share in the success of the Group through participation in both annual bonus schemes and longer term share plans
- The approach to basic salary increases should be consistent across all colleagues including no pay increases for mergers and acquisitions activity

Performance Outcomes

Group Performance in the 2014 Financial Year

The Group delivered a strong set of financial results and solid returns for shareholders in 2014 through continuing to outperform in the majority of markets in which it operates. The highlights from a very successful year were:

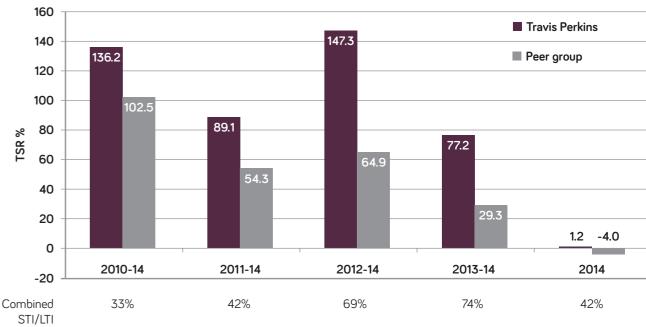
- Adjusted profit before tax increased by 12.8%
- Adjusted EPS up by 14.9%
- Lease adjusted return on capital employed 10.4%
- Full year dividend of 38 pence (2013: 31 pence), increasing by 22.6% (2013: 24%)
- Free cash flow increased by 6%

achievement

• Total shareholder return ("TSR") increased ahead of the peer group

The Committee ensures that senior executive incentive targets are stretching, aligned to the business strategy and drive long term shareholder value. The ultimate measure of success in a business is consistent shareholder value creation; the Committee feels that the Group's short and long term rewards should reflect this. Over the last five years the Group has consistently outperformed its peer competitor group's TSR performance and whilst the executive team has been rewarded through a combination of short and long term incentives, the combination of a turbulent market and stretching targets has resulted in the executive remuneration history illustrated below:

Cumulative TSR to Date

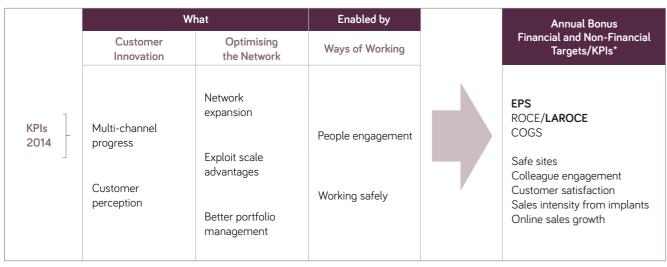


Bonus achievement in year of performance, LTIP vesting in year of vesting

Performance against the range of financial, operational and longer term targets and KPIs is monitored on a regular basis. The Committee is comfortable that the annual bonus outcomes for 2014 reflect business performance. The table overleaf sets out the Group's framework for linking its growth strategy with pay and performance outcomes; the financial measures denoted in bold text (EPS and LAROCE) represent 80% of the maximum annual bonus payment.

Alignment Between the Group's Growth Strategy and Performance Measures

The Group's growth strategy and Key Performance Indicators ("KPIs") were presented to shareholders at its Operational Briefing held on 27 November 2014 and are described in detail on pages 6 to 9.



* TSR, Aggregate Cashflow and CROCE form the basket of performance measures for LTIPs

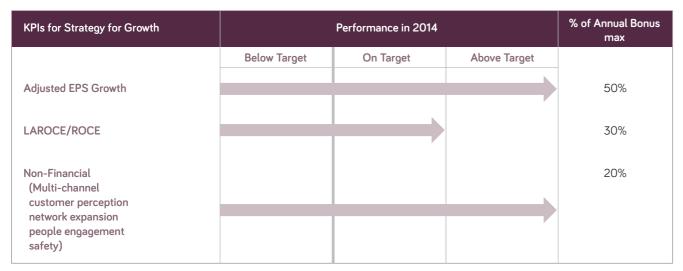
Pay & Performance

Annual Pay Review

The basic salaries of the Chief Executive and the Chief Financial Officer increased by 2%. This is the eighth successive year of consistency in approach to the annual pay review across the whole organisation. As a result, with effect from 1 January 2015, John Carter's and Tony Buffin's basic salaries increased to £673,200 and £520,200 respectively.

Annual Bonus

The very strong business performance in 2014 was again driven by the delivery of management's planned strategic programme of work. The rounded assessment of financial outcomes and achievement against other strategic growth KPIs has resulted in an annual incentive payment for executive directors and central function managers of typically 85-90% of the annual bonus opportunity. The precise outcomes are set out later in the remuneration report on page 111.



A large number of the Group's business unit teams and branch managers exceeded their plan targets by more than 5%. I am therefore delighted that these outstanding performances have been rewarded with maximum bonus payments in their respective schemes which are all tailored to meet the operational plan and growth expectations of each business.

Whilst there is a great deal of consistency in financial performance measures across all business areas with a strong focus on ROCE and LAROCE, the deferred bonus arrangements, approved by shareholders in 2014, only

apply to the senior team. Half of the bonus earned for the Executive Directors and the Executive Committee is deferred into shares which are subject to forfeiture if target share prices are not achieved over the following two years. This mechanism ensures that there is a meaningful deferral of variable pay on an 'at risk' basis for the Group's most senior business leaders.

Long Term Incentive Plans

Over recent years the setting of appropriately stretching performance targets for long term incentives has proved

to be one of the most challenging tasks undertaken by the Remuneration Committee.

The recession brought new challenges. Global and domestic economic uncertainty combined with declining customer confidence and poor availability of credit wrought havoc in the construction sector. Alongside these market uncertainties there has been an increased governance focus on pay and performance which extended well beyond the financial services sector.

In 2010/11 the Group believed that market growth in its sector over the subsequent three year period would be much stronger than that which has occurred, and the LTIP targets were set accordingly.

As a result of the market recovery taking longer than the Group and other businesses anticipated and despite the outstanding performance of the management team over the intervening three year trading period, the targets have been partially met, resulting in a partial vesting of LTIPS (37% under the Performance Share Plan and nil vesting under the Co-investment Plan) for the Executive Directors and over 200 senior managers in 2014.

Looking forward a similar pattern is anticipated in 2015 with partial vesting of awards granted in 2012.

Remuneration Policy

The remuneration policy remains unchanged and is set out again on pages 103 to 110. In contrast to prior years of significant change there has been no requirement to formally consult with shareholders on any remuneration issues during 2014. The Committee has, however, discussed and carefully considered the guidance notes issued by the ABI, ISS, NAPF and PIRC prior to the publication of this report.

Forward Looking Remuneration Challenges

Under the UK Corporate Governance Code (the "Code") for reporting years beginning on or after 1 October 2014 companies are required to include a clawback provision in their share plans and bonus arrangements on a comply or explain basis. In addition, companies are required to consider under the Code whether for share-based remuneration, the Remuneration Committee should require directors to hold a minimum number of shares and to hold shares for a further period after vesting or exercise, including for a period after leaving the Company, subject to the need to finance any costs of acquisition and associated tax liabilities.

Malus & Clawback

Currently a full clawback provision applies to both the executive bonus plan (the Deferred Share Bonus Plan - which applies to Executive Directors and the majority of Executive Committee members) and the Co-investment Plan (the Share Matching Scheme - which applies to a wider group typically including business unit managing directors).

The Performance Share Plan ("PSP") contained only a clause which allowed adjustment of PSP grants to effect clawback clauses in other plans. The PSP plan rules have recently been amended such that all the executive bonus plans now include full malus and clawback clauses. The circumstances in which malus and clawback could apply are as follows:

- Discovery of a material misstatement resulting in an adjustment in the audited consolidated accounts of the Company
- The assessment of any performance target or condition in respect of an award was based on error, or inaccurate or misleading information
- The discovery that any information used to determine the number of shares subject to an award was based on error, or inaccurate or misleading information
- Action or conduct of an award holder, which in the reasonable opinion of the Board, amounts to employee misbehaviour, fraud or gross misconduct

Malus will apply up to the date of the bonus determination and clawback will apply for 3 years from the date of bonus determination under the bonus arrangements. Malus will apply for the 3 year period from grant to vesting with clawback applying for the 2 year period post vesting under the Performance Share Plan and the Co-investment Plan.

The Committee is comfortable that the rules of the Plans provide sufficient powers to enforce malus and clawback if required.

Minimum Shareholding & Holding Periods

The Remuneration Committee has reviewed the current shareholding requirements for the Executive Directors of 200% of salary and believes that these remain appropriate. In addition, the Committee feels that the combination of these minimum shareholding requirements and the multiple deferral periods under the Company incentive plans means that additional post holding vesting periods are not currently required. The Committee will review this position on an annual basis.

The Committee will also be looking closely at the EU Market Abuse Regulations. Under these regulations the definition of 'closed period' will change to 30 days preceding publication of the financial statements for any period. Under the insider dealing regime there would also be a period equivalent to the Group's existing closed periods in which no dealing could take place.

This raises a number of questions to be considered with respect to executive bonus plans including very restricted opportunity to exercise vesting awards for example. In particular the Group's Deferred Share Bonus Plan has only a short exercise period (6 months) and so the issue is particularly acute for this plan.

In addition from 2017, the window in which grants can be made under the long term incentive plans will be limited to about 3 weeks between the results announcement and the start of the full year closed period. Whilst most grants have historically been made within this window, delayed grants would now be prohibited.

These issues will be considered by the Committee over the coming months and may result in changes to current plan mechanics.

Remuneration Elsewhere in the Group

The Committee takes into account remuneration packages available to all colleagues when considering executive pay. As with many companies, senior management participate in a wider range of incentives than the majority of colleagues. The Group recognises that it has to operate on this basis to attract and retain high-quality managers, but ensure that a significantly higher proportion of reward for this group is weighted on variable incentive outcomes.

All colleagues are entitled to a competitive remuneration package that includes basic pay, bonus, pension, life assurance cover, Sharesave, Buy-as-You-Earn shares, colleague discount, tax-efficient benefits such as childcare vouchers and the cycle-to-work scheme, a range of 'voluntary benefits', and paid annual leave.

In order to improve the accessibility, understanding and take up of these benefits the Group followed up 2013's launch of a colleague benefits brand 'PERKS' with the launch of an online benefits platform 'myPERKS' during the year. The hub is open to all employees of the Travis Perkins Group and it provides detailed information about all the rewards and benefits that are included in the Perks scheme as well as specific access to colleague rewards, benefits, discounts, advice and guidance.

Included in myPERKS is a comprehensive range of flexible benefits where employees can 'trade' some of their benefits in favour of others or elect to increase or decrease their benefits to suit their lifestyle or circumstances. Current flexible benefits range from savings on mobile phones and childcare vouchers to income protection and the Group's healthcare cash plan. The Group has plans to continue to expand the portfolio of benefits available during 2015 and beyond. A key principle for myPERKS is ease of access and so it has been designed to enable access through work or home computers, mobile phones or tablets.

Over 19,000 colleagues are active members of a group pension scheme. Contribution rates made by the Group range from 1% to 20% of qualifying earnings under the defined contribution scheme. The defined benefits schemes are closed to new members, but over 1,600 colleagues continue as active members of a defined benefit scheme. The Group's Sharesave scheme continues to be a great success. In 2014 around 3,559 colleagues shared returns of close to £34m (gains of £21.5m) from five and three year

schemes, which matured at the end of the year. The gain for each employee vesting at the maximum level in the five year scheme was around £42,500. Following the invitation for the new 2014 Sharesave plan over 10,000 colleagues are now active savers which is an 18% increase from 2013.

Summary

Executive director remuneration has reflected the strong overall performance of the Group with annual bonus payments at 89% of maximum being above last year. This pay and performance pattern extends across most of the Group's businesses with the majority of colleagues receiving a bonus award in respect of the 2014 financial year. The partial vesting of LTIPs at 21% reflects the volatile market conditions at the time the targets were set, which will impact the vesting outcome for 2015 as well.

A more turbulent economic environment coupled with increased governance regulation has spanned a significant part of my nine-year tenure as Chairman of the Remuneration Committee. The Group's organic and acquisition strategy for growth, level of business change and people and succession agendas over the same time period have required reviews of its reward framework and have resulted in a relatively high level of shareholder dialogue on remuneration issues. I believe that, with the advice and support of the Group's major shareholders the Group has been able, on balance, to navigate a course of action on each occasion which has enabled it to retain and recruit top talent and has aligned the interests of multiple stakeholders.

The 2015 remuneration report will be written by Coline McConville who joined the Board in February 2015 and will be appointed as Chairman of the Remuneration committee in November 2015 as I step down from the Board. Coline brings a wealth of remuneration experience from her other non-executive director roles and shares the Group's philosophy and approach to remuneration matters which has guided us well over the last nine years, in an environment that is now more demanding, regulated and dynamic than when I joined the Board in 2006.

I anticipate that Coline will have a different, but equally full remuneration agenda in the medium to long term and I hope that the high level of shareholder support the Group has received to date continues.

I take this opportunity both to wish Coline every success for the future and to thank all of the Group's shareholders I have spoken to personally for their time and input over the last nine years.

Andrew Simon

Chairman of the Remuneration Committee 2 March 2015



2. Policy Report

The Group's remuneration policies are not unique to its directors. The same principles underpin how the Group rewards and compensates all its colleagues. It aims to provide base pay to all colleagues that is market competitive, all colleagues are provided with the opportunity to share in the Group's success through a variety of bonuses and incentive schemes where return on capital employed measures aligns colleagues from store and branch operations to the CEO. All colleagues are provided with the opportunity to prepare for retirement through participation

in the Group's pension plan and its PERKS colleague benefit brand launched in 2013, and extended to an online website (myPerks) during 2014, covers flexible benefits, employee discounts, health and welfare benefits and risk and insurance benefits and is all inclusive.

How the Group's policies specifically apply to Directors is detailed on the following pages. Following shareholder approval these policies applied from 28 May 2014. It is intended that the policies apply for three years from the date of approval. Relevant parts of the policy are restated here for ease of reference.

Future Policy Table

olure Policy Table					
Remuneration Element	Link to Strategy	Operation	Maximum Potential Value	Performance Metrics	Remuneration Committee Discretion
Base Salary	Core element of total package, essential to support recruitment and retention of high calibre executives.	Reviewed annually as at 1 January. Factors influencing decision include: • Role, experience and individual performance • Pay awards elsewhere in the Group • External market (benchmarked against the FTSE 75-125 companies) • General economic environment	The Remuneration Committee ('The Committee') normally considers the relevant market median as the maximum salary level required. In the normal course of events the maximum salary increase for executive directors will be in line with the general employee increase.	None.	The Committee retains discretion to award salaries of above median levels or increases in excess of the general population where necessary to attract high calibre candidates, to reflect performance and recognise changes roles and responsibilities. The Committee retains discretion to review the appropriate peer comparator group used for benchmarking.
Benefits	Maintain competitive package with range of benefits for the director and their family.	Directors are currently entitled to: • Private medical insurance • Income protection • Annual leave - up to 30 days • Fully expensed company car (or cash alternative) • Life insurance of up to 5 times salary	Benefit levels reflect those typically available to senior managers within the Group and may be subject to minor change. The maximum potential value being the cost to the Company to provide those benefits.	None.	
Pension	Helps executives provide for retirement and aids retention.	No director actively participates in a defined benefit pension scheme. Up to 25% of salary is provided either as a cash allowance or as part allowance and part pension contribution. Cash allowances are paid gross and after statutory deductions provide a net benefit of 13.25% of salary. Pension allowances will not be included in the salary figure to be used to calculate bonus or the level of award under long term incentive plans.	25% allowance or contribution.	None.	
Deferred Share Bonus Plan	Rewards achievement of annual financial and key business strategy objectives. Rewards personal performance measured against key objectives. Deferred element encourages longer term shareholding and aligns reward to shareholder interests. Malus & clawback and performance based forfeiture provisions discourage excessive risk taking and short-term outlook ensuring that executive and shareholder interests are aligned.	Targets are set annually in line with the performance metrics (see aside). Total bonus level is determined after the year end, based on achievement of targets. 50% of the total bonus is paid in cash within 4 months of the year end. The remainder of the bonus is deferred as shares. Bonus deferred as shares is subject to forfeiture if target share prices are not achieved. Target share prices are based upon the average share price during the bonus year inclusive of a compounded long-term equity rate of return. The deferred shares are split into 2 equal tranches. Tranche 1 vests if after 1 year, by comparison to the highest 30 day average share price during the period, the target share price is met. If the target share price is not met 50% of tranche 1 is forfeited. Tranche 2 vests if after two years, by comparison to the highest 30 day average share price during the period the target share price is met. If the target share price is not met at the end of two years 50% of tranche 2 is forfeited. In determining achievement of target share prices dividends paid during the period will be added. Dividend equivalents on vesting shares may be paid.	Maximum bonus opportunity under the plan is 180% of annual salary.	Bonus measures include: • Financial targets relating to profitability and return on capital • Individual or group targets pertaining to delivery of the business strategy Financial targets are based on group Annual Operating Plan ('AOP') with bonus threshold and maximum bonus set equidistantly around AOP. Threshold will be a maximum of 5% below AOP. Performance below threshold results in zero bonus. Bonus earned rises from 0% to 100% of maximum bonus opportunity for levels of performance between threshold and maximum targets. Performance conditions and weightings are set out in the Statement of Implementation of the Remuneration Policy in 2015.	The Committee retains the discretion to review the weighting of measures and to set the performance targets and ranges for each metric (including the long-term equity rate of return which determines the rate of vesting of the deferred bonus element). For financial targets the Committee will determine the amount of bonus which can be earned for achievement of AOP. This determination will be based upon an assessment of the degree of difficulty in achieving AOP taking into account market conditions, improvement on prior year performance required, and other relevant factors
					(continued overleaf)

Future Policy Table continued

Remuneration Element	Link to Strategy	Operation	Maximum Potential Value	Performance Metrics	Remuneration Committee Discretion
Performance Share Plan	Incentivises participants to deliver key financial targets over a longer term, with particular focus on shareholder return and the generation of cash to fund investment in growth and long term sustainability. Helps retain high performing executives.	Awards are granted in the form of nil cost options (or a mix of nil cost options and approved options at market price), annually to participants. Awards vest after 3 years subject to achievement of performance measures (see aside). Participation may be scaled back where the shareholding requirement set by the Committee is not met. Dividend equivalents on vesting shares may be paid. Malus & clawback provisions apply.	The maximum annual award for all executive directors is 150% of salary.	Performance measures are: • EPS growth • Aggregate cash flow • Relative TSR Vesting criteria for aggregate cash flow is set against a range based on threshold and maximum performance levels determined by the Group's projections for the next 3 years. TSR awards are measured against an appropriate peer group. EPS growth targets are set as a % growth range (in addition to RPI) over 3 years. Performance below threshold levels results in zero vesting. At threshold the amount of the award vesting rises from 30% to 100% of maximum opportunity for levels of performance between threshold and maximum targets. Performance conditions and weightings are set out in the Statement of Implementation of the Remuneration Policy in 2015.	The Committee retains discretion to review the weighting applied to measures, and to set the target ranges for each measure. In addition the Committee will review and select the appropriate comparator group for the TSR, or similar, measures.
Co-investment Plan (SMS)	Encourages a mutual commitment whereby participants build up a shareholding in the Company and are incentivised to deliver key financial targets over a longer term. Helps retain high calibre executives.	Participants are invited to participate annually. Each participant buys shares from their own resources. A matching share award in the form of nil cost options is made to each participant, which vests after 3 years subject to achievement of performance target. Dividend equivalents on vesting shares may be paid. Malus & clawback provisions apply.	Participants may invest up to 50% of their post-tax salary. Maximum matching is 2:1 (100% of salary).	Performance target is Cash Return on Capital Employed (CROCE). Vesting range is based on threshold and maximum performance levels based upon the Company's business plan and projections for the next 3 years. Performance below the threshold results in zero vesting. At threshold the amount of the award vesting rises from 30% to 100% of maximum opportunity for levels of performance between threshold and maximum targets. Performance conditions are set out in the Statement of Implementation of the Remuneration Policy in 2015.	The Committee retains discretion to review the weighting applied to measures, and to set the target ranges for each measure.
All Employee Share Plans	Share plans available to all employees to encourage wider share ownership and engagement amongst colleagues.	HMRC SAYE and BAYE plans.	In line with HMRC and all-colleague and plan limits.	None.	
Shareholding Requirements	Aligns the interests of executives and shareholders.	Formal requirement (not voluntary guidelines) apply to directors and senior executives. Participation in long-term incentives may be scaled back or withheld if the requirements are not met or maintained. For the purposes of assessing compliance with the shareholding requirement vested, but unexercised awards will be considered.		Executive directors are required to hold shares valued at two times salary within 5 years.	The Committee retains discretion to increase shareholding requirements.

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In considering appropriate performance metrics the Committee seeks to incentivise and reinforce delivery of the Company's strategic objectives achieving a balance between delivering annual return to shareholders and ensuring sustainable long term profitability and growth. Measures will therefore reflect a balance of direct shareholder value, such as TSR and those which reflect appropriate investment strategies, for example, CROCE.

The Committee calibrates these targets by due reference to general and bespoke market intelligence, lead indicators and other indicators of the economic environment to ensure targets represent relative, as well as absolute, achievement.

Discretion

The Committee has discretion in several areas of policy as set out in this report. The Committee may also exercise operational and administrative discretions under relevant plan rules approved by shareholders as set out in those rules. In addition, the Committee has the discretion to amend policy with regard to minor or administrative matters where it would be, in the opinion of the Committee, disproportionate to seek or await shareholder approval.

The Committee retains discretion in exceptional circumstances to change performance measures and targets and the weightings attached to performance measures part-way through a performance year if there is a significant and material event which causes the Committee to believe the original measures, weightings and targets are no longer appropriate. Any exercise of this discretion will be explained in full to shareholders. Discretion may also be exercised in cases where the Committee believe that the outcome is not a fair and accurate reflection of business performance.

It is the Committee's intention that commitments made in line with its policies prior to the date of the 2014 AGM will be honoured, even if satisfaction of such commitments is made post the AGM and may be inconsistent with the above policies. Such commitments include but are not limited to:

- Awards under the Deferred Share Bonus Plan
- Awards under the Performance Share Plan
- Awards under the Co-investment Plan (SMS)

Such commitments remain subject to the share plan rules and terms and conditions under which they were granted.

Non-Executive Directors' Fees

Non-executive fees are positioned in line with the same peer comparator group used for executive directors at median level and, notwithstanding peer group comparison, will normally be reviewed on an annual basis in line with inflation and general movement of pay within the Company. Current fees are detailed within the Statement of Implementation of the Remuneration Policy.

A minimum of 25% of non-executive director fees are paid in shares. Non-executive directors do not receive any other benefits (other than a staff discount card for purchasing products) and are not eligible to join a company pension scheme. No compensation is payable on termination of their employment, which may be without notice from the Company. They cannot participate in any of the Company's share plans. The Company will pay reasonable expenses incurred by the Chairman and Non-executive directors.

Recruitment Remuneration

It is the Group's policy to recruit the best candidate possible for any executive board position. The Group seeks to avoid paying more than necessary to secure the candidate and will have regard to guidelines and shareholder sentiment when formulating the remuneration package.

Generally salary, incentives and benefits for candidates are structured in line with the above remuneration policy and accordingly participation in short and long term incentives will be on the same basis as existing directors. In all cases the Group commits to providing shareholders with timely disclosure of the terms of any new executive hires including the approach taken to determine a fair level of compensation. The table below outlines the Group's normal recruitment policy:

Base salary and benefits	The pay of any new recruit would be assessed following the principles set out in the remuneration policy table
Pension	The appointee will be able to receive either a contribution to a personal pension scheme or cash allowance in lieu of pension benefits in line with the Company's policy as set out in the remuneration policy table.
Annual bonus	The appointee will be eligible to participate in the Deferred Share Bonus Plan as set out in the remuneration policy table. Awards may be granted up to the maximum opportunity allowable in the remuneration policy table at the Remuneration Committee's discretion.
Long-term incentives	The appointee will be eligible to participate in the Company's Long-Term Incentive Plans (PSP and SMS) as set out in the remuneration policy table. Awards may be granted up to the maximum opportunity allowable under scheme rules at the Remuneration Committee's discretion.
Sign-on payments	The Group's policy is not to provide sign-on payments. However, in exceptional cases payments to an appointee may be made when the Committee deem it to be in the best interests of the Company and shareholders. In such exceptional circumstances the business reason will be explained to shareholders at the time of appointment and put to shareholders at the next AGM. Where required, a payment can be made in cash or shares and may be subject to performance conditions and/or a holding period. Any sign-on payment will be limited to a value equal to twice annual salary.

Share buy-outs/ replacement awards

The Group's policy is not to provide buy-out as a matter of course. However, should the Committee determine that the individual circumstances of recruitment justified the provision of a buyout, the value of any incentives that will be forfeited on cessation of a director's previous employment will be calculated taking into account

- The proportion of the performance period completed on the date of the director's cessation of employment
- The performance conditions attached to the vesting of these incentives and the likelihood of them
- Any other terms and condition having a material effect on their value ("lapsed value")

The Committee may then grant up to the equivalent value as the lapsed value, where possible, under the Company's incentive plans. To the extent that it was not possible or practical to provide the buyout within the terms of the Company's existing incentive plans, a bespoke arrangement would be used.

Relocation

Where the Group requires a candidate to relocate in order to take up an executive position it will normally reimburse the reasonable costs of the relocation.

Where an internal candidate is promoted to an executive position the Group will honour any contractual commitments made through their employment prior to the promotion.

Recruitment remuneration for Non-executive directors would be assessed following the principles set out in the policy for Non-executive director fees.

Service Contracts

Each of the Executive Directors has a service contract, the date of which is shown below which will be available for inspection at the Annual General Meeting or at the Company's registered office. These contracts provide for 6 months' notice from the directors and 12 months' notice from the Company. They do not specify any particular level of compensation in the event of termination or change of control:

- John Carter 1 January 2014
- Tony Buffin 8 April 2013

The Non-executive directors do not have a service contract, but each has received a letter of appointment which will be available for inspection at the Annual General Meeting or at the Company's registered office. These appointments expire on the following dates:

Director	Expiry of Appointment Letter
Ruth Anderson	May 2018
John Coleman	Retired October 2014
Coline McConville	May 2018
Pete Redfern	May 2018
Chris Rogers	August 2016
John Rogers	May 2018
Andrew Simon	October 2015
Robert Walker	September 2015

No compensation is payable on termination of the employment of Non-executive directors, which may be with or without notice.

Policy on Payment for Directors Leaving **Employment**

Contractual notice periods for directors are normally set at 6 months' notice from the director and 12 months' notice from the Company and the Company would normally honour contractual commitments in the event of the termination of a director. Notwithstanding this approach it is Company policy to seek to minimise liability in the event of any early termination of a director.

The Committee classifies terminations of employment arising from death, ill health, disability, injury, retirement with company agreement, redundancy or the transfer from the Group of the employing entity as 'good leaver' reasons. In addition the Committee retains discretion under incentive plan rules to determine 'good leaver' status. In the event such discretion is exercised, for example, recognising significant long term contribution to achievement of strategic objectives. a full explanation will be provided to shareholders.

Exceptional circumstances may arise where the Committee considers it appropriate to exercise discretion in relation to the terms afforded to departing directors and allow for pro-rata vesting to be calculated on a basis other than the director's leaving date, but normal performance conditions will always apply (other than for the events described in the table overleaf) and the application of discretion will not be used to bring forward vesting.

The Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising in connection with the termination of a director's office or employment.

In reporting payments to leaving or past directors, payments below a de-minimis level of £5,000 will not normally be reported.

Leaver reason may impact treatment of the various remuneration elements as follows:

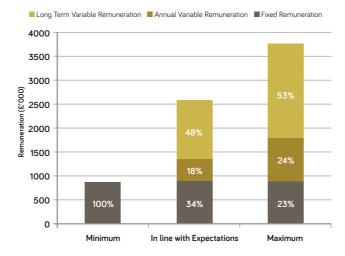
Remuneration Element	Good Leaver Reason	Other Leaver Reason
Salary	Ceases on cessation of employment (salary may be paid in lieu of notice) unless a pre-existing contractual term applies.	Ceases on cessation of employment (salary may be paid in lieu of notice) unless a pre-existing contractual term applies.
Bonus including Deferred Share Bonus Plan*	Unpaid bonus from the period prior to cessation will be paid in full. A pro-rata bonus may be paid, subject to normal performance conditions, for the period in which cessation occurs.	All unpaid bonus payments lapse. Deferred bonus payments also lapse.
	Bonus earned and deferred from 2013 onwards will vest at the normal vesting date on a pro-rata basis.	
	Bonus earned and deferred prior to 2013 will vest in full at cessation.	
Benefits	Provision or accrual of benefits will cease on cessation of employment.	Provision or accrual of benefits will cease on cessation of employment.
PSP*	Normal vesting on a pro-rata basis (full vesting in the event of the ill health, injury, disability or death of the executive).	Participation lapses at cessation of employment.
SMS*	Vests on a pro-rata basis in year of leaving based on performance in that period.	Participation lapses at cessation of employment.

^{*}Leaver vesting provisions are fully defined in the appropriate plan documents.

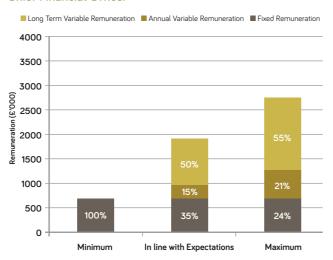
Illustration of the Application of the Remuneration Policy

- Fixed remuneration includes basic salary, pension provision and other benefits
- Annual variable remuneration includes annual bonus potential under the Deferred Share Bonus Plan, and includes that part of the bonus which is deferred as shares and may be subject to Malus, but not subject to further performance targets
- Long term variable remuneration includes potential awards under the Performance Share Plan and Co-investment plan (SMS) as well as that part of the bonus which is deferred as shares and subject to performance testing
- Performance 'in line with expectations' assumes, for annual variable remuneration, performance in line with annual operating plan. For long term variable remuneration it assumes mid-range performance relative to the targets set for each plan
- Maximum performance means performance at or in excess of maximum performance targets

Chief Executive Officer



Chief Financial Officer



AUDITED INFORMATION

3. Annual Report on Remuneration

Single Total Figure of Remuneration

	Salary 2014 £'000	Salary 2013 £'000	Benefits 2014 ⁵ £'000	Benefits 2013 £'000	Bonus 2014 ⁶ £'000	Bonus 2013 £'000	LTI 2014 ⁷ £'000	LTI 2013 ⁸ £'000	Pension 2014 £'000	Pension 2013 £'000	Other 2014 ⁹ £'000	Other 2013 £'000	Total 2014 £'000	Total 2013 £'000
John Carter	660	504	41	33	793	359	838	710	165	126	-	-	2,497	1,732
Geoff Cooper ¹	119	657	1	1	-	562	726	659	30	165	-	-	876	2,044
Tony Buffin	510	365	21	16	511	265	527	-	128	91	-	-	1,697	737
Paul Hampden Smith ²	-	294	-	14	-	222	-	430	-	74	-	52	-	1,086
Ruth Anderson	67	59	-	-	-	-	-	-	-	-	-	-	67	59
Chris Bunker ³	-	44	-	-	-	-	-	-	-	-	-	-	-	44
John Coleman ³	53	61	-	-	-	-	-	-	-	-	-	-	53	61
Philip Jansen ³	-	29	-	-	-	-	-	-	-	-	-	-	-	29
Pete Redfern ⁴	9	-	-	-	-	-	-	-	-	-	-	-	9	-
Chris Rogers	55	18	-	-	-	-	-	-	-	-	-	-	55	18
John Rogers ⁴	9	-	-	-	-	-	-	-	-	-	-	-	9	-
Andrew Simon	75	69	-	-	-	-	-	-	-	-	-	-	75	69
Robert Walker	270	235	-	-	-	-	-	-	-	-	-	-	270	235
Total	1,827	2,335	63	64	1,304	1,408	2,091	1,799	323	456	-	52	5,608	6,114

Notes:

- ¹ Geoff Cooper stepped down as CEO on 31 December 2013 and as an executive director with effect from 6 March 2014. In addition he received £83,000 in his role as an advisor to the senior management team from 6 March 2014 onwards. He also received, and retained, in respect of his non-executive chairmanship of Dunelm plc £121,200 (full year, 2013: £110,000) and £200,000 (full year) in respect of his non-executive directorship of Bourne Leisure Holdings Ltd (2013: £66,667). Mr Cooper also became a director of Informa Plc on 1 January 2014, and a director of Card Factory Plc in May 2014, but earned no fees for these appointments whilst an executive director of Travis Perkins plc.
- 2 Paul Hampden Smith stood down as Finance Director on 28 February 2013 remaining as a paid employee of the Company until 30 September 2013.
- $^{\rm 3}$ Philip Jansen retired May 2013, Chris Bunker retired in September 2013 and John Coleman retired in October 2014.
- $^{\rm 4}\,\text{Peter}$ Redfern and John Rogers were appointed as non-executive directors on 1 November 2014.
- ⁵ Benefits for 2014 for John Carter and Tony Buffin include private medical insurance and the provision of a company car or car allowance. For Geoff Cooper benefits include private medical insurance.
- ⁶ Having reviewed prior year bonus disclosure the Group has determined that it is more appropriate to classify as LTIP only that proportion of bonus which is deferred and subject to additional performance conditions before vesting, 2013 bonus was reported as non-deferred bonus only and so is restated here for proper comparison. Deferred bonus which is subject to performance vesting conditions will be reported as LTIP upon vesting. Bonus payments made in 2014 reflected an achievement of:
- a. 100% achievement of EPS maximum target (achieved 119.0p, plan 112.9p, maximum 118.5p) weighted at 50% of bonus.
- b. 70% achievement of LAROCE maximum target (achieved 10.4%, plan 10.3%, maximum 10.7%) weighted at 30% of bonus.
- c. 90% achievement of Individual targets set against group strategic objectives (including measures relating to people and process capability, market competitiveness, business quality, growth potential and financial performance) reviewed and assessed by the Remuneration Committee (20% weighting). Any greater disclosure of strategic tracker objectives would be commercially sensitive and could provide advantage to the Group's competitors.
- ⁷ The Group has historically reported LTIPs in the year they have vested. Going forward the Group will report LTIPs based upon the year in which the performance conditions were met irrespective of when the award vests. We believe this approach is more in keeping with reporting requirements. We have applied this approach for 2014 reporting and 2013 disclosure is restated to allow full comparison. Vesting awards include dividend equivalents amassed during the vesting period. The following vested (or vesting) awards are reported for 2014:
- a. There were three vesting targets under the PSP.
- i. Aggregate Cash Flow (40% weighting) for this element to vest, aggregate cash flow had to exceed £761m. The outcome over the three years was £666m so this element will not vest.

- ii. Total Shareholder Return (20% weighting) during the three year period the increase in share price, in combination with the dividends paid, resulted in Travis Perkins being ranked 17th of the companies in the FTSE 250, inside the upper quartile which will result in full vesting.
- iii. Adjusted Earnings per Share (40% weighting) this is an absolute target measure (rather than relative to AOP). Over the 3 year period EPS growth was 27.82%, exceeding the minimum target of RPI plus 3% compounded and will be sufficient for a 24.8% vesting. The maximum target was RPI plus 10% compounded
- b. For SMS the performance target was average CROCE for 2012, 2013 and 2014 which needed to be over 9.53% to vest. The average achieved was 7.41% so this award will not vest.
- c. Awards due to vest in 2015 are as follows:
- For John Carter 30,806 shares are forecast to vest under the PSP, and 15,872 shares under the terms of his special share award. Forecast value is based on the average share price during Q4 2014 (1715.606p).
- ii. For Geoff Cooper 40,302 shares are forecast to vest under the PSP again the forecast value is based on the average share price during Q4 2014 (1715.606p).
- iii. For Tony Buffin 32,902 shares vested under the terms of his special share matching award during 2014.
- $^{\rm 8}\,\text{The}$ following vested awards are reported for 2013:
- a. There were three vesting targets under the PSP
- i. Aggregate Cash Flow (40% weighting) for this element to vest, aggregate cash flow had to exceed £884m. The outcome over the three years was £709m so this element did not vest.
- ii. Total Shareholder Return (20% weighting) during the three year period the increase in share price, in combination with the dividends paid, resulted in Travis Perkins being ranked 44th of the companies in the FTSE 250, inside the upper quartile which resulted in full vesting.
- iii. Adjusted earnings per Share (40% weighting) this is an absolute target measure (rather than relative to AOP). Over the 3 year period EPS growth was 23.19%, exceeding the minimum target of RPI plus 3% compounded and was sufficient for a 17.4% vesting. The maximum target was RPI plus 10% compounded.
- b. For SMS the performance target was average CROCE for 2011, 2012 and 2013 which needed to be over 10.75% to vest. The average achieved was 8.08% so this award did not vest.
- c. Awards vesting were as follows:
- For John Carter 19,994 shares vested under the PSP during 2014, and 15,870 shares under the terms of his special share award also vested during 2014. 3,670 shares vested under the SAYE schemes.
- ii. For Geoff Cooper $33,\!307$ shares vested under the PSP during 2014 and $3,\!670$ shares vested under the SAYE scheme.
- iii. For Paul Hampden Smith 19,995 shares vested under the PSP during 2014 and 3,670 shares vested under the SAYE scheme.
- ⁹ Other payments include dividend equivalents arising on exercise of LTIP awards which vested in prior years.

Director's Pension Entitlements

The Company's defined benefit scheme is closed to new members. Geoff Cooper ceased defined benefit accrual on 5 April 2006, but benefits up to that date retain a link to pensionable salary and John Carter ceased defined benefit accrual on 31 December 2010. The value of the pension

under the defined benefit scheme is calculated using the HMRC Method.

A gross cash allowance of 25% of salary was paid to John Carter and Geoff Cooper in lieu of continued accrual. Tony Buffin has received 25% of salary paid as a mix of pension contributions to the defined contribution scheme and a cash allowance.

	Geoff Cooper £'000	John Carter £'000	Tony Buffin £'000
Accrued defined benefit pension at 31 December 2014 including revaluation if applicable	5	274	N/A
Normal retirement age	60 years	60 years	65 years
Additional value of pension on early retirement	0	0	N/A
Pension value in the year from defined benefit scheme (HMRC Method)	0	N/A	N/A
Pension value in the year from company contributions to defined contribution scheme	N/A	N/A	43
Pension value in year from cash allowance (salary supplement in place of employer pension contributions)	30	165	85
Total pension benefit accrued in 2014	30	165	128

Share Interests Awarded During the Financial Year

Performance Share Plan

	Type of Award	Basis	Face Value	Vesting Period
John Carter	Performance shares	150% of salary	£989,994 (53,441 shares at 1,852.5p per share)	Three years
Tony Buffin	Performance shares	150% of salary	£764,990 (41,295 shares at 1,852.5p per share)	Three years

Measure	Weighting	Target Detail	Vesting Range
EPS growth	40%	RPI + 9.27% over the	30% vests
		vesting period	100% vests
		RPI + 33.1% over the vesting period	
		Pro-rata vesting between these points	
Aggregate cash flow over	40%	£802m - £887m	No vesting below lower target
three years up to 2017			30% vests at lower target
			Full vesting at upper target
			Pro-rata vesting between these points
Company TSR relative to	20%	Upper half (top 50%)	30% vests
FTSE 50-150 Index		Upper quartile (top 25%)	100% vests
		Pro-rata vesting between these points	

Co-Investment Plan (SMS)

	Type of Award	Basis	Face Value
John Carter	Matching shares	up to 2:1 matching of shares purchased	£655,379 (36,207 shares at 1,810.0p per share)
Tony Buffin	Matching shares	up to 2:1 matching of shares purchased	£506,427 (27,978 shares at 1,810.0p per share)

Measure	Weighting	Target Detail	Matching Range
Cash Return on Capital Employed (CROCE)	100%	8.37% - 9.37%	0.6:1 matching at lower target
			2:1 matching at upper target
			Pro-rata matching between these points

Deferred Share Bonus Plan

Half of the bonuses earned in 2014 will be issued as deferred shares as follows:

	Type of Award	Basis	Face Value
John Carter	Shares	50% of 2014 bonus	£528,660 (29,146 shares at 1,813.8p per share)
Tony Buffin	Shares	50% of 2014 bonus	£340,425 (18,768 shares at 1,813.8p per share)

Shares vest two years from grant, part subject to the performance conditions detailed in the remuneration policy table. The long term equity rate of return which determines the rate of vesting of the deferred bonus element, as referenced in the policy table is set at 8% for this award.

The Executive Directors also took up the maximum opportunity under the all employee Sharesave (SAYE) scheme.

Payments to Past Directors

There were no payments to past directors made during the period, however for Paul Hampden Smith 12,795 shares are forecast to vest in 2015 under the PSP. The total vested value of the award is £229,972. This is based upon the average share price over the final quarter of 2014 (1715.606p) and inclusive of dividend equivalents of £10,460. In addition Paul Hampden Smith will receive unpaid dividend equivalents of £35,518 arising from prior vested, and reported, awards.

When Geoff Cooper stepped down as a director on 6 March 2014, he was retained as an advisor to senior management on a salary of £100,000 p.a. for the rest of the year. He received no other compensation or benefits in his advisory position.

Payments for Leaving Directors

No payments for loss of office were made during 2014.

Geoff Cooper retired as CEO of the Group (31 December 2013) and as a director of the Board from 6 March 2014. Mr Cooper remains in the Company's employment until 6 March 2015 as a senior management adviser to the new management team. The transition arrangements are such that the Group's normal policy for good leavers will apply to Mr Cooper and as such no discretion was applied by the Committee.

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Directors' Shareholding and Share Interests

Formal shareholding requirements (not voluntary guidelines) apply to executive directors and senior executives. Participation in long term incentives may be scaled back or withheld if the requirements are not met or maintained. Executive directors are required to hold shares

valued at two times salary within 5 years. John Carter and Tony Buffin both meet the requirement.

Directors' shareholdings and share interests as at 31 December 2014 and as at 28 February 2015 (for directors in post at this time) were as follows:

Executive Director	Beneficial Owner	Conditional Shares Granted under LTI Plans ¹	Unconditional Shares Granted under LTI Plans ²	Vested but Unexercised Options	Total Interests	Exercised during 2014 ³
John Carter	197,464	320,551	21,250	10,487	549,572	45,360
Tony Buffin	61,214	159,684	1,786	-	228,267	32,902

Non-Executive Director	Beneficial Shareholding (as at 31 December 2014)	Beneficial Shareholding (as at 28 February 2015)
Ruth Anderson	1,828	1,911
Pete Redfern	72	139
Chris Rogers	1,598	1,666
John Rogers	72	139
Andrew Simon	4,343	4,447
Robert Walker	93,434	93,944

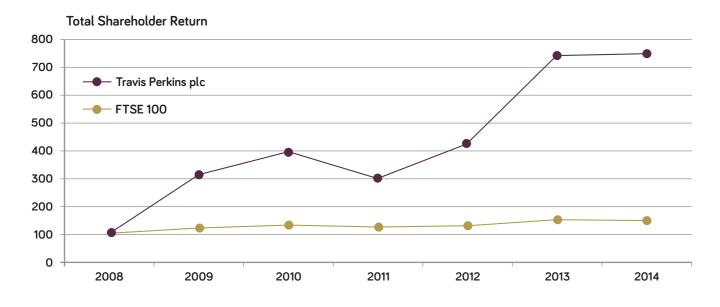
Notes:

- ¹ Includes awards made under Deferred Share Bonus Plan, Performance Share Plan, Co-investment Plan and Sharesave.
- $^{\rm 2}$ Includes awards made under Deferred Share Bonus Plan and Sharesave.
- ³ John Carter exercised 35,864 shares vested under the Performance Share Plan and 9,496 shares vested under the Deferred Share Bonus Plan, of which 19,125 were retained. The share price on exercise was £17.73. The value of shares on exercise was £804,340. Tony Buffin exercised 32,902 vested shares under the Share Matching Scheme, retaining 17,407. The share price on exercise was £15.73. The value of shares on exercise was £517,419.

UNAUDITED INFORMATION

Performance Graph & Table

For comparative purposes the FTSE 100 index has been selected as this is the index of which the Company is a member.



Historic CEO Pay

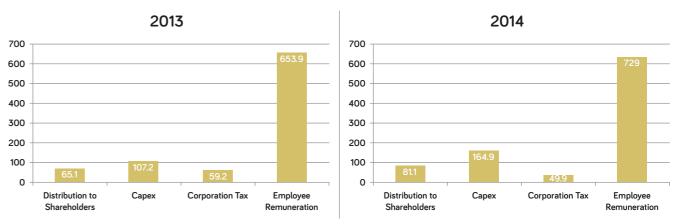
	2009	2010	2011	2012	2013	2014
Single figure remuneration (£'000)	1,412	1,423	1,938	3,506	2,044	2,497
Annual bonus payout (% of maximum)	100.0%	100.0%	75.9%	27.0%	62.9%	89.0%
Vesting of share options (% of maximum)	0%	-	-	-	-	-
Vesting of Performance Share Plan (% of maximum)	-	0%	0%	80.0%	37.4%	44.8%
Vesting of Co-investment Plan (SMS) (% of maximum)	0%	0%	51.0%	100.0%	0%	0%

Change in Remuneration of Director undertaking the Role of CEO

	Percentage Change in Salary Earned (2014 Full Year Compared to 2013 Full Year)	Percentage Change in Bonus Opportunity Earned (2014 Full Year Forecast Compared to 2013 Full Year)	Percentage Change in Taxable Benefits received (2013/14 Tax Year Compared to 2012/13 Tax Year)
CEO ¹	0.5%	26.1%	4,000% 3
Comparative employee group ²	1.7%	10.7%	7.9%4

¹ The CEO comparison compares the remuneration of the previous CEO, Geoff Cooper and the current CEO, John Carter.

Relative Importance of Spend on Pay



Capital expenditure is shown, for comparison, as an indicator of investment by the Company in future growth. It includes funds invested in the purchase of property, plant and equipment. Corporation tax is included as indicator of wider societal contribution facilitated by the Company's operations and is the actual amount of corporation tax paid in the relevant reporting periods.

² Comparative group is all colleagues within the Travis Perkins Merchanting Division. This division is the largest division within the Group, covers roles at all levels of the organisation, and has wide geographic coverage within the UK and consequently provides a broad and diverse basis for comparison. Comparative group data is provided on a per capita basis.

³ The CEO benefits comparison reflects that the previous CEO (Geoff Cooper) took only Private Medical Insurance as a benefit. His successor John Carter has, in addition to Private Medical Insurance, a company car.

⁴ Average based on all employees employed and in receipt of taxable benefits in both periods.

Statement of Implementation of the Remuneration Policy in 2015

In 2015 the Company will implement the remuneration policy outlined above in the future policy table using the following measures, weightings and targets:

Plan	Individual Maximum Opportunity in 2014	Measures and Weighting	Target
Deferred Share Bonus Plan	CEO - 180% CFO - 150%	EPS 60%LAROCE 20%Business strategy 20%	Targets are determined in line with the Annual Operating Plan (AOP) for 2015 ¹ . Threshold for EPS is set at 95%. Threshold for LAROCE is set at 96% of AOP. Performance below threshold results in zero bonus. Bonus earned rises from 0% to 100% of maximum bonus opportunity for levels of performance between threshold and maximum targets (105% of AOP for EPS and 104% of AOP for LAROCE). For achievement of AOP for these measures 50% of bonus potential can be earned. The compounded equity rate of return used to determine targets for vesting of deferred bonus is set at 8% for bonus earned in 2014. For bonus earned in 2015 the rate will be RPI plus 4% (subject to a 6% overall cap) ² .
Performance Share Plan	CEO - 150% CFO - 150%	 EPS growth - 40% Aggregate cashflow - 40% Relative TSR - 20% 	EPS - threshold of 3% pa in addition to RPI over 3 years with full vesting at 10% plus RPI. The aggregate cashflow range is £901m to £996m. Relative TSR - relative position in FTSE 50-150 Threshold is median relative position Maximum is upper quartile relative position For each target performance below threshold levels results in zero vesting. At threshold the amount of the award vesting rises from 30% to 100% of maximum opportunity for levels of performance between threshold and maximum targets.
Co-investment Plan (SMS)	2:1 Matching of amount invested by the executive from their own resources. The amount invested being limited to 50% of post-tax annual salary	Performance target is Cash Return on Capital Employed (CROCE)	CROCE range is 9.08% to 10.0%. Performance below threshold levels results in zero vesting. At threshold the amount of the award vesting rises from 30% to 100% of maximum opportunity for levels of performance between threshold and maximum targets.

Notes

In relation to salaries and fees:

	Salary / Fee Adjustment
Executive directors	 In line with the Group's remuneration policy the Executive Directors' salaries were reviewed and increased by 2%, in line with general increases across the Group with effect from 1 January 2015: CEO - John Carter's salary was increased to £673,200 p.a. (2014 £660,000) CFO - Tony Buffin's salary was increased to £520,200 p.a. (2014 £510,000)
Non-executive directors	 In line with the Group's remuneration policy the Non-executive Directors fees were reviewed and increased by 2%, in line with general increases across the Group with effect from 1 January 2015: Chairman - £275,400 p.a. (2014 £270,000 p.a.) Non-executive director basic fee - £56,100 p.a. (2014 £55,000 p.a.) Chairs of Audit and Remuneration Committees - £12,224 p.a (2014 £12,000 p.a.) Senior Independent Director - £10,200 p.a. (2014 £10,000 p.a.) Chair of Health & Safety Committee - £4,080 p.a. (2014 £4,000 p.a.)

Governance

Remuneration Committee and Consideration by the Directors of Matters Relating to Directors' Remuneration.

During the year the Committee comprised Andrew Simon (Chairman), John Coleman (part year), Peter Redfern (part year) and John Rogers (part year), all of whom are independent Non-executive directors and Robert Walker. PricewaterhouseCoopers ("PwC") LLP was appointed by the Committee to provide it with advice during the year on executive remuneration. PwC were selected on the basis of their track record of providing robust, salient and independent advice in matters pertaining to executive remuneration. PwC is a member of the Remuneration Consultants Group and abides by its code. Fees are determined on a time and materials basis at prevailing market rates (£15,000 in 2014). PwC provide additional services to the Company in relation to remuneration including support in developing and implementing remuneration proposals, compensation benchmarking and other tax and consulting services. Additional compensation data was provided to the committee by Deloitte (fee £3,000).

In addition John Carter (CEO), Tony Buffin (CFO), Deborah Grimason (Company Secretary), Carol Kavanagh (Group Human Resources Director), Stella Girvin/Sonia Fennell (Deputy Company Secretary) and Paul Nelson (Group Head of Reward) have assisted the Committee in its work, but never in respect of their own remuneration.

Responsibilities

The Remuneration Committee is responsible for the executive remuneration policy and the remuneration of executives within the Company. It determines all aspects of the remuneration of executive directors and reviews with the Chief Executive the remuneration of other senior executives. It also oversees the administration of the Company's share plans. The Committee's terms of reference are available on the company website or from the Company Secretary.

Key Items Discussed in 2014 Meetings

In 2014 the Remuneration Committee met four times. The Committee discussed amongst other topics the following matters:

Month	Key Issues Considered
January	 Bonus targets for 2014 Review of LTIP targets in relation to the corporate plan Renewal of the Share Matching (Co-investment) Scheme.
February	 Bonuses Review of achievement against 2013 targets bonus targets for 2014 LTIP Awards Review of performance conditions and grants for 2014 Review of awards vesting in 2014 Review of executive shareholding requirement Extension of Sharesave and BAYE limits Amendment to Performance Share Plan rules
October	 Company pay review 2015 Initial considerations for the 2014 directors' remuneration report Company incentives
December	 Directors' salary review Bonus targets for 2015 Initial review of executive committee performance against strategic objectives Directors' remuneration report 2014

Shareholder Voting

At the last AGM the following resolutions in relation to remuneration were put by the Company: $\frac{1}{2} \int_{\mathbb{R}^{n}} \left(\frac{1}{2} \int_{\mathbb{R}^{n}} \left(\frac{1}$

Resolution	Votes For	% For	Votes Against	% Against	Votes Withheld
To receive and approve the directors' remuneration policy	147,358,040	93.28%	10,622,997	6.72%	3,478,935
To receive and approve the directors' remuneration report	154,007,876	96.59%	5,441,120	3.41%	2,010,976
To authorise the rules of the Travis Perkins Share Matching Scheme 2014 and to authorise directors to make modifications to the scheme and to establish further schemes.	149,814,409	93.71%	10,047,798	6.29%	1,597,765

The Directors remuneration report has been approved by the Board of Directors and is signed on its behalf.

Andrew Simon

Chairman of the Remuneration Committee

2 March 2015

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¹ Specific targets are commercially sensitive, and disclosure of such may provide an unfair advantage to the Company's competitors. However targets, and the corresponding level of vesting or bonus earned, will be disclosed retrospectively, in the relevant reporting period.

² Given the extension of the deferred plan to a wider population we have reviewed the basis upon which the vesting target is calculated. We believe the revised basis (RPI+4%) will generate a fairer target in the forecast medium term low inflation environment.

NOMINATIONS COMMITTEE REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

Dear Fellow Shareholder

I hope that the following introductory remarks will give you a good overview of the Committee's activities in 2014.

Over the past two or three years, the Board's Nomination Committee has met as often as the Audit and Remuneration Committees. Where necessary, and although not recorded as separate meetings, there have also been Nominations Committee updates at the end of the regular Board meetings.

This frequency has been important because of the need to meticulously plan the CEO and CFO executive succession process; and also, as indicated in my last year's report, to plan for non-executive rotation and establish a Board that is fully appropriate for the Company's long term future.

I am pleased to report that these processes are now complete.

In his first full year as CEO, John Carter has proved a very effective and energetic leader, and has forged a strong and complementary working relationship with Tony Buffin, the Group's CFO.

On the non-executive front, planning for the retirement of John Coleman at the end of 2014, and Andrew Simon's impending retirement at the end of 2015 is now complete.

In last year's report, I stated that we were very clear about the Board skills we seek, operating as it does in fast-moving, highly competitive trading and retailing businesses. Simply stated, the Group believes its Board is best served by individuals who have demonstrated a track record of success in leading such businesses, as either CEOs or CFOs. In recent months therefore, it has been pleased to welcome

Pete Redfern and John Rogers to the Board. Additionally, in December 2014, the Group was pleased to announce the appointment of Coline McConville to the Board.

For the next twelve months, the Committee's main task will be to review the depth of management and succession below the Executive Committee, to ensure the Group has a strong pipeline of future management and leadership throughout the Group.

Role

The Committee's principal responsibility is to ensure that the Board comprises individuals with the most appropriate balance of experience, skills and knowledge to help develop and support the Company strategy. In order to achieve this, the Committee requires procedures to be in place that enable the nomination, selection and succession of the most capable directors and senior executives.

The Committee is also responsible for considering, and making recommendations to the Board on succession planning for directors and other senior executives; in this sense the Nominations Committee undertakes a broader role.

The Nominations Committee comprises all the Non-executive Directors and is chaired by me other than when it is dealing with matters in relation to me or the chairmanship of the Company. The Chief Executive, Chief Financial Officer and Group HR Director are invited to attend when appropriate.

Election of Directors

A rigorous selection process precedes the appointment of all directors by the Board, and their recommendation by the Nominations Committee.

The performance of each director, the Board and each Committee is reviewed annually as part of the Board evaluation process and I am pleased to confirm that the Board recommends the election and re-election of all directors who are standing for election and re-election at the Group's 2015 AGM.

Activites in 2014

The Committee operates under formal terms of reference and met four times during the year. The principal matters discussed at the meetings were:

- Monitoring top management succession (completed in January 2014) to confirm that the new leadership transition has been both seamless and effective
- Planning and executing the non-executive succession to John Coleman as Senior Independent Director, and Andrew Simon as Chairman of the Remuneration Committee
- Securing the appointments of Pete Redfern (CEO of Taylor Wimpey plc) and John Rogers (CFO of J Sainsbury PLC)
- Securing the agreement of Coline McConville to join the Board in February 2015
- Examining the performance of the Committee and reviewing its terms of reference

Board Succession

As mentioned in my introductory note (above), a key task facing the Committee during 2014 was the appointment of three new non-executive directors, following the resignation and retirement of John Coleman and the impending retirement in October 2015 of Andrew Simon. After considering alternatives, the Committee appointed Russell Reynolds, MWM and Odgers Berndtson as external independent search consultants. I confirm that each of these three firms have no other relationship with the Company and have signed up to the voluntary code of conduct covering board appointments, following the Davies Review.

The brief for the recruitment of new non-executive directors was to attract proven, successful candidates with both current and past experience as CEOs or CFOs of businesses operating in competitive, fast-moving sectors. The Group was delighted to announce in September the appointment of Pete Redfern, CEO of Taylor Wimpey plc and John Rogers, CFO of J Sainsbury plc and in December

the appointment of Coline McConville with effect from 1 February 2015.

Finally, and as a result of John Coleman approaching retirement from the Board after nine years service, the Nominations Committee recommended and the Board agreed that Andrew Simon be appointed as Senior Independent Director with effect from August 2014.

The individuals involved did not participate in discussions about their appointments.

2015 Objectives

As previously outlined, the Committee's focus in 2015 will be on reviewing the Company's talent pipeline of future senior management and leaders. The Committee will particularly focus on the depth of this talent below the Executive Committee.

Board Diversity

It is the Group's firm belief that having executives and non-executives on the Board that are diverse in age, experience, nationality or gender, provides us with different perspectives. This does not just make good commercial and business sense, but it is good for the Group's colleagues and its customers as well.

In addition, the Group has a clear preference for non-executives of whatever background, who have demonstrated success as CFOs or CEOs.

As a result, job specifications, search processes and selection criteria are focused on appointing candidates that not only meet the criteria for the role, but who could also offer different perspectives. Therefore, diversity, including gender diversity, was actively considered during the year, and this will continue to be reflected in future activities.

The Board is committed to appointing the best people and ensuring all employees are able to develop their careers within the Group and therefore do not believe it is appropriate to set targets in this area.

At the most senior director / manager level the Group has two female board directors (22%). The Group currently also has two women on its operating executive (16.6%). Further details of the Group's workforce diversity are set out in the Equal Opportunities, Human Rights and Diversity section of the Capturing the Way Things are Done Round Here section on pages 64 to 69.

I will be available at the Annual General Meeting to answer any questions about the work of the Committee.

Robert Walker

Chairman 2 March 2015

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

The Directors present their annual report and audited accounts for the year ended 31 December 2014. The Corporate Governance statement on pages 88 to 93 forms part of the Directors' report.

Business Review

A review of the Group's position, developments, activities in the field of research and development and future prospects can be found in the Strategic report on pages 38 to 43. Whilst the Group operates predominately in the UK it does have a few branches in the Isle of Man and the Republic of Ireland.

Greenhouse Gas Emissions Reporting

Details of the Group's Green House Gas Emissions can be found in the Environmental Report on pages 74 to 77.

Results and Dividends

The Group results for the year ended 31 December 2014 and dividends for the year ending 31 December 2014 are set out on page 132. If approved at the Annual General Meeting, the final dividend will be paid on 1 June 2015 to those shareholders on the register at the close of business on 1 May 2015.

Balance Sheet and Post Balance Sheet Events

The balance sheet on pages 134 and 135 shows the Group's financial position. No important events have occurred since the balance sheet date.

Principal Risks and Uncertainties

A review of the Group's principal risks and uncertainties are on pages $58\ \text{to}\ 63$.

Financial Risk Management

Details of the Group's approach to capital management and the alleviation of risk through the use of financial instruments are given in the Financial Review on pages 32 to 37. Specific quantitative information on borrowings and financial instruments is given in notes 23 and 24 on pages 165 to 173 of the annual financial statements.

Directors and Their Interests

In accordance with the Company's Articles of Association, John Rogers, Pete Redfern and Coline McConville will be standing for election by shareholders at the Annual General Meeting, having been appointed to the Board since the last Annual General Meeting. The Board believes that John Rogers, Pete Redfern and Coline McConville's strong general management and financial background coupled with their experience in a number of operational roles will greatly benefit the Company, complement the skills of the other Board members, and confirm each of them as ideal choices as a non-executive director.

The UK Corporate Governance Code ("the Code") requires that all directors of FTSE 350 companies are subject to re-election at the Company's Annual General Meeting each year and therefore executive directors, John Carter and

Tony Buffin, and non-executive directors Robert Walker, Chris Rogers, Andrew Simon and Ruth Anderson will all seek re-election at the Annual General Meeting. John Coleman retired from the Board on 31 October 2014.

The names of the Directors at 31 December 2014, and Coline McConville who was appointed on 1 February 2015 together with their biographical details are set out on pages 82 to 84. All of these Directors held office throughout the year, except John Rogers and Pete Redfern who were appointed with effect from 1 November 2014, and Coline McConville as noted immediately above. The Executive Directors have rolling 12 month notice periods in their contracts. The Non-executive Directors do not have service contracts. In the light of the formal evaluation of their performances as a result of the process described on page 91, Robert Walker, Chairman, confirms on behalf of the Board that all directors continue to be effective in, and committed to, their roles.

Directors and officers of the Company are entitled to be indemnified out of the assets of the Company in respect of any liability incurred in relation to the affairs of the Company, or any associate company, to the extent the law allows. In this regard, the Company is required to disclose that under article 140 of the Company's Articles of Association, the Directors have the benefit of an indemnity, to the extent permitted by the Companies Act 2006 against liabilities incurred by them in the execution of their duties and exercise of their powers. This indemnity is currently in force. In addition, if proceedings against directors are instituted subsequent to any person acquiring control of the Company, the Company has agreed with each of the Directors that pursuant to article 140(D) of the Company's Articles of Association, the Company shall provide a Director with funds (subject to certain restrictions) to meet expenditure incurred by that Director in defending any criminal or civil proceedings.

A copy of the Company's Articles of Association (which contains this indemnity) is available for inspection at the Company's registered office during normal business hours and will be available for inspection at (and during the period of 30 minutes prior to) the Company's forthcoming Annual General Meeting.

None of the Directors had an interest in any contract to which the Company or any of its subsidiaries was a party during the year.

The Company has undertaken to comply with the best practice on approval of directors' conflicts of interests in accordance with the Company's Articles of Association. These provisions have operated effectively. Under the Companies Act 2006, a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests.

The disclosable interests of Directors at 31 December 2014, including holdings, if any, of spouses and of children aged

under 18, were as detailed in the Directors' Remuneration Report on page 114.

Substantial Shareholdings

As at 31 December 2014, the Company had been notified of the following interests amounting to 3% or more of the voting rights in the issued ordinary share capital of the Company (as at this date no other such notification from any other shareholder had been received by the Company):

	Number	%
Sprucegrove Investment Management	13,026,336	5.24%
BlackRock Inc	12,642,678	5.08%
Majedie Asset Management	7,989,646	3.21%
Pzena Investment Management	7,847,602	3.16%
Legal & General Investment Management	7,767,618	3.12%
AXA Group	7,693,143	3.09%

Any notifications received by the Company after 31 December 2014 and up to the 1 April 2015 (being a date within one month prior to the publication of the AGM notice) are disclosed in the AGM notice.

Close Company Status

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

Employees

Statements on employee matters are contained in the section of the annual report entitled Capturing the Way Things are Done Around Here on pages 64 to 69.

Details of the number of employees and related costs can be found in note 7 to the financial statements.

The Company is committed to equality of opportunity and recognises the benefit of diversity within its workforce. Its approach to the matter of diversity on company boards is set out in the Nominations Committee report on page 118 and in the section of the annual report entitled Capturing the Way Things are Done Around Here on pages 64 to 69. The Company has an equal opportunities policy aimed at ensuring that employment decisions are based on ability and potential regardless of gender, race, colour, ethnic origin or sexual orientation, age or disability. In particular, applications for employment by disabled persons are always fully and fairly considered, bearing in mind the aptitudes of the person concerned. In the event of a member of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled

persons should, as far as possible, be identical to that of other employees.

The Group's policies and practices have been designed to keep employees informed on matters relevant to them as employees through regular meetings and newsletters. Employee representatives are consulted regularly on a wide range of matters affecting their interests. All employees with more than three months' service are eligible to participate in the Company's Sharesave and Buy-As-You-Earn plans. Details are provided in the Directors' Remuneration Report.

Political Donations

The Group did not give any money for political purposes nor did it make any donations to political organisations or independent candidates or incur any political expenditure during the year.

Auditor

Deloitte LLP is the Company's auditor at the date of this report. Following the decision of the Audit Committee, the Company is currently putting the role of external auditor out to tender and the decision is expected to be available on 27 March 2015. For further details of the tender process, please refer to the Audit Committee Report on page 94. Deloitte LLP is also participating in the tender process. Depending on the result following the tender process, resolutions will be proposed at the Annual General Meeting to either re-appoint Deloitte LLP as the Company's auditor or appoint a new auditor as the Company's auditor, and to authorise the Directors to fix the relevant auditor's remuneration.

Statement on Disclosure of Information to the Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- So far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The director has taken all reasonable steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

Share Capital and Change of Control

As at 31 December 2014 the Company had an allotted and fully paid share capital of 248,702,988 ordinary shares of 10 pence each, with an aggregate nominal value of £24,870,298.80 (including shares owned by the employee

share ownership trust). The ordinary shares are listed on the London Stock Exchange. All the shares rank pari passu. The rights and obligations attaching to the shares are set out in the Company's Articles of Association. Fully paid shares in the Company are freely transferable. There are no persons that hold securities carrying special rights with regard to the control of the Company. Details of the structure of the Company's share capital and changes in the share capital during the year are also included in note 20 to the annual financial statements.

As at 31 December 2014 the Travis Perkins Employee Share Ownership Trust owned 2,428,156 shares in the Company (0.98%) of issued share capital for use in connection with the Company's share schemes. Any voting or other similar decisions relating to those shares would be taken by the trustees, who may take account of any recommendation of the Company.

There are no restrictions on voting rights attaching to the Company's ordinary shares. The Company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities or on voting rights.

The rules governing the appointment and replacement of board members and changes to the Articles of Association accord with usual English company law provisions. The powers of the Company's Directors are set out in the Company's Articles of Association. In particular, the Board

has the power to issue shares and to purchase its own shares and is seeking renewal of these powers at the forthcoming Annual General Meeting in accordance with the restrictions and within the limits set out in the notice of that meeting.

There are a number of agreements to which the Company is a party that may take effect, alter or terminate upon a change of control following a takeover bid. None of these agreements is considered significant in the context of the Company as a whole.

There are no agreements providing for compensation for Directors or employees on change of control. As set out in the Directors Remuneration Report on page 109, service contracts for executive directors do not specify any particular level of compensation in the event of termination following change of control of the Company. As noted above, the Company has agreed with each of the Directors that it shall provide a director with funds (subject to certain restrictions) to meet expenditure incurred in defending any criminal or civil proceedings if such proceedings are instituted subsequent to any person acquiring control of the Company.

By order of the Board

Deborah Grimason

Company Secretary and General Counsel 2 March 2015

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STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2014

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

Company law requires the Directors to prepare such financial statements for each financial year. Under that law the Directors are required to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have also chosen to prepare the parent company financial statements under IFRSs as adopted by the European Union. Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Directors' Responsibility Statement

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole: and
- The Strategic Report, which is incorporated into the Directors' Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Declaration

The Directors consider that the Annual Report and Accounts, when taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's performance, business model and strategy.

By order of the Board

John Carter Chief Executive 2 March 2015 **Tony Buffin**Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRAVIS PERKINS PLC

Opinion on Financial Statements of Travis Perkins plc

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2014 and of the Group's and the Parent company's profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

The financial statements comprise the Group and Parent Company Income Statements, the Group and Parent Company Statements of Comprehensive Income, the Group and Parent Company Balance Sheets, the Group and Parent Company Statements of Changes in Equity, the Group and Parent Company Cash Flow Statements, and the related notes 1 to 37. The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Separate Opinion in Relation to IFRSs as Issued by the IASB

As explained in note 1 to the group financial statements, in addition to complying with its legal obligation to apply IFRSs as adopted by the European Union, the group has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the group financial statements comply with IFRSs as issued by the IASB.

Going Concern

As required by the Listing Rules we have reviewed the directors' statement contained within the Corporate Governance Statement, that the Group is a going concern. We confirm that:

- we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

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Our Assessment of Risks of Material Mistatement

The assessed risks of material misstatement described overleaf are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team:

Risk

The assessment of the carrying value of goodwill and intangible assets

The Group's assessment of goodwill and intangible assets (£2,224m, 2013: £2,224m) incorporates judgments based on assumptions of future cash flows, including assumptions around revenue growth, margins, the selection of appropriate discount rates and the assessment of the Group's cash-generating units particularly with respect to the Wickes (£864m) and Plumbing Trading Supplies ("PTS") (£175m) cash generating units within the Consumer and Plumbing & Heating Divisions respectively. Management has included this risk in the key accounting estimates and judgements on page 143.

How the Scope of our Audit Responded to the Risk

Our work focussed on challenging Management's assumptions including specifically the determination of cash-generating units, the forecast cash flow projections for each cash-generating unit and the discount rates.

In making this critical assessment of the cash flow projections we assessed historical forecasting accuracy and compared forecast profit margins to historical margins and benchmarked the discount rate and growth rates employed to available market data. We challenged the appropriateness of inclusion of cash flows relating to new initiatives against the guidance in IAS 36, which precludes the inclusion of cash flows from restructuring activity to which an entity is not yet committed. With respect to PTS, we assessed whether the group was committed to building the best programme and that the inclusion of associated revenues, costs and cash flows was appropriate. With respect to Wickes we considered the ongoing initiatives against this guidance, including range reviews and store refits.

We critically assessed management's position as to whether or not a reasonably possible change to key operating assumptions could result in an impairment in either of these CGUs. In doing so we considered the sensitivity of the asset valuations to adverse outturn versus the forecasts, in particular adverse changes in the long term growth rate assumed and like for like sales. We also specifically challenged and considered the appropriateness of the disclosures set out in note 13 and note 14 to the accounts detailing the point at which the carrying value of goodwill and intangibles would equal their recoverable amounts.

We assessed the continuing appropriateness of testing groups of CGUs for impairment at the brand level. $\,$

Accounting for supplier rebates

Supplier rebates are a key part of the Group's trading activity. As set out on page 143 the majority of rebates are determined with reference to guaranteed rates and only one rebate agreement is not coterminus with the Group's year end.

These arrangements can however be complex and therefore management judgement is necessary in relation to recognition of the associated rebate including the allocation of rebate credits between profit and loss and inventory at each balance sheet date.

Management has included this risk in the key accounting estimates and judgements on page 143.

We tested the operating effectiveness of the controls in the supplier rebate cycle in both 2013 and 2014 including management oversight, reviewed and challenged actual versus forecast rebate receipts throughout the year.

A key focus of our work was on the controls around new agreements entered into in the year are appropriately captured by management's reporting systems. We reviewed agreements to understand the commercial basis for arrangements entered into and assessed the consistency of the accounting applied. We circularised a sample of suppliers to confirm rebate terms and balances, verified post year-end cash receipts to assess recoverability and validity of the amount recognised as receivable at year end.

We tested and challenged Management's calculations to estimate the impact of rebates agreements on purchases of items held in stock at year end.

We reviewed and challenged the appropriateness of management's accounting policy on page 139 and other associated disclosures on page 143 in light of recent FRC communications.

In addition, we applied data audit techniques to profile the supplier income received in order to identify anomalies. Such anomalies were investigated to assess whether they were indicative of mis-application of contractual terms or other calculation errors.

Risk

Inventory valuation and provisioning

In relation to the valuation of inventory (£743m, 2013: £688m), there is complexity in determining average weighted cost, reflecting the size and scale of the business and the various processing systems involved. In addition, judgement must be applied by management in determining adjustments and provisions for supplier rebates on purchases, overhead allocations and other allowances to recognise inventories at the lower of cost and net realisable value.

Management has included this risk in the key accounting estimates and judgements on

How the scope of our audit responded to the risk

We tested the operating effectiveness of relevant controls in 2014, including those relating to management oversight and completion of inventory counts. We tested the existence of inventory through observation of 44 inventory counts across all of the Group's divisions on a sample basis and assessed the condition of the stock. We tested and challenged the calculations supporting the determination of weighted average cost across each division and assessed the appropriateness of the methodology applied. We also tested the adjustments for overhead allocations and supplier rebates to assess whether they were appropriate. We considered actual and forecast sales of key inventory lines to check that the allowances for slow-moving/ obsolete stock were valid and sufficient.

We tested that the inventory values do not exceed their net realisable values, by selecting a sample of lines and comparing the actual sales value to the value held in inventory.

Income taxes

page 143.

The Group is required to consider the extent to which the impact of uncertain tax positions should be recognised within the current and deferred taxation charge for the year and related current and deferred taxation assets and liabilities in the financial statements.

Management has included this risk in the key accounting estimates and judgements on page 143.

We challenged Management's determination of the Group's accounting for income taxes, using our taxation specialists to assess the judgements made, including the level of provision maintained for uncertain tax positions, in light of evidence that included correspondence with the relevant tax authorities.

Last year our audit report included one other risk which is not included in our report this year. In 2013 we highlighted a risk around provisions for liabilities, principally comprising self-insurance and onerous property leases. The Group exited one property which accounted for 21% of the total provision in the previous year and the remaining provision is no longer material to the Group financial statements.

The description of risks above should be read in conjunction with the significant issues considered by the Audit Committee discussed on page 95.

Our Application of Materiality

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work. We determined materiality for the Group to be £17m (2013: £22m), which is below 5% of Group profit before tax. We have changed the percentage applied to align more closely with other comparable companies.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.3m (2013: £0.3m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An Overview of the Scope of our Audit

Our group audit was scoped by obtaining an understanding of the Group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level. The senior statutory auditor was involved in all decisions including the risk assessment and approach to group-wide controls testing. Based on that assessment, we focused our group audit scope primarily on the Group's four principal divisions. These principal divisions are the Group's four operating segments and represent 95% of the Group's net assets, 99% of the Group's revenue and 99% of the Group's profit before tax. The statutory audits were executed at levels of materiality applicable to each individual entity, which were much lower than Group materiality.

At the parent entity level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.

Opinion on Other Matters Prescribed by the Companies Act 2006

In our opinion:

- The part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- The information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on Which we are Required to Report by Exception

Adequacy of Explanations Received and Accounting Records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- We have not received all the information and explanations we require for our audit; or
- Adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' Remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns. We have nothing to report arising from these matters.

Corporate Governance Statement

Under the Listing Rules we are also required to review the part of the Corporate Governance Statement relating to the company's compliance with ten provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

Our Duty to Read Other Information in the Annual Report

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- Materially inconsistent with the information in the audited financial statements; or
- Apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- Otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

Respective Responsibilities of Directors and Auditor

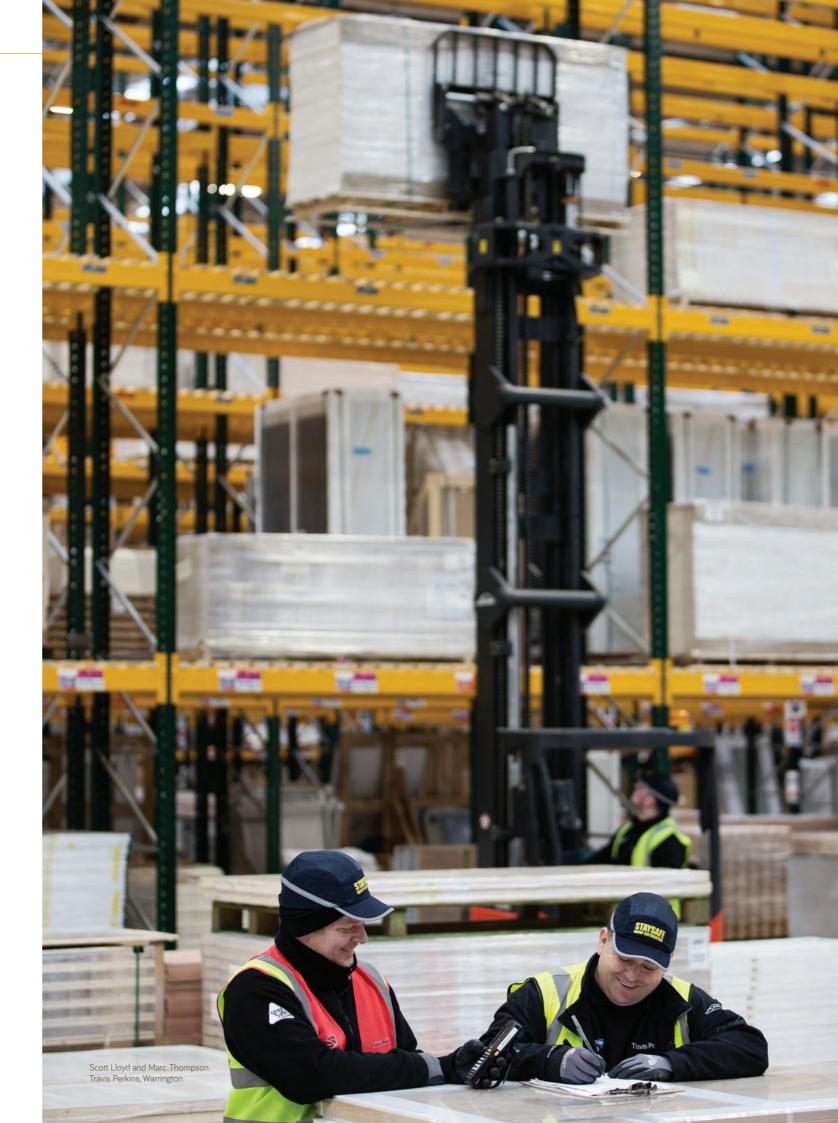
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews. This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Colin Hudson FCA (Senior statutory auditor) for and on behalf of Deloitte LLP, Chartered Accountants and Statutory Auditor, London, United Kingdom 2 March 2015





FINANCIAL STATEMENTS Travis Perkins®

Income Statements

			The Group									
			2014			2013						
		Pre- exceptional items	Exceptional items	Total	Pre- exceptional items	Exceptional items	Total					
	Notes	£m	£m	£m	£m	£m	£m					
Revenue	4	5,580.7	-	5,580.7	5,148.7	-	5,148.7					
Operating profit before amortisation		384.0	(23.3)	360.7	347.6	-	347.6					
Amortisation of intangible assets		(17.6)	-	(17.6)	(17.9)	-	(17.9)					
Operating profit	5(a)	366.4	(23.3)	343.1	329.7	-	329.7					
Exceptional investment income	5(d)	-	-	-	-	9.4	9.4					
Finance income	9	5.6	-	5.6	3.7	-	3.7					
Finance costs	9	(27.3)	-	(27.3)	(30.2)	-	(30.2)					
Profit before tax		344.7	(23.3)	321.4	303.2	9.4	312.6					
Tax	10(a)	(68.0)	5.3	(62.7)	(68.0)	20.1	(47.9)					
Profit for the year		276.7	(18.0)	258.7	235.2	29.5	264.7					
Attributable to												
Owners of the Company		276.5	(18.0)	258.5	235.1	29.5	264.6					
Non-controlling interests		0.2	-	0.2	0.1	-	0.1					
		276.7	(18.0)	258.7	235.2	29.5	264.7					
Earnings per ordinary share												
Basic	11(a)			105.9p			109.9p					
Diluted	11(a)			102.8p			105.7p					
Total dividend declared per ordinary share	12			38.0p			31.0p					

All results relate to continuing operations. Details of exceptional items are given in notes 5 and 10.

		The Con	npany
	Notes	2014 £m	2013 £m
Revenue	4	205.4	129.0
Operating profit before exceptional items		178.5	102.9
Exceptional items	5	(6.4)	-
Operating profit		172.1	102.9
Exceptional investment income	5	-	9.4
Finance income	9	5.9	4.0
Finance costs	9	(41.4)	(45.2)
Profit before tax		136.6	71.1
Tax	10	10.6	14.1
Profit for the year		147.2	85.2

All results relate to continuing operations. Details of exceptional items are given in note 5.

Statements of Comprehensive Income FOR THE YEAR ENDED 31 DECEMBER 2014

		The (Group	The Cor	mpany
	Notes	2014 £m	2013 £m	2014 £m	2013 £m
Profit for the year		258.7	264.7	147.2	85.2
Items that will not be reclassified subsequently to profit and loss					
Actuarial (losses) / gains on defined benefit pension schemes	28(g)	(48.4)	34.0	-	-
Deferred tax rate change on actuarial movement	10(b)	-	(11.5)	-	-
Income tax relating to items not reclassified	10(b)	9.5	(7.0)	-	-
		(38.9)	15.5	-	-
Items that may be reclassified subsequently to profit and loss					
Cash flow hedges:					
Losses arising during the year		(0.1)	(5.0)	(0.1)	(5.0)
Reclassification adjustments for losses included in profit		0.3	6.1	0.3	6.1
Movement on cash flow hedge cancellation payment		-	0.8	-	0.8
Income tax relating to items that may be reclassified	10(b)	-	(0.3)	-	(0.3)
		0.2	1.6	0.2	1.6
Other comprehensive (loss) / income for the year net of tax		(38.7)	17.1	0.2	1.6
Total comprehensive income for the year		220.0	281.8	147.4	86.8

Balance Sheets

AS AT DECEMBER 2014

		The G	roup	The Company		
	Notes	2014 £m	2013 £m	2014 £m	2013 £m	
Assets						
Non-current assets						
Goodwill	13	1,816.8	1,813.9	-	-	
Other intangible assets	14	406.8	409.8	-	-	
Property, plant and equipment	15	689.3	609.9	0.1	0.1	
Derivative financial instruments	24	18.7	9.3	18.7	9.3	
Investment property	16	0.4	0.4	-	-	
Interest in associates	17	1.7	7.3	1.3	7.7	
Investment in subsidiaries	17	-	-	3,605.5	3,588.8	
Available-for-sale investments	17	3.2	2.7	-	-	
Deferred tax asset	26	-	-	3.7	18.2	
Total non-current assets		2,936.9	2,853.3	3,629.3	3,624.1	
Current assets						
Inventories		742.7	687.7	-	-	
Trade and other receivables	18	931.8	822.9	167.4	133.1	
Derivative financial instruments	24	2.5	-	2.5	-	
Cash and cash equivalents	19	108.3	79.8	54.0	7.3	
Total current assets		1,785.3	1,590.4	223.9	140.4	
Total assets		4,722.2	4,443.7	3,853.2	3,764.5	

		The C	Group	The Company		
	Notes	2014 £m	2013 £m	2014 £m	2013 £m	
Equity and Liabilities						
Capital and reserves						
Issued capital	20	24.9	24.7	24.9	24.7	
Share premium account	22	510.5	498.0	509.4	496.9	
Merger reserve	22	326.5	326.5	326.5	326.5	
Revaluation reserve	22	18.1	18.4	-	-	
Hedging reserve	22	0.2	-	0.2	-	
Own shares	22	(28.5)	(40.6)	(28.5)	(40.6)	
Other reserves	22	(1.5)	(1.7)	-	-	
Accumulated profits	22	1,827.5	1,689.9	261.0	214.3	
Total equity		2,677.7	2,515.2	1,093.5	1,021.8	
Non-current liabilities						
Interest bearing loans and borrowings	23	440.0	421.6	385.4	363.9	
Derivative financial instruments	24	0.5	4.5	0.5	4.5	
Retirement benefit obligations	28	97.5	71.4	-	-	
Long-term provisions	25	7.8	20.7	-	-	
Long-term other payables	27	-	1.9	-	1.9	
Amounts due to subsidiaries		-	-	2,303.9	2,308.0	
Deferred tax liabilities	26	66.7	61.3	-	-	
Total non-current liabilities		612.5	581.4	2,689.8	2,678.3	
Current liabilities						
Interest bearing loans and borrowings	23	43.5	5.8	45.6	3.2	
Trade and other payables	27	1,255.2	1,218.1	24.3	59.4	
Derivative financial instruments	24	-	1.8	-	1.8	
Tax liabilities		71.6	73.2	-	-	
Short-term provisions	25	61.7	48.2	-	-	
Total current liabilities		1,432.0	1,347.1	69.9	64.4	
Total liabilities		2,044.5	1,928.5	2,759.7	2,742.7	
Total equity and liabilities		4,722.2	4,443.7	3,853.2	3,764.5	

The financial statements of Travis Perkins plc, registered number 824821, were approved by the Board of Directors on 2 March 2015 and signed on its behalf by:

John Carter Tony Buff

Chief Executive Officer Chief Financial Office

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Consolidated Statement of Changes in Equity FOR THE YEAR ENDED 31 DECEMBER 2014

	The Group								
	Issued share capital £m	Share premium account £m	Merger reserve £m	Revaluation reserve £m	Hedging reserve £m	Own shares £m	Other £m	Retained earnings £m	Total equity £m
At 1 January 2013	24.5	487.2	326.5	20.1	(1.6)	(62.4)	-	1,461.3	2,255.6
Profit for the year	-	-	-	-	-	-	0.1	264.6	264.7
Other comprehensive income for the period net of tax	-	-	-	-	1.6	-	-	15.5	17.1
Total comprehensive income for the year	-	-	-	-	1.6	-	0.1	280.1	281.8
Dividends	-	-	-	-	-	-	-	(65.1)	(65.1)
Issue of share capital	0.2	10.8	-	-	-	21.8	-	(18.9)	13.9
Realisation of revaluation reserve in respect of property disposals	-	-	-	(2.8)	-	-	-	2.8	-
Difference between depreciation of assets on a historical basis and on a revaluation basis	-	-	-	(0.2)	-	-	-	0.2	-
Deferred tax rate change	-	-	-	1.3	-	-	-	-	1.3
Tax on share based payments (10c)	-	-	-	-	-	-	-	15.7	15.7
Foreign exchange	-	-	-	-	-	-	-	0.1	0.1
Fair value of put option (note 29)	-	-	-	-	-	-	(1.8)	-	(1.8)
Credit for equity-settled share based payments	-	-	-	-	-	-	-	13.7	13.7
At 31 December 2013	24.7	498.0	326.5	18.4	-	(40.6)	(1.7)	1,689.9	2,515.2
Profit for the year	-	-	-	-	-	-	0.2	258.5	258.7
Other comprehensive income for the period net of tax	-	-	-	-	0.2	-	-	(38.9)	(38.7)
Total comprehensive income for the year	-	-	-	-	0.2	-	0.2	219.6	220.0
Dividends	-	-	-	-	-	-	-	(81.1)	(81.1)
Issue of share capital	0.2	12.5	-	-	-	12.1	-	(10.5)	14.3
Realisation of revaluation reserve in respect of property disposals	-	-	-	(0.2)	-	-	-	0.2	-
Difference between depreciation of assets on a historical basis and on a revaluation basis	-	-	-	(0.1)	-	-	-	0.1	-
Tax on share based payments (10c)	-	-	-	-	-	-	-	(0.5)	(0.5)
Foreign exchange	-	-	-	-	-	-	-	(0.1)	(0.1)
Credit for equity-settled share based payments	-	-	-	-	-	-	-	9.9	9.9
At 31 December 2014	24.9	510.5	326.5	18.1	0.2	(28.5)	(1.5)	1,827.5	2,677.7

Statement of Changes in Equity FOR THE YEAR ENDED 31 DECEMBER 2014

			Т	he Company			
	Issued share capital £m	Share premium account £m	Merger reserve £m	Hedging reserve £m	Own shares £m	Retained earnings £m	Total equity £m
At 1 January 2013	24.5	486.1	326.5	(1.6)	(62.4)	204.0	977.1
Profit for the year	-	-	-	-	-	85.2	85.2
Other comprehensive income for the period net of tax	-	-	-	1.6	-	-	1.6
Total comprehensive income for the year	-	-	-	1.6	-	85.2	86.8
Dividends	-	-	-	-	-	(65.1)	(65.1)
Issue of share capital	0.2	10.8	-	-	21.8	(18.9)	13.9
Tax on share based payments (note 10)	-	-	-	-	-	5.3	5.3
Credit for equity-settled share based payments	-	-	-	-	-	3.8	3.8
At 31 December 2013	24.7	496.9	326.5	-	(40.6)	214.3	1,021.8
Profit for the year	-	-	-	-	-	147.2	147.2
Other comprehensive income for the period net of tax	-	-	-	0.2	-	-	0.2
Total comprehensive income for the year	-	-	-	0.2	-	147.2	147.4
Dividends	-	-	-	-	-	(81.1)	(81.1)
Issue of share capital	0.2	12.5	-	-	12.1	(10.5)	14.3
Tax on share based payments (note 10)	-	-	-	-	-	(10.1)	(10.1)
Credit for equity-settled share based payments	-	-	-	-	-	1.2	1.2
At 31 December 2014	24.9	509.4	326.5	0.2	(28.5)	261.0	1,093.5

Cash Flow Statements

FOR THE YEAR ENDED 31 DECEMBER 2014

	The (Group	The Company		
	2014	2013	2014	2013	
	£m	£m	£m	£m	
Operating profit before amortisation and exceptional items	384.0	347.6	178.5	102.9	
Adjustments for:					
Depreciation of property, plant and equipment	74.9	71.3	0.1	0.1	
Amortisation of internally generated intangibles	0.7	-	-	-	
Other non cash movements	9.9	13.7	1.2	3.8	
Losses of associate	3.3	2.5	-	-	
Gain on disposal of property, plant and equipment	(26.8)	(18.1)	-	-	
Operating cash flows	446.0	417.0	179.8	106.8	
Increase in inventories	(48.5)	(48.5)	-	-	
(Increase) / decrease in receivables	(107.7)	(83.6)	(19.3)	41.6	
Increase / (decrease) in payables	48.9	61.5	(31.2)	63.8	
Payments on exceptional items	(3.8)	(4.6)	(0.4)	-	
Pension payments in excess of the charge to profits	(24.7)	(22.6)	-	-	
Cash generated from operations	310.2	319.2	128.9	212.2	
Interest paid	(15.2)	(21.0)	(12.9)	(21.9	
Income taxes paid	(49.9)	(59.2)	-	-	
Net cash from operating activities	245.1	239.0	116.0	190.3	
Cash flows from investing activities					
Interest received	0.2	0.5	0.5	-	
Proceeds on disposal of property, plant, equipment and investments	30.8	16.9	-	-	
Development of computer software	(14.0)	-	-	-	
Purchases of property, plant and equipment	(150.9)	(107.2)	(0.1)	(0.1)	
Interest in associate	(2.1)	(2.9)	1.6	(1.3	
Investments in subsidiaries	-	-	(16.7)	(13.2	
Acquisition of businesses net of cash acquired (note 29)	(15.7)	(9.3)	-	-	
Net cash used in investing activities	(151.7)	(102.0)	(14.7)	(14.6	
Financing activities					
Net proceeds from the issue of share capital	14.3	13.9	14.3	13.9	
Net movement in finance lease liabilities	(2.5)	(2.1)	-	-	
Bond issue costs	(2.6)	-	(2.6)	-	
Decrease in loans and liabilities to pension scheme	(243.0)	(143.0)	(240.0)	(190.6	
Increase in sterling bond	250.0	-	250.0	-	
Dividends paid	(81.1)	(65.1)	(81.1)	(65.1)	
Net cash from financing activities	(64.9)	(196.3)	(59.4)	(241.8	
Net increase / (decrease) in cash and cash equivalents	28.5	(59.3)	41.9	(66.1)	
Cash and cash equivalents at the beginning of the year	79.8	139.1	7.3	73.4	
Cash and cash equivalents at the end of year (note 19)	108.3	79.8	49.2	7.3	

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2014

1. GENERAL INFORMATION

Overview

Travis Perkins plc is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 192. The nature of the Group's operations and its principal activities are set out in the Business and Strategy Review on pages 6 to 57.

These financial statements are presented in pounds sterling, the currency of the primary economic environment in which the Group operates.

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). The financial statements have also been prepared in accordance with IFRS adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulations.

Basis of preparation

The financial statements have been prepared on the historic cost basis, except that derivative financial instruments, available for sale investments, contingent consideration arising from business combinations and certain borrowings are stated at their fair value. The consolidated financial statements include the accounts of the Company and all entities controlled by the Company (its subsidiaries) (together referred to as "the Group") from the date control commences until the date that control ceases. Control is achieved where the Company:

- has the power over the investee;
- is exposed or has rights to a variable return from the involvement with the investee; and
- has the ability to use its power to affect its returns.

As such, the results of subsidiaries acquired during the year are included in the consolidated income statement from the effective date of acquisition.

The following new and revised Standards and interpretations have been adopted in the current year. Their adoption has not had any significant impacts on the amounts reported in these financial statements:

- Amendments to IFRS10, IFRS12 and IAS 27 Investment entities
- Amendments to IAS 36 Recoverable Amount Disclosure for Non-Financial Assets

At the date of the approval of these financial statements, the following Standards and Interpretations, which have not yet been applied in these financial statements, were in issue, but not yet effective:

- IFRS 9 Financial Instruments
- IFRS15 Revenue from Contracts with Customers
- Improvements to IFRSs minor amendments

The Directors anticipate that adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group.

The Directors are currently of the opinion that the Group's forecasts and projections show that the Group should be able to operate within its current facilities and comply with its banking covenants.

The Group is however, exposed to a number of significant risks and uncertainties, which could affect the Group's ability to meet management's projections and hence its ability to meet its banking covenants. The Directors believe that the Group has the flexibility to react to changing market conditions and is adequately placed to manage its business risks successfully.

Detailed considerations of going concern, risks and uncertainties are provided in the Strategic Report on pages 6 to 63.

After making enquiries, the Directors have formed a judgement at the time of approving the financial statements, that there is a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the financial statements are set out below.

Revenue recognition

Revenue is recognised when goods or services are received by the customer and the risks and rewards of ownership have passed to them. Revenue is measured at the fair value of consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and value added tax. For the Parent Company, revenue comprises management charges receivable and dividend income received.

Exceptional items

Exceptional items are those items of income and expenditure that by reference to the Group are material in size or unusual in nature or incidence, that in the judgement of the Directors, should be disclosed separately on the face of the financial statements (or in the notes in the case of a segment) to ensure both that the reader has a proper understanding of the Group's financial performance and that there is comparability of financial performance between periods.

Items of income or expense that are considered by the Directors for designation as exceptional items include, but are not limited to, significant restructurings, onerous contracts, write-downs or impairments of current and non-current assets, the costs of acquiring and integrating businesses, gains or losses on disposals of businesses and investments, re-measurement gains or losses arising from changes in the fair value of derivative financial instruments to the extent that hedge accounting is not achieved or is not effective and pension scheme curtailment gains and the effect of changes in corporation tax rates on deferred tax balances.

Supplier arrangements

Rebate, manufacturer funded customer contract support and similar promotional arrangements ("Supplier Arrangements") are a common component of trading agreements in the building product supply industry. As part of its on-going business activities, the Travis Perkins group has entered into such arrangements with a significant number of its goods for resale suppliers.

Amounts due in respect of Supplier Arrangements are not recognised in the income statement until all performance conditions have been met and the goods have been sold to third party customers.

2. SIGNIFICANT ACCOUNTING POLICIES continued

Supplier rebates received and receivable in respect of goods which have been sold to the Group's customers are deducted from cost of sales in the income statement. Where goods on which rebate has been earned remain in inventory at the year-end, an appropriate rebate deduction is made from the gross balance sheet carrying value of that inventory. The rebate deduction is only released to the income statement when the goods are ultimately sold.

Customer contract support arrangements, which are supplier specific, enable a supplier to elicit Travis Perkins in the sale of certain products or product ranges to particular customers. Through this Travis Perkins can sell goods to its customer at a competitive contract price benefiting from support from a given supplier. All contract support receipts received and receivable are deducted from cost of sales when the sale to the third party has been completed.

At the year-end the balance sheet includes a balance representing unpaid amounts receivable from suppliers.

Other promotional arrangements are not significant.

Customer rebates

Where the Group has rebate agreements with its customers, the value of customer rebates paid or payable, calculated in accordance with the agreements in place, is deducted from turnover in the year in which the rebate is earned.

Business combinations and goodwill

All business combinations are accounted for using the acquisition method. The cost of an acquisition represents the cash value of the consideration and/or the fair value of the shares issued on the date the offer became unconditional. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 (2008) are recognised at their fair value at the acquisition date except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 Share-based Payment.

Where a business combination is achieved in stages, the Group's previously held interest in the acquired entity are remeasured to fair value at the acquisition date and the resulting gain or loss, if any, is recognised in the income statement.

Goodwill arising on acquisition represents the excess of the cost of acquisition over the share of the aggregate fair value of identifiable net assets (including intangible assets) of a business or a subsidiary at the date of acquisition. All material intangible fixed assets obtained on acquisition have been recognised separately in the financial statements. Goodwill is initially recognised as an asset and allocated to cash generating units or groups of cash generating units that are expected to benefit from the synergies of the combination, then at least annually, is reviewed for impairment. Any impairment is recognised immediately in the income statement and is not subsequently reversed, as such, goodwill is stated in the balance sheet at cost less any provisions for impairment in value.

Goodwill arising on acquisitions before the date of transition to IFRS (1 January 2004) has been retained at the previous UK GAAP carrying value subject to being tested for impairment at that date.

Goodwill written off to reserves prior to 1998 under UK GAAP has not been reinstated and would not be included in determining any subsequent profit or loss on disposal.

Liabilities for contingent consideration are classified as fair value through profit and loss.

Intangible assets

Intangible assets identified as part of the assets of an acquired business are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition. Intangible assets are amortised to the income statement on a straight-line basis over a maximum of 20 years except where they are considered to have an indefinite useful life. In the latter instance, they are reviewed annually for impairment.

Investment properties

Investment properties, which are held to earn rental income or for capital appreciation or for both, are stated at deemed cost less depreciation. Properties are depreciated to their estimated residual value on a straight-line basis over their estimated useful lives, up to a maximum of 50 years.

Rental income from investment property is recognised in the income statement on a straight-line basis over the term of the lease.

Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost less accumulated depreciation and any impairment in value. Assets are depreciated to their estimated residual value on a straight-line basis over their estimated useful lives as follows:

- Buildings 50 years or if lower, the estimated useful life of the building or the life of the lease.
- Plant and equipment 4 to 10 years.
- Computer software 3 to 10 years.
- Freehold land is not depreciated.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds net of expenses and the carrying amount of the asset in the balance sheet and is recognised in the income statement. Where appropriate, the attributable revaluation reserve remaining in respect of properties revalued prior to the adoption of IFRS is transferred directly to reserves.

Lease

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term. Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases.

Operating lease rental payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Reverse lease premia and other incentives receivable for entering into a lease agreement are recognised in the income statement on a straight-line basis over the life of the lease.

Impairment of tangible and intangible assets

The carrying amounts of the Group's tangible and intangible assets with a definite useful life are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated and compared to its carrying value. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. The recoverable amount of an asset is the greater of its fair value less disposal cost and its value in use (the present value of the future cash flows that the asset is expected to generate). In determining value in use the present value of future cash flows is discounted using a pre tax discount rate that reflects current market assessments of the time value of money in relation to the period of the investment and the risks specific to the asset concerned.

Where the carrying value exceeds the recoverable amount a provision for the impairment loss is established with a charge being made to the income statement. When the reasons for a write down no longer exist the write down is reversed in the income statement up to the net book value that the relevant asset would have had if it had not been written down and if it had been depreciated.

For intangible assets that have an indefinite useful life the recoverable amount is estimated at each annual balance sheet date.

Inventories

Inventories, which consist of goods for resale, are stated at the lower of average weighted cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price less the estimated costs of disposal.

Financial instruments

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

Trade receivables

Trade receivables are measured at amortised cost, which is carrying amount less provision for irrecoverable amounts.

Allowances for the estimated irrecoverable amounts are made in the income statement when the receivable is considered to be uncollectible.

Impairment of financial assets

Financial assets are treated as impaired when in the opinion of the Directors, the likelihood of full recovery is diminished by either events or change of circumstance.

Bank and other borrowings

Interest bearing bank loans and overdrafts, loan notes and other loans are recognised in the balance sheet at amortised cost.

Finance charges associated with arranging non-equity funding are recognised in the income statement over the life of the facility.

All other borrowing costs are recognised in the income statement in accordance with the effective interest rate method.

Travis Perkins ••

Trade payables

Trade payables are measured at amortised cost.

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rates ruling on the date of the transaction.

At the balance sheet date, unhedged monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments to hedge its exposure to interest rate and foreign exchange risks arising from financing activities. The Group does not enter into speculative financial instruments. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are stated at fair value. The fair value of derivative financial instruments is the estimated amount the Group would receive or pay to terminate the derivative at the balance sheet date, taking into account current interest and exchange rates and the current creditworthiness of the counterparties.

Changes in the fair value of derivative financial instruments, that are designated and effective as hedges of the future variability of cash flows, are recognised in equity and the ineffective portion is recognised immediately in the income statement.

For an effective hedge of an exposure to changes in the fair value of a hedged item, the hedged item is adjusted for changes in fair value attributable to the risk being hedged with the corresponding entry in the income statement.

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken to the income statement as they arise.

Derivatives embedded in commercial contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the underlying contracts, with unrealised gains or losses being reported in the income statement.

The fair value of hedged derivatives is classified as a non-current asset or non-current liability if the remaining maturity of the hedge relationship is more than 12 months, otherwise they are classified as current.

Foreign currency forward contracts not designated as effective hedges are marked-to-market at the balance sheet date, with any gains or losses being taken through the income statement.

Financial assets and financial liabilities

Financial assets are classified into the following specified categories: financial assets at 'fair value through profit or loss' ("FVTPL"), 'available-for-sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

2. SIGNIFICANT ACCOUNTING POLICIES continued

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities' and trade and other payables.

The Group has defined the classes of financial assets to be other financial assets, cash and borrowings and derivative financial instruments

Financial assets and financial liabilities at FVTPL

Financial assets and financial liabilities are classified as at FVTPL where the financial asset or the financial liability is either held for trading or it is designated as FVTPL.

A financial asset or financial liability is classified as held for trading if it:

- Has been acquired principally for the purpose of being sold or disposed of in the near future; or
- Is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- Is a derivative that is not designated and effective as a hedging instrument.

Financial assets and financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in the income statement unless it is an effective cash flow relationship. The net gain or loss recognised in the income statement incorporates any interest earned or paid on the financial asset and financial liability respectively.

Loans and receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables, which applies to all amounts owed to the Group when the recognition of interest would be immaterial.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial assets and financial liabilities

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Taxation

The tax expense represents the sum of the tax currently payable and the deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items which are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. This is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt within equity.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered services entitling them to the contributions.

For defined benefit schemes, the cost of providing benefits is determined using the projected unit credit method with actuarial valuations being carried out at the end of each reporting period. Re-measurement comprising actuarial gains and losses, the effects of asset ceilings and minimum funding payments and the return on scheme assets (excluding interest) are recognised immediately in the balance sheet with a charge or credit to the statement of comprehensive income. Re-measurement recorded in the statement of comprehensive income is not recycled. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset. Net interest expense or income is recognised within finance costs.

Where the Group is committed to pay additional contributions under a minimum funding arrangement and it has no unconditional right to receive any surplus in a winding up of the scheme, the pension obligation recognised in the financial statements is the higher of the IAS 19 (revised 2011) obligation or the net present value of future minimum funding payments, discounted using the IAS 19 (revised 2011) discount rate to which the Group is unconditionally committed.

Employee share incentive plans

The Group issues equity-settled share-based payments to certain employees (long-term incentives, executive share options and Save As You Earn). These payments are measured at fair value at

the date of grant by the use of the Black Scholes option-pricing model taking into account the terms and conditions upon which the options were granted. The cost of equity-settled awards is recognised on a straight-line basis over the vesting period, based on the Group's estimate of the number of shares that will eventually vest.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation because of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Equity instruments and own shares

Equity instruments represent the ordinary share capital of the Group and are recorded at the proceeds received, net of directly attributable incremental issue costs.

Consideration paid by the Group for its own shares is deducted from total shareholders' equity. Where such shares vest to employees under the terms of the Group's share incentive schemes or the Group's share save schemes or are sold, any consideration received is included in shareholders' equity.

Dividends

Dividends proposed by the Board of Directors and unpaid at the period end are not recognised in the financial statements until they have been approved by shareholders at the Annual General Meeting.

3. CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

These consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB. The preparation of financial statements requires the Directors to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. Future events and their effects cannot be determined with certainty. Therefore, the determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions. The Directors frequently re-evaluate these significant factors and make adjustments where facts and circumstances dictate. The Directors believe that the following judgements are critical due to the degree of estimation required and / or the potential material impact they may have on the Group's financial position and performance.

Supplier arrangements - supplier rebates

The value of supplier rebates included in the income statement is generally calculated by applying an agreed percentage to the gross supplier invoice price of the goods purchased.

The overwhelming majority of supplier rebates, in excess of 95% by value, are determined by reference to "guaranteed" rates of rebate, the remainder are subject to stepped targets, the net rebate percentage increasing as values or volumes purchased reach pre-agreed targets. Only one rebate agreement is not co-terminus with the Group's year end.

Amounts receivable under most Supplier Arrangements are earned and settled monthly, although some agreements may

also stipulate quarterly, bi-annual or annual payments with very few of the arrangements not being co-terminus with the Group's statutory year end, which:

- enables the accurate quantification of amounts receivable from suppliers prior to their inclusion in the annual financial statements; and
- allows the Group to sense check the value of unpaid receivables at the year-end by reference to cash received immediately after the year-end.

As a result the key judgements made are to determine the value of rebates to be immediately recognised in the income statement and the value to be deferred in stock.

Income taxes

The Group is subject to the income tax laws of the United Kingdom. These laws are complex and subject to different interpretations by taxpayers and tax authorities. When establishing income tax provisions, the Directors make a number of judgements and interpretations about the application and interaction of these laws. Changes in these tax laws or in their interpretation could affect the Group's effective tax rate and the results of operations in a given period. Accordingly, potentially significant tax benefits will not be recognised until there is sufficient certainty that they will be accepted by HMRC.

Cash generating units

The Directors consider that individual assets do not generate cash flows that are largely independent of those from other assets and consequently that, for the purposes of impairment testing, each branch in the Group is a cash generating unit ("CGU"). Impairment testing of property, plant and equipment is carried out at individual branch level and no write offs have been made. Goodwill and other intangibles impairment testing is carried out at brand level as described in note 13.

Goodwill and other intangible assets

In testing for impairment, the recoverable amount of goodwill and intangible assets is determined by reference to the value in use of the CGU grouping to which they are attributed. In addition the Directors have made certain assumptions concerning discount rates and the future development of the business that are consistent with its five-year strategic plan. Whilst the Directors consider their assumptions to be realistic, should actual results, including those for market volume changes, be different from expectations, for instance due to a worsening of the UK economy, then it is possible that the value of goodwill and intangible assets included in the balance sheet could become impaired.

The pre-tax discount rate is derived from the Group's weighted average cost of capital ("WACC") calculated by the Group's advisors. The WACC is based upon the risk free rate for twenty-year UK gilts, adjusted for the UK market risk premium, which reflects the increased risk of investing in UK equities and the relative volatilities of the equity of the Group compared to the market as a whole. In arriving at the discount rate the Directors have applied an adjustment to reflect their view of the relative risk of the Group's operations. Further details concerning the judgements made by the Directors in respect of goodwill and intangible assets and the impairment testing thereof, are given in note 13.

3. CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY continued

Pension assumptions

The Group has chosen to adopt assumptions that the Directors believe are generally in line with comparable companies. If the difference between actual inflation and the actual increase in pensionable salaries is greater than that assumed, or if long term interest rates were lower than assumed, or if the average life expectancy of pensioners increases, then the pension deficit could be greater than currently stated in the balance sheet. Where the pension obligation is included in the balance sheet at the net present value of the minimum funding payments then the impact on the balance sheet of changes in these assumptions is reduced.

Insurance provisions

The Group has insurance policies containing high excess levels. The nature of insurance claims is that they frequently take many years to fully crystallise, therefore the Directors have to estimate the value of provisions to hold in the balance sheet in respect of un-insured excesses relating to historical claims. Under the guidance of the Group's insurance advisors, the value of incurred claims is estimated using the Generalised Cape Cod Method. The provision is determined by deducting the value of claims settled to date from the estimated level of claims incurred. Whilst the Generalised Cape Cod Method is an insurance industry standard methodology, it relies on historical trends to determine the level of expected claims. To the extent that the estimates are inaccurate the Group may be underprovided, but in the opinion of the Directors, any under-provision is unlikely to be material.

4. REVENUE

	The Group		The Comp	any
	2014	2013	2014	2013
	£m	£m	£m	£m
Sale of goods	5,580.7	5,148.7	-	-
Management charges	-	-	8.3	8.0
Dividends from subsidiaries	-	-	197.1	121.0
	5,580.7	5,148.7	205.4	129.0
Other operating income	5.7	4.9	-	-
Finance income	5.6	3.7	5.9	4.0
	5,592.0	5,157.3	211.3	133.0

Like-for-like sales are a measure of underlying sales performance for two successive periods. Branches contribute to like-for-like sales once they have been trading for more than 12 months. Revenue included in like-for-like is for the equivalent times in both years being compared. When branches close revenue is excluded from the prior year figures for the months equivalent to the post closure period in the current year.

5. PROFIT

Operating profit

The Gro	oup	The Company		
2014 £m	2013 £m	2014 £m	2013 £m	
5,580.7	5,148.7	205.4	129.0	
(3,930.2)	(3,616.6)	-	-	
1,650.5	1,532.1	205.4	129.0	
(1,015.5)	(941.5)	-	-	
(320.6)	(280.7)	(33.3)	(26.1)	
26.3	17.4	-	-	
5.7	4.9	-	-	
(3.3)	(2.5)	-	-	
343.1	329.7	172.1	102.9	
23.3	-	6.4	-	
17.6	17.9	-	-	
384.0	347.6	178.5	102.9	
	2014 £m 5,580.7 (3,930.2) 1,650.5 (1,015.5) (320.6) 26.3 5.7 (3.3) 343.1 23.3 17.6	£m £m 5,580.7 5,148.7 (3,930.2) (3,616.6) 1,650.5 1,532.1 (1,015.5) (941.5) (320.6) (280.7) 26.3 17.4 5.7 4.9 (3.3) (2.5) 343.1 329.7 23.3 - 17.6 17.9	2014 2013 2014 £m £m £m 5,580.7 5,148.7 205.4 (3,930.2) (3,616.6) - 1,650.5 1,532.1 205.4 (1,015.5) (941.5) - (320.6) (280.7) (33.3) 26.3 17.4 - 5.7 4.9 - (3.3) (2.5) - 343.1 329.7 172.1 23.3 - 6.4 17.6 17.9 -	

Operating profit has been arrived at after charging / (crediting):

During the year the Group incurred the following costs for services provided by the Company's auditor:	The Group		
	2014	2013	
	£000	£000	
Fees payable to the Company's auditor for the audit of the Company's annual accounts	107	107	
Fees payable to the Company's auditor for the audit of the Company's subsidiaries	328	335	
Fees paid to the Company's auditor for other services:			
Audit related assurance services	89	85	
Other services relating to taxation - advisory	22	115	
	546	642	

	The Group		The Company	
	2014 £m	2013 £m	2014 £m	2013 £m
Movement of provisions against inventories	(1.5)	(3.0)	-	-
Cost of inventories recognised as an expense	3,931.7	3,619.6	-	-
Pension costs in administration expenses	7.5	7.2	0.3	0.3
Pension costs in selling and distribution costs	15.1	14.9	-	-
Depreciation of property, plant and equipment	74.9	71.3	-	-
Amortisation of internally generated intangible assets	0.7	-	-	-
Staff costs	706.4	631.8	10.3	12.1
Gain on disposal of property, plant and equipment	(26.8)	(18.1)	-	-
Rental income	(5.7)	(5.0)	-	-
Hire of vehicles, plant and machinery	44.3	35.8	-	-
Other leasing charges – property	183.6	184.1	-	-
Amortisation of acquired intangible assets	17.6	17.9	-	-
Auditor's remuneration for audit services	0.4	0.4	0.1	0.1

Audit related assurance services includes £12,000 (2013: £12,781) which was paid to the auditor by the Travis Perkins Pension and Dependents Benefit Scheme.

A description of the work of the Audit Committee is set out in the Audit Committee report on pages 94 to 97, and includes an explanation of how auditor objectivity and independence is safeguarded when the auditor provides non-audit services.

5. PROFIT continued

b. Adjusted Operating Margin

	0											
		neral nanting	Contr	acts	Consu	imer	Plumb Hea	oing & iting	Unalloc	ated	Gro	oup
	2014 £m	2013 £m	2014 £m	2013 £m	2014 £m	2013 £m	2014 £m	2013 £m	2014 £m	2013 £m	2014 £m	2013 £m
Revenue	1,872.7	1,647.7	1,071.3	955.7	1,283.4	1,179.8	1,353.3	1,365.5	-	- (5,580.7	5,148.7
Segment result	183.4	176.4	65.9	61.4	82.4	67.5	29.4	49.5	(18.0)	(15.7)	343.1	339.1
Amortisation of acquired intangible assets	-	-	5.7	6.1	4.9	4.9	7.0	6.9	-	-	17.6	17.9
Exceptional items	-	-	-	-	(10.0)	(9.4)	28.7	-	4.6	-	23.3	(9.4)
Adjusted segment result	183.4	176.4	71.6	67.5	77.3	63.0	65.1	56.4	(13.4)	(15.7)	384.0	347.6
Adjusted operating margin	9.8%	10.7%	6.7%	7.1%	6.0%	5.3%	4.8%	4.1%	-	-	6.9%	6.8%

Segmental information including the definition of segment result is shown in note 6.

C. Adjusted profit before and after tax

	The Gro	up
	2014 £m	2013 £m
Profit before tax	321.4	312.6
Exceptional items	23.3	(9.4)
Amortisation of acquired intangible assets	17.6	17.9
Adjusted profit before tax	362.3	321.1

	The Group	
	2014 £m	2013 £m
Profit after tax	258.7	264.7
Exceptional items	23.3	(9.4)
Amortisation of acquired intangible assets	17.6	17.9
Tax on exceptional items and amortisation of acquired intangible assets	(8.8)	(3.6)
Income effect of reduction in corporation tax rate on deferred tax	-	(20.1)
Adjusted profit after tax	290.8	249.5

d. Exceptional items

	The Group		The Compa	nny
	2014 £m	2013 £m	2014 £m	2013 £m
Reconfiguration of Plumbing & Heating business	29.5	-	2.1	-
Onerous lease provision release	(10.0)	-	-	-
Write down of loans and investment in Rinus Roofing Limited	4.6	-	5.1	-
Fair value adjustments to contingent consideration	(0.8)	(9.4)	(8.0)	-
	23.3	(9.4)	6.4	-

To enable readers of the financial statements to obtain a clear understanding of underlying trading, the Directors have shown the exceptional items separately in the group income statement.

2014

The programme to reconfigure the Plumbing and Heating business resulted in the Group and the Company incurring £29.5m and £2.1m respectively of exceptional operating charges. Details of the exceptional provision is given in note 25.

£10.0m of surplus exceptional onerous lease provision was credited back to operating profit following the surrender of the lease on a property.

The Group disposed of its investment in Rinus Roofing Limited for £2.8m and recorded a loss of £4.6m, £5.1m in the Company, as loans previously advanced to Rinus Roofing and the Group's equity investment were not fully recovered.

In accordance with IAS 39 the contingent consideration payable in respect of the acquisition of Solfex was reassessed with the discounted amount previously recognised being reduced by £0.8m in the Group and in the Company.

2013

The contingent consideration payable in respect of the Toolstation acquisition was reassessed which resulted in the discounted amount previously recognised of £47.0m being reduced to £37.6m. The difference of £9.4m was credited as exceptional investment income to the income statement in both the Group and the Company.

6. BUSINESS AND GEOGRAPHICAL SEGMENTS

As required by IFRS 8 the operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Executive to assess their performance. All four divisions sell building materials to a wide range of customers, none of which are dominant, and operate almost exclusively in the United Kingdom and consequently no geographical information is presented.

Segment result represents the profit earned by each segment without allocation of certain central costs, finance income and costs and income tax expense. Unallocated segment assets and liabilities comprise financial instruments, current and deferred taxation, cash and borrowings and pension scheme assets and liabilities.

Inter-segment sales are eliminated. During 2014 and 2013 there were no impairment losses or reversals of impairment losses recognised in profit or loss or in equity in any of the reportable segments.

	2014							
	General Merchanting	Contracts	Consumer	Plumbing & Heating	Unallocated	Consolidated		
	£m	£m	£m	£m	£m	£m		
Revenue	1,872.7	1,071.3	1,283.4	1,353.3	-	5,580.7		
Result								
Segment result	183.4	65.9	82.4	29.4	(18.0)	343.1		
Finance income	-	-	-	-	5.6	5.6		
Finance costs	-	-	-	-	(27.3)	(27.3)		
Profit before taxation	183.4	65.9	82.4	29.4	(39.7)	321.4		
Taxation	-	-	-	-	(62.7)	(62.7)		
Profit for the year	183.4	65.9	82.4	29.4	(102.4)	258.7		
Segment assets	1,453.4	735.5	1,436.2	961.5	135.6	4,722.2		
Segment liabilities	(420.2)	(280.7)	(334.7)	(265.2)	(743.7)	(2,044.5)		
Consolidated net assets	1,033.2	454.8	1,101.5	696.3	(608.1)	2,677.7		
Capital expenditure	110.1	13.9	20.1	13.6	-	157.7		
Amortisation of acquired intangibles	-	5.7	4.9	7.0	-	17.6		
Depreciation	44.6	8.8	15.6	5.9	-	74.9		

FINANCIAL STATEMENTS

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6. BUSINESS AND GEOGRAPHICAL SEGMENTS continued

	2013						
	General Merchanting	Contracts	Consumer	Plumbing & Heating	Unallocated	Consolidated	
	£m	£m	£m	£m	£m	£m	
Revenue	1,647.7	955.7	1,179.8	1,365.5	-	5,148.7	
Result							
Segment result	176.4	61.4	58.1	49.5	(15.7)	329.7	
Exceptional investment income	-	-	9.4	-	-	9.4	
Finance income	-	-	-	-	3.7	3.7	
Finance costs	-	-	-	-	(30.2)	(30.2)	
Profit before taxation	176.4	61.4	67.5	49.5	(42.2)	312.6	
Taxation	-	-	-	-	(47.9)	(47.9)	
Profit for the year	176.4	61.4	67.5	49.5	(90.1)	264.7	
Segment assets	1,332.2	692.9	1,406.5	911.9	100.2	4,443.7	
Segment liabilities	(421.5)	(229.8)	(380.7)	(235.6)	(660.9)	(1,928.5)	
Consolidated net assets	910.7	463.1	1,025.8	676.3	(560.7)	2,515.2	
Capital expenditure	84.1	8.8	12.7	5.9	-	111.5	
Amortisation	-	6.1	4.9	6.9	-	17.9	
Depreciation	36.3	10.5	17.4	7.1	-	71.3	

As outlined in last year's annual report, on 1 January 2014 the Group's divisions were restructured and BSS was transferred from the Plumbing and Heating division to the Contracts division, whilst Benchmarx was transferred from the Contracts division to General Merchanting. As a result the segmental information for 2013 was reallocated in line with the new divisional structure.

Unallocated segment assets and liabilities comprise the following:

Assets	2014 £m	2013 £m
Interest in associates	1.7	7.3
Financial instruments	21.2	9.3
Investment properties	0.4	0.4
Available for sale investments	3.2	2.7
Cash and cash equivalents	108.3	79.8
Unallocated corporate assets	0.8	0.7
	135.6	100.2
Liabilities		
Financial instruments	(0.5)	(6.3)
Tax liabilities	(71.6)	(73.2)
Deferred tax liabilities	(66.7)	(61.2)
Retirement benefit obligations	(97.5)	(71.4)
Interest bearing loans, borrowings and loan notes	(483.5)	(427.4)
Unallocated corporate liabilities	(23.9)	(21.4)
	(743.7)	(660.9)

7. STAFF COSTS

a. The average monthly number of persons employed (including executive directors)

	The Group		The Comp	pany
	2014 No.	2013 No.	2014 No.	2013 No.
Sales and distribution	20,320	19,097	-	-
Administration	3,160	2,840	48	46
	23,480	21,937	48	46

b. Aggregate remuneration

	The Group		The Com	mpany	
	2014 £m	2013 £m	2014 £m	2013 £m	
Wages and salaries	646.8	565.2	7.7	7.6	
Share based payments (note 8)	9.9	13.7	1.2	3.8	
Social security costs	49.7	52.9	0.9	0.7	
Other pension costs (note 28i)	22.6	22.1	0.5	0.3	
	729.0	653.9	10.3	12.4	

8. SHARE-BASED PAYMENTS

The Black-Scholes option-pricing model is used to calculate the fair value of the options and the amount to be expensed. The probability of the performance conditions being achieved was included in the fair value calculations. The inputs into the model for options granted in the year expressed as weighted averages are as follows:

		2014			2013			
	Executive Options	SAYE	Nil price options	Executive Options	SAYE	Nil price options		
Share price at grant date (pence)	1,787	1,665	1,832	1,463	1,648	1,373		
Option exercise price (pence)	1,796	1,390	-	1,453	1,274	-		
Volatility (%)	29.0%	28.2%	29.3%	32.3%	36.3%	33.0%		
Option life (years)	3.0	3.4	3.0	3.0	3.5	3.0		
Risk-free interest rate (%)	1.2%	1.4%	1.1%	0.6%	1.0%	0.5%		
Expected dividends as a dividend yield (%)	1.9%	1.9%	1.9%	2.2%	2.0%	2.3%		

Volatility is based on historic share prices over a period equal to the vesting period. Option life used in the model has been based on options being exercised in accordance with historical patterns. For executive share options the vesting period is 3 years. If options remain unexercised after a period of 10 years from the date of grant, these options expire. Options are forfeited if the employee leaves the Group before options vest. SAYE options vest after 3 or 5 years and expire 3½ or 5½ years after the date of grant.

The risk-free interest rate of return is the yield on zero-coupon UK Government bonds on a term consistent with the vesting period. Dividends used are based on actual dividends where data is known and future dividends estimated using a dividend cover of three times (within the Board's target range).

The expected life of options used in the model has been adjusted, based upon management's best estimate, for the effect of non-transferability, exercise restrictions and behavioural considerations.

A description of the share schemes operated by the Group is contained in the remuneration report on pages 98 to 117.

SAYE options were granted on 26 September 2014. The estimated fair value of the shares under option at that date was £11.6m for the Group and £0.1m for the Company.

Shares were granted under the share-matching scheme on 25 March 2014 and 21 October 2014. The estimated fair value of the shares under option at those dates was £5.7m for the Group and £2.4m for the Company.

Shares were granted under the performance share plan on 8 January 2014, 21 March 2014 and 22 August 2014. The estimated fair value of the shares under option at those dates was £9.6m for the Group and £3.0m for the Company.

FINANCIAL STATEMENTS

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8. SHARE-BASED PAYMENTS continued

Shares were granted under the deferred share bonus plan on 7 March 2014. The estimated fair value of the shares at that date was £1.5m for the Group and £0.9m for the Company.

The Group charged £9.9m (2013: £13.7m) and the Company charged £1.2m (2013: £3.8m) to the income statement in respect of equity-settled share-based payment transactions.

The number and weighted average exercise price of share options is as follows:

	The Group							
		2014			2013			
	Weighted average exercise price	Number of options	Number of nil price options	Weighted average exercise price	Number of options	Number of nil price options		
In thousands of options	р	No.	No.	р	No.	No.		
Outstanding at the beginning of the year	856	6,222	4,771	695	7,718	5,699		
Forfeited during the year	1,018	(552)	(958)	763	(503)	(598)		
Exercised during the year	684	(2,111)	(841)	600	(2,366)	(1,434)		
Granted during the year	1,407	2,420	900	1,287	1,373	1,104		
Outstanding at the end of the year	1,124	5,979	3,872	856	6,222	4,771		
Exercisable at the end of the year	700	434	743	794	662	1,193		

Share options were exercised on a regular basis throughout the year. The weighted average share price for options exercised during the year was 1,790 pence (2013: 1,606 pence).

Details of the options outstanding at 31 December 2014 were as follows:

	The Group							
		2014						
	Executive options	SAYE	Nil price options	Executive options	SAYE	Nil price options		
Range of exercise prices (pence)	201-1,853	636-1,390	-	201-1,750	442-1,274	-		
Weighted average exercise price (pence)	1,087	1,128	-	963	837	-		
Number of shares (thousands)	590	5,389	3,872	893	5,329	4,771		
Weighted average expected remaining life (years)	1.2	2.3	0.9	0.9	2.0	0.9		
Weighted average contractual remaining life (years)	5.7	2.8	7.5	5.1	2.5	7.5		

If all 0.6 million outstanding executive options vest and then are exercised on the date of vesting, or in the case of SAYE all 5.4 million shares are acquired on the first possible day 6.0 million of shares will be issued for a consideration of £67.2million in the years ending 31 December:

31 December		15	201	6	201	17	201	8	201	9
	No.	Value £m	No. m	Value £m	No. m	Value £m	No. m	Value £m	No. m	Value £m
Options	0.4	3.3	0.1	1.3	0.1	1.8	-	-	-	-
SAYE	1.3	10.1	1.3	13.8	2.1	27.5	0.3	3.6	0.4	5.8

The table above shows theoretical amounts. For the Company to receive the cash indicated in the periods shown, the following must occur:

- All performance conditions on executive share options must be fully met;
- Options must be exercised on the day they vest (option holders generally have a 7 year period post vesting to exercise the option);
- The share price at the exercise date for SAYE options must exceed the exercise price and every holder must exercise;
- All option/SAYE holders must remain with the Company, or leave on good terms.

If none of the requirements are met then the Company will receive no consideration.

The number and weighted average exercise price of share options is as follows:

			The Co	mpany		
		2014			2013	
	Weighted average exercise price	Number of options	Number of nil price options	Weighted average exercise price	Number of options	Number of nil price options
In thousands of options	р	No.	No.	р	No.	No.
Outstanding at the beginning of the year	873	186	2,331	756	300	2,837
Forfeited during the year	1,064	(9)	(406)	630	(8)	(199)
Exercised during the year	1,065	(81)	(618)	695	(126)	(796)
Transferred to other group companies	1,507	(6)	(20)	-	-	-
Granted during the year	1,513	31	344	795	20	489
Outstanding at the end of the year	892	121	1,631	873	186	2,331
Exercisable at the end of the year	429	62	332	790	125	727
·						

Details of the options outstanding at 31 December 2014 were as follows:

	The Company								
	2014								
	Executive options	SAYE	Nil price options	Executive options	SAYE	Nil price options			
Range of exercise prices (pence)	201-1,883	657-1,390	-	201-1,745	442-1,274	-			
Weighted average exercise price (pence)	744	1,176	-	880	841	-			
Number of shares (thousands)	83	43	1,651	152	34	2,331			
Weighted average expected remaining life (years)	0.7	2.5	0.8	0.4	1.9	0.8			
Weighted average contractual remaining life (years)	4.8	3.0	7.4	3.7	2.4	7.4			

9. NET FINANCE COSTS

	The Gro	oup
	2014 £m	2013 £m
Interest on bank loans and overdrafts*	(14.4)	(19.4)
Interest on sterling bond	(2.1)	-
Interest on obligations under finance leases	(1.2)	(1.3)
Unwinding of discounts - property provisions	(1.3)	(1.5)
Unwinding of discounts - SPV loan	(2.5)	(2.5)
Amortisation of cancellation payment for swaps accounted for as cash flow hedges	-	(0.8)
Other interest	(3.4)	(1.8)
Other finance costs - pension scheme	(2.4)	(2.1)
Net loss on re-measurement of derivatives at fair value	-	(0.8)
Finance costs	(27.3)	(30.2)
Amortisation of cancellation receipt for swap accounted for as fair value hedge	1.0	1.0
Net gain on re-measurement of derivatives at fair value	4.1	1.9
Interest receivable	0.5	0.8
Finance income	5.6	3.7
Net finance costs	(21.7)	(26.5)

*Includes £1.7m (2013: £1.5m) of amortised finance charges.

	The Gro	oup
	2014 £m	2013 £m
Interest on bank loans and overdrafts	(14.4)	(19.4)
Interest on sterling bond	(2.1)	-
Amortised bank finance charges	1.7	1.5
Other interest	(3.4)	(1.8)
Interest receivable	0.5	0.8
Interest for covenant purposes	(17.7)	(18.9)
Adjusted interest cover for covenant purposes	21.6x	18.3x

Adjusted interest cover is calculated by dividing adjusted operating profit of £384.0m (2013: £347.6m) less £1.3m (2013: £1.0m) of specifically excluded IFRS adjustments, by the interest for covenant purposes.

	The Gro	nb
	2014 £m	2013 £m
Interest on bank loans and overdrafts	(14.4)	(19.4)
Interest on sterling bond	(2.1)	-
Interest on obligations under finance leases	(1.2)	(1.3)
Unwinding of discounts - SPV loan	(2.5)	(2.5)
Loan note interest (included in other interest)	(0.6)	(0.2)
Interest for fixed charge ratio purposes	(20.8)	(23.4)

	The Comp	any
	2014 £m	2013 £m
Interest on bank loans and overdrafts*	(14.4)	(19.4)
Interest on sterling bond	(2.1)	-
Interest payable to group companies	(22.5)	(22.4)
Amortisation of cancellation payment for swaps accounted for as cash flow hedges	-	(0.8)
Other interest	(2.4)	(1.8)
Net loss on re-measurement of derivatives at fair value	-	(0.8)
Finance costs	(41.4)	(45.2)
Amortisation of cancellation receipt for swap accounted for as fair value hedge	1.0	1.0
Net gain on re-measurement of derivatives at fair value	4.1	1.9
Interest receivable from group companies	0.4	0.8
Interest receivable	0.4	0.3
Finance income	5.9	4.0
Net finance costs	(35.5)	(41.2)

*Includes £1.7m (2013: £1.5m) of amortised bank finance charges.

10. TAX

a. Tax charge in income statement

The Group							The Co	mpany
		2014			2013		2014	2013
	Pre- exceptional items	Exceptional items	Total	Pre- exceptional items	Exceptional items	Total		
	£m	£m	£m	£m	£m	£m	£m	£m
Current tax								
UK corporation tax								
- current year	70.2	(5.3)	64.9	68.9	-	68.9	(14.4)	(15.4)
- prior year	(11.1)	-	(11.1)	(1.0)	-	(1.0)	(0.6)	0.3
Total current tax	59.1	(5.3)	53.8	67.9	-	67.9	(15.0)	(15.1)
Deferred tax								
- current year	1.9	-	1.9	1.1	(20.1)	(19.0)	0.4	1.0
- prior year	7.0	-	7.0	(1.0)	-	(1.0)	4.0	-
Total deferred tax	8.9	-	8.9	0.1	(20.1)	(20.0)	4.4	1.0
Total tax charge	68.0	(5.3)	62.7	68.0	(20.1)	47.9	(10.6)	(14.1)

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

		The Gr	oup		
	2014		2013		
	£m	%	£m	%	
Profit before tax	321.4		312.6		
Tax at the UK corporation tax rate	69.1	21.5	72.8	23.3	
Tax effect of expenses / credits that are not deductible / taxable in determining taxable profit	1.7	0.6	1.4	0.4	
Depreciation of non-qualifying property	1.9	0.6	2.1	0.7	
Exceptional fair value movement not taxable	(0.2)	(0.1)	(2.2)	(0.7)	
Deferred tax rate change	-	-	(20.1)	(6.4)	
Property sales	(5.7)	(1.8)	(4.0)	(1.3)	
Prior period adjustment	(4.1)	(1.3)	(2.1)	(0.7)	
Tax expense and effective tax rate for the year	62.7	19.5	47.9	15.3	

The standard rate of corporation tax for the year of 21.5% is a blended rate of 23% up to 1 April 2014 and 21% thereafter.

	The Company				
	2014		201	3	
	£m	%	£m	%	
Profit before tax	136.6		71.0		
Intercompany dividends	(197.1)		(121.0)		
Loss before tax and dividends received	(60.5)		(50.0)		
Tax at the UK corporation tax rate	(13.0)	21.5	(11.7)	23.3	
Tax effect of expenses / credits that are not deductible / taxable in determining taxable profit	(0.8)	1.3	(1.4)	2.8	
Prior period adjustment	3.4	(5.6)	0.3	(0.6)	
Deferred tax rate change	-	-	0.9	(1.8)	
Exceptional fair value movement not taxable	(0.2)	0.3	(2.2)	4.4	
Tax credit and effective tax rate for the year	(10.6)	17.5	(14.1)	28.1	

b. Tax charge in statement of comprehensive income

In addition to the amounts charged to the income statement the following amounts relating to tax have been recognised in other comprehensive income:

The Group		The Cor	The Company	
2014 £m	2013 £m	2014 £m	2013 £m	
-	(0.3)	-	(0.3)	
-	(11.5)	-	-	
9.5	(7.0)	-	-	
9.5	(18.8)	-	(0.3)	
	2014 £m - - 9.5	2014 2013 £m £m - (0.3) - (11.5) 9.5 (7.0)	2014 2013 2014 £m £m £m £m - (0.3) - - (11.5) - 9.5 (7.0) -	

C. Tax credited directly to equity

In addition to the amount charged to the income statement and other comprehensive income, the following amounts relating to tax have been recognised in equity:

	The Group		The Company	
Current tax	2014 £m	2013 £m	2014 £m	2013 £m
Excess tax deductions related to share based payments on exercised options	5.6	10.4	-	-
Deferred tax				
Rate change on revaluation reserve	-	1.3	-	-
Share based payments	(6.1)	5.3	(10.1)	5.3
	(0.5)	17.0	(10.1)	5.3

11. EARNINGS PER SHARE

a. Basic and diluted earnings per share

Earnings	2014 £m	2013 £m
Earnings for the purposes of basic and diluted earnings per share being net profit attributable	050.5	00.40
to equity holders of the Parent Company	258.5	264.6
Weighted average number of shares for the purposes of basic earnings per share	244,146,721	240,829,833
Dilutive effect of share options on potential ordinary shares	7,295,091	9,428,138
Weighted average number of ordinary shares for the purposes of diluted earnings per share	251,441,812	250,257,971
Earnings per share	105.9p	109.9p
Diluted earnings per share	102.8p	105.7p

47,940 (2013: 16,833) share options had an exercise price in excess of the average market value of the shares during the year. As a result, these share options were excluded from the calculation of diluted earnings per share.

b. Adjusted earnings per share

Adjusted earnings per share is calculated by excluding the effect of the exceptional items and amortisation from earnings.

	2014 £m	2013 £m
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity holders of the Parent Company	258.5	264.6
Exceptional items	23.3	(9.4)
Amortisation of acquired intangible assets	17.6	17.9
Tax on amortisation of acquired intangible assets	(3.5)	(3.6)
Tax on exceptional items	(5.3)	-
Effect of reduction in corporation tax rate on deferred tax	-	(20.1)
Adjusted earnings	290.6	249.4
Adjusted earnings per share	119.0p	103.6p
Adjusted diluted earnings per share	115.6p	99.7p

12. DIVIDENDS

 $Amounts\ were\ recognised\ in\ the\ financial\ statements\ as\ distributions\ to\ equity\ shareholders\ as\ follows:$

	2014 £m	2013 £m
Final dividend for the year ended 31 December 2013 of 21.0p (2012: 17.0p) per ordinary share	51.2	40.9
Interim dividend for the year ended 31 December 2014 of 12.25p (2013: 10.0p) per ordinary share	29.9	24.2
Total dividend recognised during the year	81.1	65.1

The Company is proposing a final dividend of 25.75p in respect of the year ended 31 December 2014.

Dividend cover of 3.1x (2013: 3.3x) is calculated by dividing adjusted earnings per share (note 11) of 119.0p (2013: 103.6p) by the total dividend for the year of 38.0p (2013: 31.0p).

There are no income tax consequences in respect of the dividends declared, but not recognised in the financial statements.

The dividends for 2014 and for 2013 were as follows:

	2014	2013
	Pence	Pence
Interim paid	12.25	10.0
Final proposed	25.75	21.0
Total dividend for the year	38.0	31.0

The anticipated cash payment in respect of the proposed final dividend is £63.4m (2013: £51.2m).

13. GOODWILL

	The Group					
	General Merchanting	Contracts	Consumer	P&H	Total	
Cost	£m	£m	£m	£m	£m	
At 1 January 2013	466.2	172.9	829.0	339.4	1,807.5	
Recognised on acquisitions during the year	0.2	-	0.5	5.7	6.4	
At 1 January 2014	466.4	172.9	829.5	345.1	1,813.9	
Recognised on acquisitions during the year (note 29)	-	-	-	2.9	2.9	
At 31 December 2014	466.4	172.9	829.5	348.0	1,816.8	

There has been no impairment to the carrying value of goodwill. The Company has no goodwill.

Cash generating units

The Directors consider that each branch in the Group is an individual Cash Generating Unit ("CGU"). Goodwill and intangible assets with indefinite useful lives have been allocated and monitored for impairment testing purposes to groups of individual CGUs within the same brand. The following analyses goodwill and intangible assets with indefinite useful lives by CGU grouping.

		2014		;	2013		
CGU Grouping	Intangibles (note 14)	Goodwill	Total	Intangibles (note 14)	Goodwill	Total	
	£m	£m	£m	£m	£m	£m	
Contracts							
CCF	-	43.6	43.6	-	43.6	43.6	
Keyline	-	101.5	101.5	-	101.5	101.5	
BSS Industrial	49.3	27.8	77.1	49.3	27.8	77.1	
General Merchanting							
Travis Perkins	-	466.4	466.4	-	466.4	466.4	
Consumer							
Tile Giant	-	24.6	24.6	-	24.6	24.6	
Toolstation	-	103.4	103.4	-	103.4	103.4	
Wickes	162.5	701.5	864.0	162.5	701.5	864.0	
Plumbing & Heating							
PTS	40.9	68.7	109.6	40.9	133.7	174.6	
City Plumbing Supplies	-	240.4	240.4	-	175.4	175.4	
Plumbnation	-	1.7	1.7	-	1.7	1.7	
Primaflow	-	2.9	2.9	-	-	-	
Solfex	-	4.0	4.0	-	4.0	4.0	
F&P	8.5	30.3	38.8	8.5	30.3	38.8	
Other	3.9	-	3.9	3.9	-	3.9	
	265.1	1,816.8	2,081.9	265.1	1,813.9	2,079.0	

13. GOODWILL continued

In March 2014 the business announced plans to clarify the Plumbing and Heating format strategy, by aligning the PTS business to support large contract customers with City Plumbing Supplies supporting the small to medium sized plumbing and heating engineers and bathroom installers. As a consequence of this restructuring the Directors determined that the goodwill and other intangibles associated with the PTS branches that are rebranded as City Plumbing Supplies should be reallocated to the City Plumbing Supplies CGU. Therefore £65m of goodwill has been transferred from the PTS CGU to the City Plumbing Supplies CGU.

Measuring recoverable amounts

The Group tests goodwill and other non-monetary assets with indefinite useful lives for impairment annually or more frequently if there are indications that impairment may have occurred. The recoverable amounts of the goodwill and other non-monetary assets with indefinite useful lives are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and like-for-like market volume changes which impact sales and therefore cash flow projections. Management estimates pre-tax discount rates that reflect current market assessments of the time value of money and the risks specific to the CGU groupings that are not reflected in the cash flow projections.

At the beginning and end of the financial year the recoverable amount of goodwill and intangible assets with indefinite useful lives in all segments was in excess of their book value. In the absence of a binding agreement to sell the assets and active reference market on which fair value can be determined the recoverable amount of the goodwill and intangible assets with indefinite useful lives was determined according to value in use. The Directors' calculations have shown that no impairments have occurred. The key variables applied to the value in use calculations were:

- Cash flow forecasts, which were derived from the most recent board approved five-year strategic plans.
- The sales market volume assumptions underlying the cash flow forecasts are the Directors' estimates of likely future changes based on
 historic performance (excluding future investment and enhancements) and the current outlook for both the UK economy and the UK
 building materials industry. This is viewed as the key operating assumption because the state of the building materials market determines
 the Directors' approach to margin and cost maintenance.
- A risk adjusted pre tax discount rate is calculated by reference to the weighted average cost of capital ("WACC") of the Group. For 2014, the
 pre tax discount rate ranged between 9.45% and 10.28% (2013: 9.7%), which is not significantly different for any individual CGU or CGU
 grouping. That is because each CGU operates in the same market, selling the same product types therefore the risk profiles are not dissimilar.
- For 2014, cash flows beyond the five-year plan (2020 and beyond) have been determined using a growth rate of 2.1%, which is the average long-term forecast GDP growth outlined in the Economic and Fiscal Outlook report produced by the Office for Budget Responsibility. The Directors believe this is the most appropriate indicator of long-term growth rates that is available (2013 growth rate: 2.1%).

Sensitivity of results to changes in assumptions

Whilst management believe the assumptions are realistic, it is possible that an impairment would be identified if any of the above key assumptions were changed significantly. For instance factors which could cause an impairment are:

- significant underperformance relative to the forecast results;
- changes to the way the assets are used or changes to the strategy for the business; and
- a deterioration in the UK economy.

The impairment review calculations are based upon anticipated discounted future cash flows. For most of the CGU groupings, given the prudence already built into the Group's five-year plans and the level of headroom they show, the Directors do not envisage reasonably possible changes to the key operating assumptions that are sufficient to generate a different outcome to the impairment calculations undertaken. However, for the CGU groupings listed in the table below this is not the case as the Directors consider that reasonably possible

31 December 2014

CGU Grouping	CGU Grouping Headroom		Like-for-like Market Volume GU Grouping Headroom (Average per annum)		Discount	Discount Rate Long-term Growth Rate		
		Assumption	Sensitivity	Assumption	Sensitivity	Assumption	Sensitivity	
Tile Giant Wickes PTS	£10m £100m £44m	3.2% - 1.9%	(3.5%) (1.7%) (3.0%)	9.6% 9.6% 9.8%	12.5% 10.3% 12.5%	2.1% 2.1% 2.1%	(2.2%) 1.1% (2.2%)	

The reconfiguration of the PTS business is under way as the business transitions to a lower capital, high volume model. To the extent the transition is delayed or, in a competitive market, the growth in market share is not as substantial as assumed, this would result in a failure to achieve forecast sales volumes, reflected in the like-for-like market volume assumption above. The sales market volume assumption is the average annual change incorporated in the five-year strategic plans of each CGU grouping.

31 December 2013

CGU Grouping	Headroom	Like-for-like Mar (Average per		Discount	Rate	Long-term Growth Rat		
		Assumption	Sensitivity	Assumption	Sensitivity	Assumption	Sensitivity	
Tile Giant	£20m	0.7%	(1.3%)	9.7%	14.9%	2.1%	(6.5%)	
Wickes	£194m	1.8%	0.7%	9.7%	11.2%	2.1%	(0.1%)	
PTS	£37m	0.8%	(0.1%)	9.7%	11.2%	2.1%	(0.1%)	
F&P	£32m	0.8%	(1.9%)	9.7%	15.2%	2.1%	(7.4%)	

14. OTHER INTANGIBLE ASSETS

	The Group				
	Brand	Computer software	Customer relationships	Total	
Cost or valuation	£m	£m	£m	£m	
At 1 January 2013	298.2	17.1	147.6	462.9	
Recognised on acquisitions in the year	2.9	-	-	2.9	
At 31 December 2013	301.1	17.1	147.6	465.8	
Recognised on acquisitions in the year (note 29)	1.3	-	-	1.3	
Additions	-	14.0	-	14.0	
At 31 December 2014	302.4	31.1	147.6	481.1	
Amortisation					
At 1 January 2013	2.1	9.0	27.0	38.1	
Charged to operating profit in the year	2.0	0.9	15.0	17.9	
At 31 December 2013	4.1	9.9	42.0	56.0	
Charged to operating profit in the year on acquired intangibles	2.1	0.9	14.6	17.6	
Charged to operating profit in the year on internally generated intangibles	-	0.7	-	0.7	
At 31 December 2014	6.2	11.5	56.6	74.3	
Net book value					
At 31 December 2014	296.2	19.6	91.0	406.8	
At 31 December 2013	297.0	7.2	105.6	409.8	
			2014	2013	
			£m	£m	
Cost of brands with an indefinite useful life (note 13)			265.1	265.1	
Cost of brands being amortised			37.3	36.0	
			302.4	301.1	

Where a brand, which is a leading brand in its sector and has significant growth prospects, has not been established for a significant period of time, the Directors do not have sufficient evidence to support a contention that it will have an indefinite useful life. Accordingly for Toolstation, Plumbnation, Solfex and Primaflow and certain product related brands the Directors have decided it is appropriate to amortise their cost over their estimated useful lives. The useful lives of those brands being amortised ranges from 10 to 20 years while the remaining lives range from 6 to 16 years.

The Directors consider that the other brands, which are also all leading brands in their sectors with significant histories and significant growth prospects have an indefinite useful life. They are reviewed annually for impairment; details of impairment testing are shown in note 13, but no impairment was identified in either year. Acquired customer relationships are amortised over their estimated useful lives, which range from 5 to 15 years. The remaining lives of amortised customer relationships range from 1 to 11 years.

The Company has no intangible assets.

15. PROPERTY, PLANT AND EQUIPMENT

			The Group			The Company
	Freehold	Long leases	Short leases	Plant and equipment	Total	Plant and equipment
	£m	£m	£m	£m	£m	£m
Cost or valuation						
At 1 January 2013	308.6	27.2	145.0	511.4	992.2	0.7
Additions	32.3	1.0	9.3	68.9	111.5	0.1
Additions from acquired businesses	0.3	-	-	0.1	0.4	-
Disposals	(6.5)	-	(7.1)	(31.6)	(45.2)	(0.1)
At 1 January 2014	334.7	28.2	147.2	548.8	1,058.9	0.7
Additions	42.9	0.1	13.5	101.2	157.7	0.1
Additions from acquired businesses	0.4	-	-	0.1	0.5	-
Reclassifications	-	8.9	(8.9)	-	-	-
Disposals	(0.3)	(0.2)	(4.6)	(44.3)	(49.4)	(0.1)
At 31 December 2014	377.7	37.0	147.2	605.8	1,167.7	0.7
Accumulated depreciation						
At 1 January 2013	43.1	6.0	58.8	305.9	413.8	0.5
Charged this year	5.2	0.5	11.6	54.0	71.3	0.1
Disposals	(0.9)	-	(6.4)	(28.8)	(36.1)	-
At 1 January 2014	47.4	6.5	64.0	331.1	449.0	0.6
Charged this year	4.3	0.4	10.7	59.5	74.9	0.1
Reclassifications	-	6.1	(6.1)	-	-	-
Disposals	(0.1)	(0.1)	(4.3)	(41.0)	(45.5)	(0.1)
At 31 December 2014	51.6	12.9	64.3	349.6	478.4	0.6
Net book value						
At 31 December 2014	326.1	24.1	82.9	256.2	689.3	0.1
At 31 December 2013	287.3	21.7	83.2	217.7	609.9	0.1

The cost element of the fixed assets carrying value is analysed as follows:

	The Group					The Company
	Freehold	Long leases	Short leases	Plant and equipment	Total	Total
	£m	£m	£m	£m	£m	£m
At valuation	59.6	6.1	1.9	-	67.6	-
At cost	318.1	30.9	145.3	605.8	1,100.1	0.7
	377.7	37.0	147.2	605.8	1,167.7	0.7

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 31 December 1999 by an independent professional valuer, Lambert Smith Hampton, Consultant Surveyors and Valuers.

Included within freehold property is land with a value of £149.5m (2013: £133.8m) which is not depreciated. No assets are pledged as security for the Group's liabilities.

The carrying amount of assets held under finance leases is analysed as follows:

	The Group				The Company
	Long leases £m	Short leases £m	Plant and equipment £m	Total £m	Total £m
2014	0.8	7.2	5.2	13.2	-
2013	0.8	8.3	6.1	15.2	-

Comparable amounts determined according to the historical cost convention:

		The Group				
	Freehold £m	Long leases £m	Short leases £m	Plant and equipment £m	Total £m	Total £m
Cost	375.6	26.7	164.7	605.8	1,172.8	0.7
Accumulated depreciation	(67.9)	(8.1)	(75.0)	(349.6)	(507.2)	(0.6)
Net book value						
At 31 December 2014	307.7	18.6	89.7	256.2	672.2	0.1
At 31 December 2013	268.9	19.2	85.8	217.7	591.6	0.1

16. INVESTMENT PROPERTY

	The Group
	£m
Deemed cost	
At 1 January 2013 and 1 January 2014 and 31 December 2014	0.5
Accumulated depreciation	
At 1 January 2013 and 1 January 2014 and 31 December 2014	(0.1)
Net book value	
At 31 December 2013 and 31 December 2014	0.4

Investment property rental income totalled £nil (2013: £nil).

No external valuation has been performed and therefore, the Directors have estimated that the fair value of investment property equates to its carrying value.

The Company has no investment property.

17. INVESTMENTS

Interest in associates

The Group		The Com	pany
2014	2013	2014	2013
£m	£m	£m	£m
1.2	0.6	1.2	0.6
6.1	9.1	0.1	6.7
-	0.4	-	0.4
(5.6)	(2.8)	-	-
1.7	7.3	1.3	7.7
	2014 £m 1.2 6.1 - (5.6)	2014 2013 £m £m 1.2 0.6 6.1 9.1 - 0.4 (5.6) (2.8)	2014 2013 2014 £m £m £m 1.2 0.6 1.2 6.1 9.1 0.1 - 0.4 - (5.6) (2.8) -

Travis Perkins plc holds a 49% investment in The Mosaic Tile Company Limited and a 33% investment in Toriga Limited. In 2014 the Company disposed of its 25% investment in Rinus Roofing Limited.

The Group

17. INVESTMENTS continued

b. Investment in subsidiares

	The Company		
Cost	2014 £m	2013 £m	
At 1 January	3,605.8	3,589.9	
Additions	16.7	15.9	
At 31 December	3,622.5	3,605.8	
Provision for impairment	(17.0)	(17.0)	
Net book value at 31 December	3,605.5	3,588.8	

The principal operating subsidiaries of the Group at 31 December 2014 are as follows:

Travis Perkins Trading Company Limited* Keyline Builders Merchants Limited* Wickes Building Supplies Limited City Plumbing Supplies Holdings Limited

CCF Limited*

Primaflow Limited' Travis Perkins (Properties) Limited*

Benchmarx Kitchens and Joinery Limited Solfex Energy Systems Limited*

Tile Giant Limited

Travis Perkins P & H Partner Limited

Toolstation Limited*

PTS Group Limited

(Builders merchants) (Builders merchants)

(DIY retailers) (Plumbers merchants)

(Ceiling & dry lining distribution)

(Distributor of plumbing and heating products) (Property management company)

(Specialist distribution)

(Distributor of renewables technology)

(Ceramic tile merchants)

(Sole corporate partner in Plumbing and Heating Merchants)

(DIY retailers)

(Plumbing and heating merchants)

The registered office for all the subsidiaries listed above is Lodge Way House, Harlestone Road, Northampton, NN5 7UG except for Keyline Builders Merchants Limited, for which the registered office is Unit S3, 8 Strathkelvin Place, Kirkintilloch, Glasgow, G66 1XT, Toolstation Limited for which the registered office address is 16-18 Whiteladies Road, Clifton, Bristol, B58 2LG and Solfex Energy Systems Limited for which the registered office is Units 3-5 Charnley Fold Industrial Estate, Off School Lane, Bamber Bridge, Preston, Lancashire, PR5 6PS. The Directors have applied s409 to s410 of the Companies Act 2006 and therefore list only significant subsidiary companies.

All subsidiaries, with the exception of Plumbnation Limited which is 76% owned, are 100% owned. Each company is registered and incorporated in the United Kingdom and registered in England and Wales, other than Keyline Builders Merchants Limited and eight dormant companies, which are registered and incorporated in Scotland, City Investments Limited, which is registered and incorporated in Jersey and two dormant companies registered and incorporated in Northern Ireland.

C. Available-for-sale investments

The Group The Compa		oany	
2014	2013	2014	2013
£m	£m	£m	£m
3.2	2.7	-	-

The investment represents a minority holding in a unit trust that acquired properties from the Group in 2006. The investment presents the Group with an opportunity to generate returns through both income and capital gains. The Directors consider that the carrying amount of this investment approximates to its fair value.

18. TRADE AND OTHER RECEIVABLES

	The Gr	The Group		pany	
	2014	2014 2013	2013	2014	2013
	£m	£m	£m	£m	
Trade receivables	669.8	619.1	-	-	
Allowance for doubtful debts	(25.3)	(33.9)	-	-	
	644.5	585.2	-	-	
Amounts owed by subsidiaries	-	-	167.4	133.1	
Other receivables, prepayments and accrued income	287.3	237.7	-	-	
Trade and other receivables	931.8	822.9	167.4	133.1	

The Group's trade and other receivables at the balance sheet date comprise principally of amounts receivable from the sale of goods, together with amounts due in respect of rebates and sundry prepayments. The Directors consider the only class of asset containing significant credit risk is trade receivables.

The average credit term taken for sales of goods is 55 days (2013: 55 days). The allowance for doubtful debts is estimated by the Group's management based on prior experience and their assessment of the current economic environment. The Directors consider the carrying amount of trade and other receivables approximates to their fair values. The business has provided fully for all receivables outstanding for more than 90 days beyond agreed terms. Trade receivables not receivable for up to 120 days are specifically provided for. No interest is charged on the trade receivable from the date of the invoice until the date the invoice is classified as overdue according to the trading terms agreed between the Group and the customer. Thereafter, the Group retains the right to charge interest at between 2% to 4% per annum above the clearing bank base rate on the outstanding balance.

Movement in the allowance for doubtful debts

	The G	roup
	2014	2013
	£m	£m
At 1 January	33.9	48.3
Amounts written off during the year	(21.7)	(26.0)
Increase in allowance recognised in the income statement	13.1	11.6
At 31 December	25.3	33.9

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivable that may have occurred between the date credit was initially granted and the reporting date. The concentration of credit risk is limited due to the customer base being large. Accordingly, the Directors believe that no further credit provision is required in excess of the allowance for doubtful debts.

Included in the Group's trade receivable balance are debtors unprovided against with a carrying amount of £84.1m (2013: £62.3m) which are past due at the reporting date for which the Group has not identified a significant change in credit quality and as such, the Group considers that the amounts are still recoverable and therefore there is no allowance for doubtful debts. Except for some instances of personal guarantees the Group does not hold any collateral over these balances.

Ageing of past due but not impaired receivables

Days overdue	The C	Group
	2014	2013
	£m	£m
0 - 30 days	55.6	44.2
31 - 60 days	15.4	10.7
61 - 90 days	13.1	7.4
	84.1	62.3

Included in the allowance for doubtful debts are specific trade receivables with a balance of £2.7m (2013: £11.9m) which have been placed into liquidation. The impairment represents the difference between the carrying amount of the specific trade receivable and the amount it is anticipated will be recovered.

None of the Company's debts are overdue. The directors do not consider there to be any significant credit risk, as the majority of the debt is due from subsidiaries.

^{*} Direct subsidiary of Travis Perkins plc

19. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and cash deposits with an original maturity of three months or less held by the Group and Company, net of overdrafts. The carrying amount of these assets approximates to their fair value.

20. SHARE CAPITAL

	The Group and the Company Issued and fully paid		
Ordinary shares of 10p	No.	£m	
At 1 January 2013	244,853,057	24.5	
Allotted under share option schemes	1,933,232	0.2	
At 1 January 2014	246,786,289	24.7	
Allotted under share option schemes	1,916,699	0.2	
At 31 December 2014	248,702,988	24.9	

The Company has one class of ordinary share that carries no right to fixed income. The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

21. OWN SHARES

	The Group and	the Company
	2014	2013
	No.	No.
At 1 January	3,459,161	5,313,791
Movement during the year	(1,030,985)	(1,854,630)
At 31 December	2,428,176	3,459,161
Allocated to grants of executive options	77,878	166,069
Not allocated to grants of executive options	2,350,298	3,293,092
	2,428,176	3,459,161

The own shares are stated at cost and held by the Employee Share Ownership Trust to satisfy options under the Group's share option schemes. All rights attaching to own shares are suspended until the shares are re-issued.

22. RESERVES

Details of all movements in reserves for both the Group and Company are shown in their respective Statement of Changes in Equity. A description of the nature and purpose of each reserve is given below.

- the merger reserve represents the premium on equity instruments issued as consideration for the acquisition of BSS;
- the revaluation reserve represents the revaluation surplus that arises from property revaluations in 1999 and prior years;
- the hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments (net of tax) related to hedged transactions that have yet to occur;
- the own shares reserve represents the cost of shares purchased in the market and held by the Employee Share Ownership Trust to satisfy options under the Group's share option schemes; and
- the other reserve represents anticipated gross outflow on potential exercise of the put option held over the non-controlled 24% shareholding in Plumbnation.

The cumulative total of goodwill written off directly to reserves for acquisitions from December 1989 to December 1998 is £40.1m. The aggregate information for the accounting periods prior to this period is not available.

23. BORROWINGS

A summary of the Group objectives, policies procedures and strategies with regard to financial instruments and capital management can be found in the Finance review within the Strategic report on pages 32 to 37. At 31 December 2014 all borrowings were denominated in Sterling except for the unsecured senior notes.

a. Summary

	The Group		The Comp	pany
	2014 £m	2013 £m	2014 £m	2013 £m
Unsecured senior notes	133.1	128.7	133.1	128.7
Liability to pension scheme (note 28)	36.0	36.5	-	-
Bank loans (note 23c)*	-	240.0	-	240.0
Sterling bond	258.0	-	258.0	-
Bank overdraft*	-	-	4.8	-
Finance leases (note 23d)	21.3	23.8	-	-
Loan notes (note 23e)	40.8	3.2	40.8	3.2
Finance charges netted off bank debt*	(3.2)	(4.8)	(3.2)	(4.8)
Finance charges netted off sterling bond	(2.5)	-	(2.5)	-
	483.5	427.4	431.0	367.1
Current liabilities	43.5	5.8	45.6	3.2
Non-current liabilities	440.0	421.6	385.4	363.9
	483.5	427.4	431.0	367.1

^{*}These balances together total the amounts shown as bank loans in note 23(b).

b. Analysis of borrowings

Bank loan: overdra		Other	
	113	borrowing	şs
2014 £m	2013 £m	2014 £m	2013 £m
-	-	43.5	5.8
-	50.0	135.9	4.7
-	190.0	7.5	135.9
-	-	302.3	45.8
-	240.0	489.2	192.2
(3.2)	(4.8)	(2.5)	-
(3.2)	235.2	486.7	192.2
	2014 £m - - - - - (3.2)	2014 2013 £m £m 50.0 - 190.0 240.0 (3.2) (4.8)	2014 2013 2014 £m £m £m 43.5 - 50.0 135.9 - 190.0 7.5 302.3 - 240.0 489.2 (3.2) (4.8) (2.5)

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Othor

Bank loans and

	overdrafts		borrowings	
	2014 £m	2013 £m	2014 £m	2013 £m
Borrowings repayable				
On demand or within one year	4.8	-	40.8	3.2
More than one year, but not more than two years	-	50.0	133.1	-
More than two years, but not more than five years	-	190.0	-	128.7
More than five years	-	-	258.0	-
Gross borrowings	4.8	240.0	431.9	131.9
Unamortised fees	(3.2)	(4.8)	(2.5)	-
	1.6	235.2	429.4	131.9

Travis Perkins FINANCIAL STATEMENTS

23. BORROWINGS continued

C. Facilities

At 1 December 2014, the following facilities were available:

	The Group		The Co	mpany
	2014 £m	2013 £m	2014 £m	2013 £m
Drawn facilities				
5 year committed revolving credit facility	-	190.0	-	190.0
15 month committed facility	-	50.0	-	50.0
Sterling bond	255.5	-	255.5	-
Unsecured senior notes	133.1	128.7	133.1	128.7
Bank overdrafts	-	-	4.8	-
	388.6	368.7	393.4	368.7
Undrawn facilities				
5 year committed revolving credit facility	550.0	360.0	550.0	360.0
Bank overdrafts	30.0	40.0	25.2	40.0
	580.0	400.0	575.2	400.0

On 14 December 2011, the Group signed a new £550m forward start banking agreement with a syndicate of banks, which commenced on 4 April 2013 and runs until December 2016. \$200m of the unsecured loan notes fall due on 26 January 2016. On the 4 February 2014 two further bilateral facilities were entered into with two syndicate banks totalling £100m. On the 15 September 2014 the company issued a 7 year sterling bond with a principal amount of £250m. Following the issue of the bond the bilateral facilities totalling £150m were cancelled. The disclosures in note 23(c) do not include finance leases, loan notes, or the effect of finance charges netted off bank debt.

d. Obligations under finance leases

	The Group			
	Minimum lease payments		Present value of minimum lease payments	
	2014 £m	2013 £m	2014 £m	2013 £m
Amounts payable under finance leases:				
Within one year	3.6	3.6	2.7	2.6
In the second to fifth years inclusive	12.8	14.9	10.2	11.8
After five years	15.4	16.9	8.4	9.4
	31.8	35.4	21.3	23.8
Less: future finance charges	(10.5)	(11.6)	-	-
Present value of lease obligations	21.3	23.8	21.3	23.8
Less: Amount due for settlement within one year (shown under current liabilities)			(2.7)	(2.6)
Amount due for settlement after one year			18.6	21.2

Excluding 999-year leases, the average loan term for properties held under finance leases is 49 years and the average borrowing rate has been determined at the inception of the lease to be 9.0%. Interest rates are fixed at the contract date. All lease obligations, which are denominated in Sterling, are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

C. Loan notes

Included in borrowings due within one year is £3.2m (2013: £3.2m) of loan notes issued as consideration for the acquisition of Broombys Limited in 1999. They are redeemable on their final redemption date of 30 June 2015. On 24 March 2014 as consideration for the acquisition of Toolstation the company issued loan notes totalling £37.6m. The loan notes can be redeemed by the noteholder giving 30 days notice on quarter days with a final redemption date of 31 December 2018.

f. Interest

The weighted average interest rates paid were as follows:

	2014 %	2013 %
Unsecured senior notes	5.9	5.8
Sterling bond	4.4	-
Bank loans and overdraft	2.6	2.6
Other borrowings	2.0	6.0

Bank revolving credit facilities outstanding at the year end of £550m (2013: £550m) and bank loans of £nil (2013: £50m). The \$200m unsecured Travis Perkins senior notes were issued at fixed rates of interest and swapped into variable rates. As detailed in note 24, to manage the risk the Group enters into interest rate derivatives arrangements, which for 2014, swapped floating rates to fixed interest rates on an average of £3m of borrowing. For the year to 31 December 2014, this had the effect of increasing the weighted average interest rates paid by 0.06%. In addition the Group entered into fixed to floating swap contracts which swapped \$90m of the private placement debt and all £250m principal of the sterling bond into floating rates. For the year to December 2014 this had the effect of lowering the weighted average interest paid by 0.70%.

In respect of income earning financial assets and interest bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date. All assets and liabilities except for loan notes reprice within six months.

	The Group			
	2014		2013	
	Effective interest rate	£m	Effective interest rate	£m
Unsecured senior notes	5.9%	133.1	5.9%	128.7
Unsecured variable rate bank facilities	-	-	2.0%	240.0
Sterling bond	4.375%	255.5	-	-
Loan notes - Toolstation	1.5%	37.6	-	-
Loan notes - Broombys	6.0%	3.2	6.0%	3.2
		429.4		371.9

	The Company			
	2014		2013	
	Effective interest rate	£m	Effective interest rate	£m
Unsecured senior notes	5.9%	133.1	5.9%	128.7
Unsecured variable rate bank facilities	-	-	2.0%	240.0
Sterling bond	4.375%	255.5	-	-
Loan notes - Toolstation	1.5%	37.6	-	-
Loan notes - Broombys	6.0%	3.2	6.0%	3.2
Bank overdraft	2.25%	4.8	-	-
		434.2		371.9

The US private placement carries fixed rate coupons of between 130 bps and 140 bps over US treasuries.

23. BORROWINGS continued

g. Fair values

For both the Group and the Company the fair values of financial assets and liabilities have been calculated by discounting expected cash flows at prevailing rates at 31 December. There were no significant differences between book and fair values on this basis and therefore no further information is disclosed.

Details of the fair values of derivatives are given in note 24.

h. Guarantees and security

There are cross guarantees on the overdrafts between group companies.

The companies listed in note 17, with the exception of Benchmarx Kitchens and Joinery Limited, Travis Perkins P&H Partner Limited, Tile Giant Limited, Toolstation Limited, Solfex Energy Systems Limited, and Primaflow Limited together with Wickes Limited and Travis Perkins Plumbing and Heating LLP are guarantors of the following facilities advanced to Travis Perkins plc:

- £250m sterling bond;
- £550m revolving credit facility;
- \$200m unsecured senior notes;
- Interest rate and currency derivatives (note 24).

The Group companies have entered into other guarantee and counter-indemnity arrangements in respect of guarantees issued in favour of Group companies by the clearing banks amounting to approximately £62m (2013: £20m).

24. FINANCIAL INSTRUMENTS

a. Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

b. The carrying value of categories of financial instruments

	The Group		The Cor	The Company	
	2014	2013	2014	2013	
	£m	£m	£m	£m	
Financial assets					
Derivative instruments in designated hedge accounting relationships	18.7	9.3	18.7	9.3	
Designated as fair value through profit and loss (FVTPL)	2.5	-	2.5	-	
Loans and receivables (including cash and cash equivalents)	961.1	821.1	221.4	140.4	
Available-for-sale	3.2	2.7	-	-	
	985.5	833.1	242.6	149.7	
Financial liabilities					
Designated as fair value through profit and loss (FVTPL)	1.4	42.1	1.4	42.1	
Derivative instruments in designated hedge accounting relationships	0.5	4.8	0.5	4.8	
Borrowings (note 23a)	483.5	427.4	431.0	367.1	
Trade and other payables at amortised cost (note 27)	1,033.8	962.7	24.3	20.7	
	1,519.2	1,437.0	457.2	434.7	

Loans and receivables exclude prepayments of £79.0m (2013: £81.6m). Trade and other payables exclude taxation and social security and accruals and deferred income totalling £220.0m (2013: £216.7m). Deferred consideration payable totalling £1.4m included in trade and other payables is included in financial liabilities designated as fair value through profit and loss. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk. The Group has considered the impact of credit risk on its financial instruments and because the counterparties are banks with a high credit rating considers its impact to be immaterial.

C. Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- foreign currency forward contracts are measured using quoted forward exchange rates;
- interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

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

There were no transfers between levels during the year.

Included in assets	The Group		The Company	
Level 2	2014 £m	2013 £m	2014 £m	2013 £m
Interest rate swaps designated and effective as hedging instruments carried at fair value	8.0	-	8.0	-
Cross currency interest rate swaps designated and effective as hedging instruments carried at fair value	10.7	9.3	10.7	9.3
Foreign currency forward contracts at fair value through profit and loss	2.5	-	2.5	-
	21.2	9.3	21.2	9.3
Current assets	2.5	-	2.5	-
Non-current assets	18.7	9.3	18.7	9.3
	21.2	9.3	21.2	9.3
Included in liabilities				
Level 2				
Foreign currency forward contracts at fair value through profit and loss	-	1.5	-	1.5
Foreign currency forward contracts designated and effective as hedging instruments carried at fair value	0.5	4.5	0.5	4.5
Interest rate swaps designated and effective as cash hedging instruments	-	0.3	-	0.3
Level 3				
Deferred consideration at fair value through profit and loss	1.4	40.6	1.4	40.6
	1.9	46.9	1.9	46.9
Current liabilities	1.4	40.5	1.4	40.5
Non-current liabilities	0.5	6.4	0.5	6.4
	1.9	46.9	1.9	46.9

d. Interest risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring optimal hedging strategies are applied, by either positioning the balance sheet or protecting interest expense through different interest rate cycles.

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24. FINANCIAL INSTRUMENTS continued

Interest rate swap contracts

The Group adopts a policy of ensuring that its exposure to changes in interest rates on borrowings is on either a fixed rate basis or is subject to movements within pre-defined limits. To achieve its desired interest rate profile the Group uses interest rate swap contracts.

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating interest rate amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year.

In May 2014 interest rate swaps, designated and 100% effective as cash flow hedges, with notional values of £50m matured. At 31 December 2013 the fair value of those interest rate derivatives, to which the Group and the Company were parties was estimated at $\pounds(0.3)$ m. This amount is based on market values of equivalent instruments at the balance sheet date. Interest rate swaps were designated and effective as cash flow hedges and the fair value thereof was deferred in equity.

On 15 September 2014 the Group and Company entered into interest rate swap contracts with seven syndicate banks which swapped the fixed rate payable on the listed sterling bond of 4.375% to floating rates based on 6 month libor. These interest rate swap contracts, totalling a notional amount of £250m, are all designated and effective as fair value hedges. At 31 December 2014 the fair value of these interest rate derivatives, all of which terminate after five years from the balance sheet date, to which the Group and the Company were parties, was estimated at £8.0m (2013: £nil). This amount is based on market values of equivalent instruments at the balance sheet date. The fair value thereof has been credited to the income statement where it is matched with the fair value movement of the associated sterling bond.

A credit of £nil (2013: £1.9m) in respect of the fair value movement on interest rate swaps with a call option has been taken to the income statement through net finance charges, as the Group has not applied hedge accounting.

The following table details the notional principal amounts and remaining terms of interest rate swap contracts accounted for as cash flow hedges at the reporting date:

	Average of fixed interest and the contract of	erest	Notional p amou		Fair va	alue
Cash flow hedges	2014	2013	2014	2013	2014	2013
Receive floating / pay fixed contracts	%	%	£m	£m	£m	£m
Under 1 year	-	1.71	-	50.0	-	(0.3)
	Average contract floating interest rate		Notional p amou		Fair va	alue
Fair value hedges	2014	2013	2014	2013	2014	2013
Receive fixed / pay floating contracts	%	%	£m	£m	£m	£m
Over 5 years	2.95	-	250.0	-	8.0	-

The floating rate on the interest rate swaps outstanding at 31 December 2014 is six month LIBOR plus a basis point increment averating 223.3. The floating leg is settled every six months whilst the receivable fixed leg is settled annually.

e. Cross currency swaps and currency forward contracts

In order to eliminate the currency risk associated with the \$200m unsecured senior notes the Group and Company has two cross currency swaps of £23m and £29m to fix the exchange rate at £1 equal to \$1.73 for the entire lives of \$90m of the unsecured loan notes. The hedging risk on the remaining \$110m is eliminated through the use of forward currency contracts.

The forward options fixed the notional amount receivable and payable in respect of the unsecured senior notes to £52m as well as fixing the exchange rate applicable to future coupon payments. The two currency swaps convert the borrowing rates on US\$50m, US\$40m of debt from 5.89% to a variable rate based on six month LIBOR plus basis point increment of 86.5 and 86.7 respectively. The currency swaps settle on a half-yearly basis. The Group will settle the difference between the fixed and floating interest on a gross basis.

Currency swap contracts exchanging fixed rate interest for floating rate interest are designated and effective as fair value hedges in respect of interest rates. During the period, the hedge was 100% effective in hedging the fair value exposure to interest movements and as a result, the carrying amount of the loan was adjusted by £1.3m (2013: £3.5m), which was included in the income statement at the same time that the fair value of the interest rate swap was also included in the income statement.

The following table details the notional principal amounts and remaining terms of currency swap contracts accounted for as fair value hedges as at the reporting date:

Fair value hedges - outstanding receive fixed pay floating contracts

	Average contract floating interest rate		Notional principal amount		Fair value	
	2014	2013	2014	2013	2014	2013
	%	%	£m	£m	£m	£m
Less than 1 year	1.6	-	52.0	-	10.7	-
2 to 5 years	-	1.4	-	52.0	-	9.3
			52.0	52.0	10.7	9.3

The Group and the Company have three currency forward contracts with a notional value of \$30m each and one with a notional value of £20m to hedge \$110m of unsecured senior notes. These contracts have a maturity date of January 2016.

At 31 December 2014 the fair value of these forward contracts was estimated at £ (0.5)m (2013: £ (4.5)m). These contracts are designated cash flow hedges.

The Group acquires goods for sale from overseas, which when not denominated in Sterling are paid for principally in US dollars. The Group has entered into forward foreign exchange contracts (all of which are less than one year in duration) to buy US dollars to hedge the exchange risk arising from these anticipated future purchases. At the balance sheet date the total notional value of contracts to which the Group was committed was US\$75.0m (2013: US\$83.0m). The fair value of these derivatives is £2.5m (2013: £ (1.5)m). These contracts are not designated cash flow hedges and accordingly the fair value movement has been reflected in the income statement.

During 2010 the Group and Company novated one cross currency interest rate swap with a notional value of \$110m and a sterling equivalent of £63m for total proceeds of £13.7m in the Group and £16.3m in the Company. The proceeds are being amortised to the income statement over the remaining life of the unsecured senior notes with the total credit to income statement in 2014 being £1.0m (2013: £1.0m).

24. FINANCIAL INSTRUMENTS continued

f. Liquidity analysis

The following table details the Group's liquidity analysis for its derivative financial instruments and other financial liabilities. The table has been drawn up based on the undiscounted net cash flows on the derivative instrument that settle on a net basis and the undiscounted gross cash flows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest and foreign currency rates as illustrated by the yield curves existing at the reporting date.

			2014		
	0-1 year £m	1-2 years £m	2-5 years £m	5+ years £m	Total £m
Gross settled					
Interest rate swaps – receipts	3.4	59.4	-	-	62.8
Interest rate swaps - payments	(0.8)	(52.5)	-	-	(53.3)
	2.6	6.9	-	-	9.5
Foreign exchange forward contracts	(45.6)	-	-	-	(45.6)
Total gross settled	(43.0)	6.9	-	-	(36.1)
Net settled					
Interest rate swaps	3.6	3.0	6.5	3.5	16.6
Total derivative financial instruments	(39.4)	9.9	6.5	3.5	(19.5)
Borrowings	(48.4)	(133.7)	-	(291.4)	(473.5)
Deferred consideration	(1.4)	-	-	-	(1.4)
Other financial liabilities (note 27)	(1,035.2)	-	-	-	(1,035.2)
Finance leases (note 23d)	(3.6)	(3.6)	(9.2)	(15.4)	(31.8)
Total financial instruments	(1,128.0)	(127.4)	(2.7)	(303.3)	(1,561.4)
			2013		
	0-1 year £m	1-2 years £m	2-5 years £m	5+ years £m	Total £m
Gross settled					
Interest rate swaps – receipts	1.8	3.2	55.9	-	60.9
Interest rate swaps - payments	(0.4)	(0.8)	(52.4)	-	(53.6)
	1.4	2.4	3.5	-	7.3
Foreign exchange forward contracts	(51.8)	-	-	-	(51.8)
Total gross settled	(50.4)	2.4	3.5	-	(44.5)
Net settled					
Interest rate swaps	(0.2)	-	-	-	(0.2)
Total derivative financial instruments	(50.6)	2.4	3.5	-	(44.7)
Borrowings	(10.3)	(57.1)	(313.9)	(36.5)	(417.8)
Deferred consideration	(38.7)	-	(2.4)	-	(41.1)
Other financial liabilities (note 27)	(962.7)	-	-	-	(962.7)
Finance leases (note 23d)	(3.6)	(6.4)	(8.5)	(16.9)	(35.4)
Total financial instruments	(1,065.9)	(61.1)	(321.3)	(53.4)	(1,501.7)

g. Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative financial instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming that the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 1.0% increase or decrease is used when reporting interest rate risk internally to key management personnel. If interest rates had been 1.0% higher / lower and all other variables were held constant, the Group's:

- profit before taxation for the year ended 31 December 2014 would have decreased / increased by £3.1m (2013: increased / decreased by £2.5m):
- net equity would have decreased / increased by £2.4m (2013: increased / decreased by £1.9m) mainly because of the changes in the fair value of interest rate derivatives.

25. PROVISIONS

	The Group					
	Property £m	Insurance £m	Plumbing and heating reconfiguration £m	Other £m	Total £m	
At 1 January 2013	42.6	31.5	-	2.7	76.8	
Additional provision (released) / charged to the income statement	(0.4)	2.6	-	-	2.2	
Utilisation of provision	(7.1)	(4.2)	-	(0.2)	(11.5)	
Unwinding of discount	1.4	-	-	-	1.4	
At 31 December 2013	36.5	29.9	-	2.5	68.9	
Additional provision (released) / charged to income statement	-	3.4	-	-	3.4	
Additional provision (released) / charged to income statement as exceptional items	(10.0)	-	16.1	-	6.1	
Utilisation of provision	(5.8)	(3.2)	-	(1.3)	(10.3)	
Unwinding of discount	1.4	-	-	-	1.4	
At 31 December 2014	22.1	30.1	16.1	1.2	69.5	
Included in current liabilities	16.4	30.1	14.0	1.2	61.7	
Included in non-current liabilities	5.7	-	2.1	-	7.8	
	22.1	30.1	16.1	1.2	69.5	

The Group has a number of vacant and partly sub-let leasehold properties. Where necessary provision has been made for the residual lease commitments after taking into account existing and anticipated sub-tenant arrangements.

The Group has recognised an exceptional provision of £16.1m relating to the reconfiguration of the Plumbing and Heating division. The provision covers expected property costs, legal costs and IT costs arising from the reconfiguration.

Should a provision ultimately prove to be unnecessary then it is credited back into the income statement. Where the provision was originally established as an exceptional item, any release is shown as an exceptional credit.

It is Group policy to insure itself using policies with a high excess against claims arising in respect of damage to assets, or due to employers or public liability claims. The nature of insurance claims means they may take some time to be settled. The insurance claims provision represents management's best estimate, based upon external advice of the value of outstanding insurance claims where the final settlement date is uncertain.

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25. PROVISIONS continued

The following table details the Group's liquidity analysis of its provisions. The table has been drawn up based on the undiscounted net cash

	0-1 year £m	1-2 years £m	2-5 years £m	5+ years £m	Total £m
2014					
Property	18.8	1.3	2.5	2.8	25.4
Plumbing and Heating reorganisation	14.0	2.1	-	-	16.1
Insurance	30.1	-	-	-	30.1
Other	1.2	-	-	-	1.2
	64.1	3.4	2.5	2.8	72.8
2013					
Property	16.5	2.9	8.1	25.9	53.4
Insurance	29.9	-	-	-	29.9
Other	2.5	-	-	-	2.5
	48.9	2.9	8.1	25.9	85.8

The Company has no provisions.

26. DEFERRED TAX

The following are the major fully recognised deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting periods.

			The Group		
(Asset) / Liability	At 1 Jan 2014 £m	Arising on acquisition £m	Recognised in income £m	Recognised in equity £m	At 31 Dec 2014 £m
Capital allowances	3.0	(0.1)	(1.3)	-	1.6
Trading losses	(1.8)	-	1.8	-	-
Revaluation on property	8.9	-	-	-	8.9
Share-based payments	(17.6)	-	0.4	6.1	(11.1)
Provisions	(8.7)	-	8.1	-	(0.6)
Business combinations	9.7	-	(0.9)	-	8.8
Brand	81.8	-	(3.5)	-	78.3
Pension scheme liability	(14.0)	-	4.3	(9.5)	(19.2)
Deferred tax	61.3	(0.1)	8.9	(3.4)	66.7

	The Group					
	At 1 Jan 2013 £m	Recognised in income £m	Recognised in equity £m	At 31 Dec 2013 £m		
Capital allowances	5.7	(2.7)	-	3.0		
Trading losses	(4.5)	2.7	-	(1.8)		
Revaluation	10.2	-	(1.3)	8.9		
Share based payments	(13.3)	1.0	(5.3)	(17.6)		
Provisions	(10.2)	1.5	-	(8.7)		
Derivatives	(0.3)	-	0.3	-		
Business combinations	12.2	(2.5)	-	9.7		
Brand	98.2	(16.4)	-	81.8		
Pension scheme liability	(28.9)	(3.6)	18.5	(14.0)		
Deferred tax	69.1	(20.0)	12.2	61.3		

At the balance sheet date the Group had unused capital losses of £45.8m (2013: 47.4m) available for offset against future capital profits. No deferred tax asset has been recognised because it is improbable that future taxable profits will be available against which the Group can utilise the losses.

Other than disclosed above, no deferred tax assets and liabilities have been offset.

		The Company					
	At 1 Jan 2014 £m	Recognised in income £m	Recognised in equity £m	At 31 Dec 2014 £m			
Share-based payments	(17.7)	4.3	10.1	(3.3)			
Other timing differences	(0.5)	0.1	-	(0.4)			
	(18.2)	4.4	10.1	(3.7)			
		The Comp	any				
	At 1 Jan 2013 £m	Recognised in income £m	Recognised in equity £m	At 31 Dec 2013 £m			
Share-based payments	(13.4)	1.0	(5.3)	(17.7)			
Derivatives	(0.3)	-	0.3	-			
Other timing differences	(0.5)	-	-	(0.5)			
	(14.2)	1.0	(5.0)	(18.2)			

27. OTHER FINANCIAL LIABILITIES

	The Gro	oup	The Com	pany
	2014	2013	2014	2013
	£m	£m	£m	£m
Trade payables	852.3	781.2	-	-
Other taxation and social security	64.5	78.7	-	-
Deferred consideration payable	1.4	38.7	1.4	38.7
Other payables	181.5	181.5	22.9	20.7
Accruals and deferred income	155.5	138.0	-	-
Trade and other payables	1,255.2	1,218.1	24.3	59.4

The Group

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The Directors consider that the carrying amount of trade payables approximates to their fair value. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

Deferred consideration payable of £nil (2013: £1.9m) is included in long-term other payables.

The Company

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The Directors consider that the carrying amount of trade payables approximates to their fair value.

28. PENSION ARRANGEMENTS

Defined benefit schemes

The Group operates three final salary schemes being The Travis Perkins Pensions and Dependants Benefit Scheme ("the TP scheme"), the "BSS schemes" being the BSS defined benefit scheme and the immaterial BSS Ireland defined benefit scheme. All defined benefit schemes are closed to new members. The TP scheme is for the majority of members a 1/60th scheme. Employees are entitled to start drawing a pension, based on their membership of the scheme, on their normal retirement date. If employees choose to retire early and draw their pension, then the amount they receive is scaled down accordingly.

The TP scheme is funded by contributions from Group companies and employees. Contributions are paid to the Trustees on the basis of advice from an independent professionally qualified actuary who carries out a valuation of the scheme every three years.

A full actuarial valuation of the TP scheme was carried out on 30 September 2011. The IAS 19 valuation has been based upon the results of the 30 September 2011 valuation, and then updated to 31 December 2014 by a qualified actuary. The present values of the defined obligations, the related current service costs and the past service costs for the scheme were measured using the projected unit method.

The assets of the BSS schemes are held separately from those of the Group in funds under the control of the schemes' trustees. The most recent actuarial valuations of the BSS schemes' assets and the present value of the defined benefit obligations were carried out at 1 June 2012. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit method with a control period equal to the future working lifetime of the active members.

In June 2010, an agreement was reached with the trustees of the Travis Perkins final salary pension scheme to fund £34.7m of the deficit using a group controlled special purpose vehicle. The pension scheme is entitled to receive the income of the SPV for a period of up to 20 years, subject to funding levels. This income is backed by the security of 16 Travis Perkins freehold properties.

As the SPV is consolidated into the Travis Perkins plc Group accounts advantage has been taken of Regulation 7 of The Partnership (Accounts) Regulations 2008 and accounts for the SPV will neither be audited or filed.

The TP scheme and the BSS schemes expose the company to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk. A summary of the risks and the management of those risks is given in the table top right.

Investment risk	The present value of the defined benefit liabilities of the schemes is calculated using a discount rate predetermined by reference to high quality corporate bond yields. If the return on scheme assets is below this rate it may create a plan deficit. Currently the schemes have a relatively balanced investment in equity securities, debt instruments and real estate. Due to the long term nature of the scheme liabilities the trustees of the pension funds consider it appropriate that a reasonable portion of the scheme assets should be invested in equities.
Interest risk	A decrease in the bond interest rate will increase the schemes' liabilities but this will be partially offset by an increase in the return on the schemes' debt assets.
Longevity risk	The present value of the defined benefit plan liabilities of the schemes is calculated by reference to the best estimate of mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the schemes' liabilities.
Salary risk	The present value of the defined benefit plan liabilities is calculated by reference to the future salaries of scheme participants. As such an increase in salaries of scheme participants will increase the scheme liability.

a. Major assumptions used by the schemes' actuaries at the balance sheet date (in nominal terms)

	At 31 December 2014	At 31 December 2013
Rate of increase in pensionable salaries	2.35%	2.65%
Rate of increase of pensions in payment	2.50%	2.50%
Discount rate	3.70%	4.70%
Inflation assumption	3.10%	3.40%

In respect of longevity, the valuation adopts the SN1A year of birth tables with improvements in life expectancy to continue in the medium term, with base year appropriate to the member's date of birth. This results in the following life expectancies at illustrative ages:

Weighted average life expectancy for mortality tables used to determine pension liability at 31 December 2014:

Member age 45 (life expectancy on reaching age 65) - BSS Schemes	24.5	27.2
Member age 65 (current life expectancy) - BSS Schemes	22.4	25.2
Member age 45 (life expectancy on reaching age 65) - TP Scheme	24.1	27.2
Member age 65 (current life expectancy) - TP Scheme	22.3	25.2
	Years	Years
	Male	Female

b. Amounts recognised in income in respect of the defined benefit schemes

	TP Scheme £m	BSS Schemes £m	2014 Group £m	2013 Group £m
Current and past service costs charged to operating profit in the income statement	(8.0)	(2.7)	(10.7)	(11.1)
Net interest income / (expense)	0.4	(2.8)	(2.4)	(2.1)
Total pension charge	(7.6)	(5.5)	(13.1)	(13.2)

The Directors have agreed with the Schemes' Actuaries and the Trustees to pay total contributions, including the amounts in excess of ongoing contributions required to repay the deficit of £15m to the TP scheme and £10m to the BSS schemes in 2015. In 2015, the excess of funding over the on-going service contributions will be £25m in total for the Group.

Note 5 shows where pension costs have been charged in the income statement. Actuarial gains and losses have been included in the Statement of Comprehensive Income.

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28. PENSION ARRANGEMENTS continued

C. The amount included in the balance sheet arising from the Group's obligations in respect of all of its defined benefit schemes and the movements during the year

TP Scheme Scheme Schemes Scheme			2014			2013	
Present value of defined benefit obligations (947.8) (287.6) (1,235.4) (780.0) (246.9) (1,026.9) Actuarial (deficit) / surplus (24.1) (56.7) (80.8) 41.1 (40.8) 0.3 Restriction an asset recognised (41.1) - (41.1) Additional liability recognised for minimum funding requirements (16.7) - (16.7) (56.6) (25.0) (30.6) Gross pension liability at 31 December (40.8) (56.7) (97.5) (56.6) (65.8) (71.4) Deferred tax asset		Scheme	Schemes		Scheme	Schemes	
Catuarial (deficit) / surplus Cat. Cat	Fair value of plan assets	923.7	230.9	1,154.6	821.1	206.1	1,027.2
Restriction an asset recognised - - (41.1) - (41.1) Additional liability recognised for minimum funding requirements (16.7) - (16.7) (16.7	Present value of defined benefit obligations	(947.8)	(287.6)	(1,235.4)	(780.0)	(246.9)	(1,026.9)
Additional liability recognised for minimum funding requirements (16.7) - (16.7) (5.6) (25.0) (30.6) Gross pension liability at 31 December (40.8) (56.7) (97.5) (5.6) (65.8) (71.4) Deferred tax asset 19.2 14.0 Net pension liability at 31 December 2014 2013 2013 T P Service P Scheme Em T P Scheme Em Schemes Em	Actuarial (deficit) / surplus	(24.1)	(56.7)	(80.8)	41.1	(40.8)	0.3
funding requirements (16.7) - (16.7) (16.7) (20.0) (50.0) Gross pension liability at 31 December (40.8) (56.7) (97.5) (5.6) (65.8) (71.4) Deferred tax asset 19.2 14.0 Net pension liability at 31 December (78.3) 2013 Type and provided the pension liability at 31 December 2014 2013 2013 At 1 January actuarial asset / (deficit) 41.1 (40.8) 0.3 1.6 (59.1) (57.5) Additional liability recognised for minimum funding requirements (46.7) (25.0) (71.7) (68.4) - (68.4) Service costs charged to the income statement funding requirements (8.0) (2.7) (10.7) (8.5) (2.6) (11.1) Net interest income / (expense) 0.4 (2.8) (2.4) 0.4 (2.5) (2.1) Contributions from sponsoring companies 22.8 12.6 35.4 22.7 11.0 33.7 Return on plan assets (excluding amounts included in net interest) 61.3 8.9	Restriction an asset recognised	-	-	-	(41.1)	-	(41.1)
Deferred tax asset		(16.7)	-	(16.7)	(5.6)	(25.0)	(30.6)
Net pension liability at 31 December 2014 2013 TP Scheme £m BSS Schemes £m Group £m TP Scheme £m Schemes £m Group £m TP Scheme £m Schemes £m Schemes £m Schemes £m Schemes £m Group £m Em	Gross pension liability at 31 December	(40.8)	(56.7)	(97.5)	(5.6)	(65.8)	(71.4)
2014 2013 TP BSS Scheme	Deferred tax asset			19.2			14.0
TP Scheme Em Schemes Em Group Em Scheme Em Em </td <td>Net pension liability at 31 December</td> <td></td> <td></td> <td>(78.3)</td> <td></td> <td></td> <td>(57.4)</td>	Net pension liability at 31 December			(78.3)			(57.4)
Scheme Em Scheme Em Schemes Em Group Em Scheme Em Schemes Em Scheme Em Em </td <td></td> <td></td> <td>2014</td> <td></td> <td></td> <td>2013</td> <td></td>			2014			2013	
Additional liability recognised for minimum funding requirements (46.7) (25.0) (71.7) (68.4) - (68.4) (5.6) (5.6) (65.8) (71.4) (66.8) (59.1) (125.9) Service costs charged to the income statement (8.0) (2.7) (10.7) (8.5) (2.6) (11.1) Net interest income / (expense) 0.4 (2.8) (2.4) 0.4 (2.5) (2.1) Contributions from sponsoring companies 22.8 12.6 35.4 22.7 11.0 33.7 Return on plan assets (excluding amounts included in net interest) 61.3 8.9 70.2 46.3 21.7 68.0 Actuarial losses arising from changes in financial assumptions (141.7) (33.6) (175.3) (21.4) (9.3) (30.7) Actuarial gain arising from experience adjustments - 1.7 1.7 - - - Decrease / (increase) in minimum funding requirement liability 30.0 25.0 55.0 21.7 (25.0) (3.3)	_	Scheme	Schemes		Scheme	Schemes	
funding requirements (46.7) (25.0) (71.7) (66.4) - (68.4) Service costs charged to the income statement (5.6) (65.8) (71.4) (66.8) (59.1) (125.9) Service costs charged to the income statement (8.0) (2.7) (10.7) (8.5) (2.6) (11.1) Net interest income / (expense) 0.4 (2.8) (2.4) 0.4 (2.5) (2.1) Contributions from sponsoring companies 22.8 12.6 35.4 22.7 11.0 33.7 Return on plan assets (excluding amounts included in net interest) 61.3 8.9 70.2 46.3 21.7 68.0 Actuarial losses arising from changes in financial assumptions (141.7) (33.6) (175.3) (21.4) (9.3) (30.7) Actuarial gain arising from experience adjustments - 1.7 1.7 - - - Decrease / (increase) in minimum funding requirement liability 30.0 25.0 55.0 21.7 (25.0) (3.3)	At 1 January actuarial asset / (deficit)	41.1	(40.8)	0.3	1.6	(59.1)	(57.5)
Service costs charged to the income statement (8.0) (2.7) (10.7) (8.5) (2.6) (11.1) Net interest income / (expense) 0.4 (2.8) (2.4) 0.4 (2.5) (2.1) Contributions from sponsoring companies 22.8 12.6 35.4 22.7 11.0 33.7 Return on plan assets (excluding amounts included in net interest) 61.3 8.9 70.2 46.3 21.7 68.0 Actuarial losses arising from changes in financial assumptions (141.7) (33.6) (175.3) (21.4) (9.3) (30.7) Actuarial gain arising from experience adjustments - 1.7 1.7 - - - Decrease / (increase) in minimum funding requirement liability 30.0 25.0 55.0 21.7 (25.0) (3.3)		(46.7)	(25.0)	(71.7)	(68.4)	-	(68.4)
Net interest income / (expense) O.4 (2.8) (2.4) O.4 (2.5) (2.1) Contributions from sponsoring companies 22.8 12.6 35.4 22.7 11.0 33.7 Return on plan assets (excluding amounts included in net interest) Actuarial losses arising from changes in financial assumptions Actuarial gain arising from experience adjustments Decrease / (increase) in minimum funding requirement liability O.4 (2.8) (2.4) O.4 (2.5) (2.1) 33.7 68.0 (141.7) (33.6) (175.3) (175.3) (21.4) (9.3) (30.7) - - - Decrease / (increase) in minimum funding requirement liability O.4 (2.5) (2.1) (2.5) (2.1) (33.7) (33.6) (175.3) (21.4) (9.3) (30.7) (30.7)		(5.6)	(65.8)	(71.4)	(66.8)	(59.1)	(125.9)
Contributions from sponsoring companies 22.8 12.6 35.4 22.7 11.0 33.7 Return on plan assets (excluding amounts included in net interest) Actuarial losses arising from changes in financial assumptions Actuarial gain arising from experience adjustments Decrease / (increase) in minimum funding requirement liability 12.8 12.6 35.4 22.7 11.0 33.7 68.0 (141.7) (33.6) (175.3) (175.3) (21.4) (9.3) (30.7) 1.7 - - - Decrease / (increase) in minimum funding requirement liability 30.0 25.0 55.0 21.7 (25.0) (33.6)	Service costs charged to the income statement	(8.0)	(2.7)	(10.7)	(8.5)	(2.6)	(11.1)
Return on plan assets (excluding amounts included in net interest) Actuarial losses arising from changes in financial assumptions (141.7) (33.6) (175.3) (21.4) (9.3) (30.7) Actuarial gain arising from experience adjustments Decrease / (increase) in minimum funding requirement liability 30.0 21.7 68.0 21.7 68.0 21.7 (25.0) (30.7)	Net interest income / (expense)	0.4	(2.8)	(2.4)	0.4	(2.5)	(2.1)
Actuarial losses arising from changes in financial assumptions (141.7) (33.6) (175.3) (21.4) (9.3) (30.7) Actuarial gain arising from experience adjustments Decrease / (increase) in minimum funding requirement liability 30.0 25.0 55.0 21.7 (25.0) (3.3)	Contributions from sponsoring companies	22.8	12.6	35.4	22.7	11.0	33.7
financial assumptions Actuarial gain arising from experience adjustments - 1.7 1.7 Decrease / (increase) in minimum funding requirement liability 30.0 25.0 55.0 21.7 (25.0) (3.3)		61.3	8.9	70.2	46.3	21.7	68.0
adjustments Decrease / (increase) in minimum funding requirement liability 30.0 25.0 55.0 21.7 (25.0) (3.3)		(141.7)	(33.6)	(175.3)	(21.4)	(9.3)	(30.7)
requirement liability 30.0 25.0 55.0 21.7 (25.0) (5.5)		-	1.7	1.7	-	-	-
At 31 December actuarial deficit (40.8) (56.7) (97.5) (5.6) (65.8) (71.4)		30.0	25.0	55.0	21.7	(25.0)	(3.3)
	At 31 December actuarial deficit	(40.8)	(56.7)	(97.5)	(5.6)	(65.8)	(71.4)

d. Major categories and fair value of plan assets

The major categories and fair values of plan assets at the end of the reporting period for each category are as follows:

			At 31 Decen	nber 2014	At 31 Decen	nber 2013
			TP Scheme £m	BSS Schemes £m	TP Scheme £m	BSS Schemes £m
Level 1						
Domestic equities			210.0	13.6	200.8	13.1
Overseas equities			253.9	126.2	235.7	114.8
Fixed interest government bonds			-	16.4	32.0	-
Index linked government bonds			-	-	38.5	-
Corporate bonds			117.2	2.4	108.0	15.3
Diversified growth fund			127.9	69.8	120.2	61.4
Liability driven investment			131.8	-	7.1	-
Level 3						
Property			41.6	-	32.3	-
SPV asset			37.5	-	36.1	-
Cash and other			3.8	2.5	10.4	1.5
			923.7	230.9	821.1	206.1
Actual return on scheme assets			20	14	20	13
			£m		£m	
TP Scheme			100.0	10.8%	80.3	9.8%
BSS Schemes			18.4	8.0%	29.7	14.4%
2. Movements in the fair value of scheme assets	in the current p	period 2014			0047	
		2014			2013	
	TP Scheme £m	BSS Schemes £m	Group £m		BSS Schemes £m	Group £m
At 1 January	Scheme	BSS Schemes		Scheme £m	BSS Schemes	
At 1 January Interest on scheme assets	Scheme £m	BSS Schemes £m	£m	Scheme £m 738.0	BSS Schemes £m	£m
Interest on scheme assets	Scheme £m 821.1	BSS Schemes £m 206.1	£m 1,027.2	Scheme £m 738.0 34.0	BSS Schemes £m 171.8	£m 909.8
Interest on scheme assets Return on scheme assets not included above	Scheme £m 821.1 38.7	BSS Schemes £m 206.1	£m 1,027.2 48.2	Scheme £m 738.0 34.0	BSS Schemes £m 171.8	£m 909.8 42.0 68.0
Interest on scheme assets Return on scheme assets not included above Administration expenses	Scheme £m 821.1 38.7 61.3	BSS Schemes £m 206.1 9.5 8.9	£m 1,027.2 48.2 70.2	Scheme £m 738.0 34.0 46.3 (0.8)	BSS Schemes £m 171.8 8.0 21.7	£m 909.8 42.0 68.0
Interest on scheme assets Return on scheme assets not included above Administration expenses Contributions from sponsoring companies	Scheme £m 821.1 38.7 61.3	BSS Schemes £m 206.1 9.5 8.9	£m 1,027.2 48.2 70.2	Scheme £m 738.0 34.0 46.3 (0.8)	BSS Schemes £m 171.8 8.0 21.7	£m 909.8 42.0 68.0 (0.8)
-	Scheme £m 821.1 38.7 61.3 - 22.8	BSS Schemes £m 206.1 9.5 8.9	£m 1,027.2 48.2 70.2 - 35.4	Scheme £m 738.0 34.0 46.3 (0.8) 22.7 5.0	BSS Schemes £m 171.8 8.0 21.7 - 11.0	£m 909.8 42.0 68.0 (0.8) 33.7

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28. PENSION ARRANGEMENTS continued

f. Movements in the present value of defined benefit obligations in the current period

	2014 20			2013	3		
	TP Scheme £m	BSS Schemes £m	Group £m	TP Scheme £m	BSS Schemes £m	Group £m	
At 1 January	(780.0)	(246.9)	(1,026.9)	(736.4)	(230.9)	(967.3)	
Service cost	(8.0)	(2.7)	(10.7)	(7.7)	(2.6)	(10.3)	
Interest cost	(38.3)	(12.3)	(50.6)	(33.6)	(10.5)	(44.1)	
Contributions from members	(5.0)	(0.1)	(5.1)	(5.0)	(0.1)	(5.1)	
Experience adjustments	-	1.7	1.7	-	-	-	
Actuarial losses	(141.7)	(33.6)	(175.3)	(21.4)	(9.3)	(30.7)	
Benefits paid	25.2	6.3	31.5	24.1	6.5	30.6	
At 31 December	(947.8)	(287.6)	(1,235.4)	(780.0)	(246.9)	(1,026.9)	

g. Amounts recognised in the statement of other comprehensive income are as follows

	2014			2013		
	TP Scheme £m	BSS Schemes £m	Group £m	TP Scheme £m	BSS Schemes £m	Group £m
Return on plan assets (excluding amounts included in net interest)	61.3	8.9	70.2	46.3	21.7	68.0
Actuarial losses arising from changes in financial assumptions	(141.7)	(33.6)	(175.3)	(21.4)	(9.3)	(30.7)
Actuarial gain arising from experience adjustments	-	1.7	1.7	-	-	-
Movements on restrictions in asset recognised	-	-	-	(39.5)	-	(39.5)
Decrease / (increase) in minimum funding requirement liability	30.0	25.0	55.0	61.2	(25.0)	36.2
Re-measurement of net defined pension liability	(50.4)	2.0	(48.4)	46.6	(12.6)	34.0

1. Sensitivities

The estimated effects of changing the key assumptions (discount rate, inflation and life expectancy) on the IAS19 (revised 2011) balance sheet position as at 31 December 2014 is given below.

Assumption		TP Scheme	BSS Schemes
Discount rate	Increase of 0.1%	20.0	5.3
	Decrease of 0.1%	(20.5)	(5.4)
Inflation	Increase of 0.1%	(12.5)	(5.2)
	Decrease of 0.1%	13.8	5.1
Longevity	Increase of 1 year	(23.6)	(8.6)
	Decrease of 1 year	23.7	8.6

Defined contribution schemes

The Group operates five defined contribution schemes for all qualifying employees. The pension cost, which represents contributions payable by the Group, amounted to £11.9m (2013: £11.8m).

The total charge to the profit and loss account disclosed in note 7 of £22.6m (2013: £22.1m) comprises defined benefit scheme current and past service costs of £10.7m (2013: £10.3m) and £11.9m (2013 £11.8m) of contributions made to the defined contribution schemes.

29. ACQUISITION OF BUSINESSES

On the 21 November 2014, the Group acquired 100% of the issued share capital of Primaflow Limited ("Primaflow") for a total consideration of £15.8m. Primaflow is a leading supplier of plumbing fixtures and fittings and complements the Group's existing F & P business.

The total revenue and operating profit for Primaflow, for the period from acquisition, total £3.4m and £0.2m respectively. If the acquisition had been completed on the first day of the year Group revenues would have been £5,615m and Group operating profit before amortisation would have been £386.6m.

Goodwill recognised consists of the benefits from forecast growth and the assembled workforce. None of the goodwill recognised is expected to be deductible for income tax purposes. Acquisition costs charged in administration expenses for the period to 31 December 2014 amounted to £0.1m. The fair value of the acquired receivables totalled £8.3m and all acquired receivables are expected to be collected in full.

The acquisition was accounted for using the purchase method of accounting. Provisional fair values ascribed to identifiable assets as at the date of acquisition are shown in the table below:

	Fair value acquired £m
Net assets acquired:	
Property, plant and equipment	0.5
Identifiable intangible assets	1.3
Deferred taxation	0.1
Inventories	6.5
Trade and other receivables	8.3
Cash at bank	0.9
Corporation tax	(0.1)
Trade and other payables	(4.6)
	12.9
Goodwill – addition during the period	2.9
	15.8
Satisfied by:	
Cash paid	15.8

On 30 September 2014 a further payment of £0.8m was made to acquire an additional 25% of the share capital of Plumbnation Limited. The total holding in Plumbnation Limited is now 76% with options in place to acquire the remaining 24%.

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30. OPERATING LEASE ARRANGEMENTS

The Group leases a number of trading properties under operating leases. The leases, at inception, are typically 25 years in duration, although some have lessee only break clauses of between 10 and 15 years. Lease payments are reviewed every five years and increases applied in line with market rates. The Group also leases certain items of plant and equipment. The Company has no operating lease arrangements.

a. The Group as lessee

	2014 £m	2013 £m
Minimum lease payments under equipment operating leases recognised in income for the year	36.0	31.6
Minimum lease payments under property operating leases recognised in income for the year	183.6	184.3

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2014 £m	2013 £m
Within one year	174.8	172.0
In the second to fifth years inclusive	620.7	600.7
After five years	1,046.8	1,042.5
	1,842.3	1,815.2

b. The Group as lessor

The Group sublets a number of ex-trading properties to third parties. Property rental income earned during the year in respect of these properties was £5.7m (2013: £4.5m).

At the balance sheet date, the Group had contracts with tenants for the following future minimum lease payments:

	2014 £m	2013 £m
Within one year	5.4	5.1
In the second to fifth years inclusive	19.2	18.1
After five years	22.1	23.7
	46.7	46.9

31. CAPITAL COMMITMENTS

	The Group		The Company	
	2014	2013	2014	2013
	£m	£m	£m	£m
Contracted for but not provided in the accounts	13.8	34.0	-	-

32. RELATED PARTY TRANSACTIONS

The Group has a related party relationship with its subsidiaries, its Directors and with its pension schemes (note 28). Transactions between Group companies, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Company and its subsidiaries are disclosed below. In addition the remuneration, and the details of interests in the share capital of the Company, of the Directors, are provided in the audited part of the remuneration report on pages 111 to 114.

The remuneration of the key management personnel of the Group is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. The prior year figure has been restated to include the remuneration of all the directors.

	2014 £m	2013 £m
Short-term employee benefits	16.1	11.3
Post employee benefits	0.4	0.9
Share-based payments	2.9	6.0
	19.4	18.2

The Company undertakes the following transactions with its active subsidiaries:

- providing day-to-day funding from its UK banking facilities;
- paying interest to members of the Group totalling £22.5m (2013: £22.4m);
- levying an annual management charge to cover services provided to members of the Group of £8.3m (2013: £8.0m);
- receiving annual dividends totalling £197.1m (2013: £121.0m).

Details of balances outstanding with subsidiary companies are shown in note 19 and on the Balance Sheet on page 134.

Other than the payment of remuneration there have been no related party transactions with directors.

The Group advanced a total of £4.9m (2013: £2.9m) to all the Group's associate companies in 2013. Operating transactions with the associates during the year were not significant.

33. ANALYSIS OF CHANGES IN NET DEBT

				The Group			
	Cash and cash equivalents	Finance leases	Term loan and revolving credit facility and loan notes	Unsecured senior USD Notes and Sterling Bond	Liability to pension scheme	Fair value and exchange on hedged net debt items	Total
	£m	£m	£m	£m	£m	£m	£m
At 1 January 2013	(139.1)	25.9	267.4	261.1	36.9	(19.5)	432.7
Cash flow	59.3	(2.1)	(24.5)	(115.6)	(2.9)	-	(85.8)
Exchange movement	-	-	-	(1.7)	-	1.7	-
Fair value movement	-	-	-	(14.1)	-	14.1	-
Finance charges amortised	-	-	(4.5)	-	-	-	(4.5)
Amortisation of swap cancellation receipt	-	-	-	(1.0)	-	-	(1.0)
Discount unwind on liability to pension scheme	-	-	-	-	2.5	-	2.5
At 1 January 2014	(79.8)	23.8	238.4	128.7	36.5	(3.7)	343.9
Cash flow	(28.5)	(2.5)	(240.0)	247.4	(3.0)	-	(26.6)
Exchange movement	-	-	-	4.2	-	(4.2)	-
Fair value movement	-	-	-	9.2	-	(9.2)	-
Finance charges movement	-	-	1.6	0.1	-	-	1.7
Issue of Toolstation loan notes	-	-	37.6	-	-	-	37.6
Amortisation of swap cancellation receipt	-	-	-	(1.0)	-	-	(1.0)
Discount unwind on liability to pension scheme	-	-	-	-	2.5	-	2.5
31 December 2014	(108.3)	21.3	37.6	388.6	36.0	(17.1)	358.1

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33. ANALYSIS OF CHANGES IN NET DEBT continued

Balances at 31 December comprise:	The Group	
	2014	2013
	£m	£m
Cash and cash equivalents	108.3	79.8
Non-current interest bearing loans and borrowings	(440.0)	(421.6)
Current interest bearing loans and borrowings	(43.5)	(5.8)
Exchange and fair value adjustments on derivatives hedging net debt items	17.1	3.7
Net debt	(358.1)	(343.9)
	2014	2013
	£m	£m
Net debt under IFRS	(375.2)	(347.6)
IAS 17 finance leases	16.0	17.5
Unamortised swap cancellation receipt	0.9	1.9
Liability to pension scheme	36.0	36.5
Fair value adjustment to debt	17.1	3.7
Finance charges netted off bank debt	(5.7)	(4.8)
Net debt under covenant calculations	(310.9)	(292.8)

34. LEASE ADJUSTED GEARING

	The Group	
	2014 £m	2013 £m
Net debt	375.2	347.6
Exchange and fair value adjustments	(17.1)	(3.7)
Reported net debt	358.1	343.9
Property operating lease rentals x8	1,468.8	1,474.4
Lease adjusted net debt	1,826.9	1,818.3
Property operating lease rentals x8	1,468.8	1,474.4
Total equity	2,677.7	2,515.2
Lease adjusted equity	4,146.5	3,989.6
Gearing	44.1%	45.6%

35. FREE CASH FLOW

	The Group	
	2014 £m	2013 £m
Net debt at 1 January	(347.6)	(452.2)
Net debt at 31 December	(375.2)	(347.6)
(Increase) / decrease in net debt	(27.6)	104.6
Dividends paid	81.1	65.1
Net cash outflow for expansion capital expenditure	115.0	63.2
Net cash outflow for acquisitions	15.7	9.3
Amortisation of swap cancellation receipt	(1.0)	(1.0)
Discount unwind on liability to pension scheme	2.5	2.5
Cash impact of exceptional items	3.8	4.6
Issue of Toolstation loan notes	37.6	-
Interest in associate	2.1	2.9
Shares issued and sale of own shares	(14.3)	(13.9)
Increase / (decrease) in fair value of debt and exchange	13.4	(15.8)
Movement in finance charges netted off bank debt	1.7	(4.5)
Special pension contributions	24.7	22.6
Free cash flow	254.7	239.6

36. LEVERAGE RATIOS

The adjusted ratio of net debt to earnings before interest, tax and depreciation ("EBITDA") is derived as follows:

	The Group	
	2014 £m	2013 £m
Profit before tax	321.4	312.6
Net finance costs	21.7	26.5
Depreciation and amortisation	93.2	89.2
EBITDA	436.3	428.3
Exceptional operating items	23.3	-
Exceptional investment income	-	(9.4)
Adjusted EBITDA	459.6	418.9
IFRS adjustments required for covenant calculations	(2.4)	(2.6)
Adjusted EBITDA under covenant calculations	457.2	416.3
Net debt under covenant calculations (note 33)	310.9	292.8
Adjusted net debt to EBITDA under covenant calculations	0.68x	0.70x

36. LEVERAGE RATIOS continued

Adjusted ratio of net debt to earnings before interest, tax, depreciation and operating lease rentals ("EBITDAR") is derived as follows:

	The Group	
	2014 £m	2013 £m
Adjusted EBITDA	459.6	418.9
Property operating lease rentals	183.6	184.3
Adjusted EBITDAR	643.2	603.2
Net Debt	375.2	347.6
Exchange and fair value adjustments	(17.1)	(3.7)
Reported net debt	358.1	343.9
Property operating lease rentals x8	1,468.8	1,474.4
Lease adjusted net debt	1,826.9	1,818.3
Lease adjusted net debt to adjusted EBITDAR	2.8x	3.0x
Fixed charge cover is derived as follows:		
	The Gro	up
	2014 £m	2013 £m
Adjusted EBITDAR	643.2	603.2
Property operating lease rentals	183.6	184.3
Interest for fixed charge calculation (note 9)	20.8	23.4
	204.4	207.7
Fixed charge cover	3.1x	2.9x

37. RETURN ON CAPITAL RATIOS

Group return on capital employed is calculated as follows:

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	The Gro	up
	2014	2013
	£m	£m
Operating profit	343.1	329.7
Amortisation of acquired intangible assets	17.6	17.9
Exceptional items	23.3	-
Adjusted operating profit	384.0	347.6
Opening net assets	2,515.2	2,255.6
Net pension deficit	57.4	97.0
Goodwill written off	92.7	92.7
Net borrowings	347.6	452.2
Exchange and fair value adjustment	(3.7)	(19.5)
Opening capital employed	3,009.2	2,878.0
Closing net assets	2,677.7	2,515.2
Net pension deficit	78.3	57.4
Goodwill written off	92.7	92.7
Net borrowings	375.2	347.6
Exchange and fair value adjustment	(17.1)	(3.7)
Closing capital employed	3,206.8	3,009.2
Average capital employed	3,108.0	2,943.6
Adjusted pre-tax return on capital	12.4%	11.8%
Group lease adjusted return on capital employed is calculated as follows:		
Adjusted operating profit	384.0	347.6
50% of property operating lease rentals	91.8	92.2
Lease adjusted operating profit	475.8	439.8
Average capital employed	3,108.0	2,943.8
Property operating lease rentals x8	1,468.8	1,474.4
Lease adjusted capital employed	4,576.8	4,418.2
Lease adjusted return on capital employed	10.4%	10.0%



Five Year Record

Consolidated income statement	2014 £m	2013 £m	2012 £m	2011 £m	2010 £m
Revenue	5,580.7	5,148.7	4,844.9	4,779.1	3,152.8
Operating profit before amortisation and exceptional items	384.0	347.6	325.7	313.2	239.0
Amortisation	(17.6)	(17.9)	(17.4)	(12.9)	(0.2)
Exceptional items	(23.3)	-	(8.7)	(9.8)	(19.0)
Operating profit	343.1	329.7	299.6	290.5	219.8
Exceptional investment income	-	9.4	39.5	-	-
Net finance costs	(21.7)	(26.5)	(39.9)	(20.9)	(23.0)
Profit before tax	321.4	312.6	299.2	269.6	196.8
Income tax expense	(62.7)	(47.9)	(50.5)	(57.2)	(55.5)
Net profit	258.7	264.7	248.7	212.4	141.3
Adjusted return on capital	12.4%	11.8%	11.5%	11.3%	12.2%
Basic earnings per share	105.9p	109.9p	104.3p	90.3p	69.6p
Adjusted earnings per share	119.0p	103.6p	90.6p	93.1p	77.2p
Dividend declared per ordinary share (pence)	38.0p	31.0p	25.0p	20.0p	15.0p
Number of branches at 31 December (Includes branches of associates)	1,975	1,939	1,896	1,868	1,813
Average number of employees	23,480	21,937	21,632	21,423	15,792
Consolidated cash flow statement	2014 £m	2013 £m	2012 £m	2011 £m	2010 £m
Cash generated from operations	310.2	319.2	327.6	345.1	282.3
Net interest paid	(15.0)	(20.5)	(27.3)	(23.5)	(16.0)
Swap cancellation receipt / (payment)	-	-	-	-	13.7
Income taxes paid	(49.9)	(59.2)	(64.5)	(26.3)	(42.4)
Net purchases of investments, property and plant	(134.1)	(90.3)	(49.7)	(94.2)	(35.4)
Interest in associates	(2.1)	(2.9)	(2.9)	(2.3)	(12.5)
Disposal of businesses	-	-	-	26.9	-
Acquisition of businesses net of cash acquired	(15.7)	(9.3)	(24.5)	(9.9)	(294.9)
Proceeds from issuance of share capital	14.3	13.9	8.9	10.6	0.3
Dividends paid	(81.1)	(65.1)	(51.2)	(38.8)	(10.1)
Bank facility finance charges	(2.6)	-	-	(6.1)	-
Movement on finance lease liabilities	(2.5)	(2.1)	5.7	(1.6)	(1.3)
Repayment of unsecured loan notes	-	-	-	-	(0.6)
Liability to pension scheme	-	-	-	-	34.7
Increase / (decrease) in loans	7.0	(143.0)	(61.6)	(152.2)	(214.1)
Net increase / (decrease) in cash and cash equivalents	28.5	(59.3)	60.5	27.7	(296.3)
Net debt at 1 January	(347.6)	(452.2)	(583.2)	(773.6)	(467.2)
Non cash adjustment	(54.2)	18.8	14.6	8.9	(3.1)
Cash flow from debt and debt acquired	(1.9)	145.1	55.9	153.8	(7.0)
Net debt at 31 December	(375.2)	(347.6)	(452.2)	(583.2)	(773.6)
Free cash flow	254.7	239.6	241.8	293.5	277.8
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Consolidated balance sheet	2014 £m	2013 £m	2012 £m	2011 £m	2010 £m
Assets					
Non-current assets					
Property, plant and equipment	689.3	609.9	578.4	562.6	527.1
Goodwill and other intangible assets	2,223.6	2,223.7	2,232.3	2,095.1	2,109.7
Derivative financial instruments	21.2	9.3	12.8	40.3	57.0
Interest in associates	1.7	7.3	6.7	51.3	45.7
Retirement benefit assets	-	-	-	-	31.7
Investment property and other investments	3.6	3.1	2.8	1.9	1.9
Current assets					
Inventories	742.7	687.7	637.1	596.0	571.4
Trade and other receivables	931.8	822.9	746.4	746.1	687.2
Assets held for resale	-	-	-	-	2.3
Cash and cash equivalents	108.3	79.8	139.1	78.6	62.9
Total assets	4,722.2	4,443.7	4,355.6	4,171.9	4,096.9
Capital and reserves					
Issued capital	24.9	24.7	24.5	24.4	24.2
Share premium account	510.5	498.0	487.2	480.8	471.5
Merger reserve	326.5	326.5	326.5	326.5	325.9
Own shares	(28.5)	(40.6)	(62.4)	(75.2)	(83.4)
Other reserves	16.8	16.7	18.5	15.7	14.4
Accumulated profits	1,827.5	1,689.9	1,461.3	1,277.2	1,199.2
Total equity	2,677.7	2,515.2	2,255.6	2,049.4	1,951.8
Non-current liabilities					
Interest bearing loans and borrowings	440.0	421.6	195.2	598.2	760.9
Derivative financial instruments	0.5	4.5	4.9	5.9	4.2
Retirement benefit obligations	97.5	71.4	125.9	123.7	59.6
Long-term provisions and other payables	7.8	22.6	67.0	28.9	36.0
Deferred tax liabilities	66.7	61.3	69.1	77.8	110.5
Current liabilities					
Interest bearing loans and borrowings	43.5	5.8	396.1	63.6	75.6
Derivative financial instruments	-	1.8	2.6	-	2.5
Trade and other payables	1,255.2	1,218.1	1,107.6	1,088.3	1,004.5
Tax liabilities	71.6	73.2	74.8	75.9	36.5
Short-term provisions	61.7	48.2	56.8	60.2	54.8
Total liabilities	2,044.5	1,928.5	2,100.0	2,122.5	2,145.1
Total equity and liabilities	4,722.2	4,443.7	4,355.6	4,171.9	4,096.9

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OTHER SHAREHOLDER INFORMATION

SHAREHOLDER ENOUIRIES

Shareholder enquiries should be directed to the Company Secretary at the Company's registered office: Lodge Way House, Lodge Way, Harlestone Road, Northampton, NN5 7UG (telephone 01604 752424, email cosec@travisperkins.co.uk) or to the Company's registrars, Capita Asset Services at The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU (telephone 0871 664 0300 – calls cost 10p per minute plus network extras; lines are open 8.30am to 5.30pm, Monday - Friday; email shareholderenquiries@capita.co.uk).

FINANCIAL DIARY

Ex-dividend date	30 April 2015
Record date	1 May 2015
Annual General Meeting	28 May 2015
Payment of final dividend	1 June 2015
Announcement of 2015 interim results	4 August 2015
Interim Management Statement	22 October 2015
Announcement of 2015 annual results	25 February 2016

ANNUAL GENERAL MEETING - CATERING ARRANGEMENTS

It has always been the Company's custom to provide a light luncheon for shareholders following the AGM, and a buffet luncheon will be available.

INTFRNFT

There are sites on the internet that carry a range of information about the Group and its principal brands, products and services at the following addresses:

www.ccfltd.co.uk*

www.4tradeproducts.co.uk

www.benchmarxk it chens.co.uk

www.birchwoodpricetools.com

www.bssindustrial.co.uk

www.buytiles.co.uk

www.cityheatingspares.co.uk

www.cityplumbing.co.uk*

www.connectionsaml.co.uk

www.defenderpower.com

www.dhsspares.co.uk

www.fponlineordering.co.uk

www.fpwholesale.co.uk

www.fressshbathrooms.co.uk

www.havelockcontrols.co.uk

http://hire.travisperkins.co.uk/hire*

www.iflo.co.uk

www.insulationgiant.co.uk

www.keyline.co.uk*

http://hire.keyline.co.uk/hire/*

www.mispares.com

www.pro-heat.co.uk

www.ptsonlineordering.co.uk

www.ptsplumbing.co.uk

www.ptsrenewables.co.uk

www.scruffs.com

www.sektorinteriors.co.uk

www.selfbuildgroup.co.uk

 $www.southern\hbox{-}darwent.co.uk$

www.sustainable building solutions.co.uk

www.tilegiant.co.uk*

www.tilehq.co.uk

www.tilemagic.co.uk

www.timberdirect.co.uk

www.toolstation.co.uk*

www.tpcareers.co.uk

www.tpmanagedservices.co.uk

www.trademate.co.uk*

www.travisperkins.co.uk*

www.travisperkinsplc.co.uk (investor relations site)

www.vanvault.co.uk

www.wickes.co.uk*

www.wickescareers.co.uk

www.wickeskitchens.co.uk

* These sites allow credit account holders to order on-line through Trademate, with the exception of the Wickes, Tile Giant and Toolstation sites which allow on-line ordering by secure card transaction.

Most of the sites provide information about branch locations and allow access to prices and the product range available. Customers are also able to construct their own price quotation that includes any special price arrangements that have been negotiated with the Group.

ELECTRONIC COMMUNICATION

In accordance with the Companies Act 2006 and the Company's Articles of Association, the Company is allowed to use its website to publish statutory documents and communications to shareholders, such as the Annual Report and Accounts and the Notice of the AGM. You can therefore view or download a copy of the Annual Report and Accounts and the Notice of the AGM by going to our website at http://www.travisperkinsplc.co.uk/ (see section called 'Investor Relations'). If you received a hard copy of this report in the post then you will not have consented to this method of publication. Should you now wish to consent to this method of publication, you should contact Capita Asset Services, Freepost RLYX-GZTU-KRRG, SAS, The Registry, 34 Beckenham Road, Beckenham, BR3 9ZA. By reducing the number of communications sent by post, it will not only result in cost savings to the Company but also reduce the impact that the unnecessary printing and distribution of reports has on the environment. Please note that if you consent to website publication, you will continue to be notified each time that the Company places a statutory communication on the website. This notification will be sent to you by post. However, you may also choose to receive notifications by e-mail and we would encourage you to do so. If you wish to receive these notifications by e-mail, you should register on the Share Portal at www.travisperkins-shares.com, and follow the instructions (see Registrar's On-Line Service over the page).

Please telephone Capita Asset Services on 0871 664 0300 (within the UK), calls cost 10p per minute plus network extras; lines are open 9.00am to 5.30pm, Monday - Friday or +44 20 8639 3399 (Non-UK) if you have any queries.

Notes

- Before consenting to receive documents and communications via the website, shareholders should ensure that they have a computer with internet access and the Adobe Acrobat reader facility. The Adobe Acrobat reader software may be obtained via the website free of charge.
- 2. If you elect to receive notifications of the publication of the documents and communications on the website electronically, it will be your responsibility to notify our registrars, Capita Asset Services, of any subsequent change in your e-mail address or other contact details.

- 3. If you are not resident in the United Kingdom, it is your responsibility to ensure that you may validly receive documents and communications electronically (either generally or in relation to any particular document or communication) without the Company being required to comply with any governmental or regulatory procedures or any similar formalities. The Company may deny electronic access to documents and communications relating to certain corporate actions in respect of those shareholders who it believes are resident in jurisdictions where it is advised that to provide such access would or may be a breach of any legal or regulatory requirements.
- 4. The Company's obligation to provide shareholder documents to you is satisfied when it transmits an electronic message. The Company is not responsible for any failure in transmission for reasons beyond its control any more than it is for postal failures. In the event of the Company becoming aware that an electronic communication to you has not been successfully transmitted, a further two attempts will be made. If the transmission is still unsuccessful, a hard copy of the relevant notification will be posted to your registered address.
- 5. Your registration to receive electronic communications and your relevant contact address details will stand until such time as the Company receives alternative instructions from you by e-mail or in writing.
- 6. The Company takes all reasonable precautions to ensure no computer viruses are present in any electronic communication it transmits, but the Company shall not be responsible for any loss or damage arising from the opening or use of any e-mail or attachments sent by the Company or on its behalf.

 The Company recommends that shareholders subject all messages to computer virus checking procedures.

 Any electronic communication received by or on behalf of the Company, including the lodgement of an electronic proxy form that is found to contain any computer virus will not be accepted.
- 7. The Company reserves the right, irrespective of your election, to revert to sending hard copy documentation by post whenever it considers it necessary or desirable to do so.

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Other shareholder information continued

CAPITA REGISTRARS

The Company's registrars, Capita Asset Services ("Capita"), provide a number of services that, as a shareholder, might be useful to you:

• Registrar's On-Line Service

By logging onto www.travisperkins-shares.com and following the prompts, shareholders can view and amend various details on their account. Please note that you will need to register to use this service for which purpose you will require your unique investor code (IVC), which can be found on your share certificate, proxy card or dividend tax voucher.

• Dividend Re-Investment Plan ("DRIP")

This is a scheme which allows you to use your dividends to buy further shares in Travis Perkins. For any shareholders who wish to re-invest dividend payments in the Company, a facility is provided by Capita IRG Trustees Ltd in conjunction with Capita Asset Services. Under this facility, cash dividends are used to purchase additional shares. Shares are bought on the dividend payment date at the then current market price. Any cash left over which is insufficient to purchase a whole share will be carried forward and held without interest, in a Client Money bank account. You can sign up for this service on the Share Portal (by clicking on 'reinvest your dividends' and following the on screen instructions). Any shareholder requiring further information should contact Capita on 0871 664 0381 (Calls cost 10p per minute plus any network extras from within the UK); lines are open from 9.00am to 5.30pm Monday - Friday. If Non-UK +44 208 639 3402. E-mail shares@capita.co.uk or visit www.travisperkins-shares.com. Please note that this facility is only available to shareholders with an address in the UK or EEA. The value of shares and income from them can fall as well as rise and you may not recover the amount of money you invest.

• Duplicate Share Register Accounts

If you are receiving more than one copy of our report, it may be that your shares are registered in two or more accounts on our register of members. If that was not your intention you might consider merging them into one single entry. Please contact Capita who will be pleased to carry out your instructions.

• Overseas Shareholders

Capita has partnered with Deutsche Bank to provide you with a service that will convert your sterling dividends into your local currency at a competitive rate. You can choose to receive payment directly into your local bank account, or alternatively, you can be sent a currency draft.

You can sign up for this service on the Share Portal (by clicking on 'manage your account' and 'Change your dividend details' and following the on screen instructions) or by contacting the Customer Support Centre. Further details are available from Capita Asset Services: by telephone UK: 0871 664 0385 (UK calls cost 10p per minute plus network extras). From overseas: +44 20 8639 3405. Lines are open 9.00am to 5.30pm, Monday to Friday, excluding public holidays.

SHARE DEALING SERVICES

There are two share dealing services that you may wish to use to buy or sell shares in Travis Perkins (but alternatively there are many other options that you could use):-

- Capita offers an on-line and telephone share dealing service which is available by logging on to www.capitadeal.com or telephoning 0871 664 0346 (calls cost 10p per minute plus network extras; lines are open 8.00am to 4.30pm, Monday - Friday). For the on-line service, Capita's commission rates are 1.25% of the value of the deal (minimum £30.00, maximum £150.00) for certificated holdings, 1.00% of the value of the deal (minimum £21.00, maximum £125.00) for uncertificated holdings and for the telephone service, Capita's commission rates are 1.50% of the value of the deal (minimum £40.00 certificated/£28.50 uncertificated, maximum £195 certificated/£175.00 uncertificated); all charges include a £3.50 Compliance charge. The maximum online transaction value is £25,000 and a £1 ('Panel for Takeovers and Mergers') PTM levy is applied to all transactions over £10,000. Share purchases are also subject to SDRT.
- Stocktrade offer a telephone share dealing service which is available by telephoning +44 131 240 0508 and quoting reference 'Travis Perkins Dial and Deal'. Stocktrade's commission will be 0.5%, to deals up to the value of £10,000 and 0.2% on the excess thereafter, subject to minimum of £17.50. Please note that UK share purchases will be subject to 0.5% stamp duty. There will also be a PTM levy of £1 for single trades in excess of £10,000. When buying shares you will be required to pay for your transaction at the time of the deal by debit card, and you should ensure that you have sufficient cleared funds available in your debit card account to pay for the shares in full.

SHARF FRAUD - WARNING TO SHARFHOLDERS

In recent years, share fraud has been increasing, with shareholders receiving unsolicited correspondence concerning investment matters. Fraudsters use persuasive and high-pressure tactics to lure investors into scams; offering to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment. Sometimes these individuals imply that they represent Travis Perkins, but in fact they have no connection with the Company and have no authority to claim or imply that they are.

If you are approached by fraudsters, please tell the Financial Conduct Authority using the share fraud reporting form at www.fca.org.uk/scams, where you can also find out more about investment scams.







