Travis Perkins plc

ANNUAL REPORT & ACCOUNTS 2015

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Travis Perkins plc is a leading company in the builders' merchanting and home improvement markets.
Born out of the merger in 1988 between Travis & Arnold and Sandell Perkins, the Group can trace its roots back over 200 years and continues to grow today by following a successful strategy of acquisition and organic growth.

HIGHLIGHTS

For the year ended 31 December 2015

GOOD PROFIT GROWTH IN A YEAR OF SIGNIFICANT CHANGE AND INVESTMENT

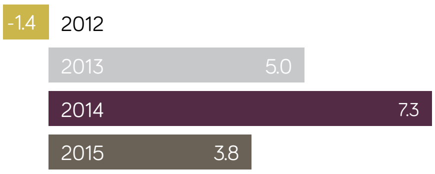
£m	2015	2014	Change
Revenue	5,942	5,581	6.5%
Like-for-like revenue[1]	3.8%	7.3%	-
Adjusted operating profit[2]	413	384	7.6%
Adjusted operating profit excluding property profits[2]	389	358	8.7%
Adjusted profit before taxation[2]	382	362	5.5%
Adjusted profit after taxation[2]	307	291	5.5%
Adjusted earnings per share[3] (pence)	124.1	119.0	4.3%
Dividend per share	44.0p	38.0p	15.8%
Lease adjusted ROCE	10.5%	10.4%	0.1ppt
Free cash flow	317	255	24.3%
Operating profit[4]	254	343	(25.9)%
Property profits	24	26	(7.7)%
Operating profit excluding property profits	230	317	(27.4)%
Profit before taxation	224	321	(30.2)%
Profit after taxation	168	259	(35.1)%
Basic earnings per share (pence)	67.8p	105.9p	(36.0)%
Cash generated from operations	350	310	12.9%

[1]Details of non-GAAP measures can be found in notes 5, 11, 12, 35, 36 and 37. [2]The term "adjusted" is used to signify that the effects of exceptional items, impairments of goodwill and other intangible assets, amortisation of intangible assets and the associated tax impacts have been excluded from the disclosure being made. [3]Share count in 2015 was 247,302,865. [4]Including non-cash impairment charge of £141m recognised against goodwill and other intangible assets in PTS and F & P.

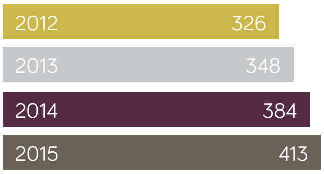
Highlights

- Revenue increased by 6.5%, with like-for-like revenue up 3.7% (11.4% two-year like-for-like).
- Adjusted operating profit, excluding property profits, increased by 8.7% to £389m.
- Adjusted EPS increased by 4.3% to 124.1p, lower than the 7.6% growth in adjusted operating profit due to lower property profits and non-cash charges relating to foreign exchange contracts.
- Full-year dividend increased 15.8% to 44.0p per share, reflecting confidence in future growth.
- Network expansion continued, with net 53 new branches and stores opened, including implants.
- Significant progress on major strategic fronts, including supply chain investments in General Merchanting and completion of the re-segmentation in Plumbing & Heating.
- Free cash flow of £317m (note 35) generated at a cash conversion rate of 77% (2014: 66%) used to fund £134m of growth capital expenditure.
- Lease adjusted return on capital employed (note 37) increased to 10.5% reflecting higher earnings offset by the increase in capital employed including £104m invested in freehold property.
- Non-cash impairment charge of £141m recognised against goodwill and other intangible assets of PTS and F & P given the challenging market conditions.

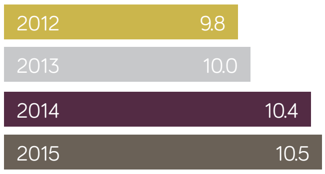
LIKE-FOR-LIKE REVENUE



ADJUSTED OPERATING PROFIT



LAROCE



Divisional Performance

	Revenue Growth		Adjusted Operating Margin				LAROCE	
			Inc. Property Profits		Exc. Property Profits			
	Total	Like-for-like	**2015**	2014	**2015**	2014	**2015**	2014
General Merchanting	5.3%	3.9%	**10.1%**	9.8%	**9.2%**	9.0%	**16%**	16%
Plumbing & Heating	1.3%	(1.4)%	**3.3%**	4.8%	**3.3%**	3.5%	**6%**	9%
Contracts	13.2%	8.5%	**6.9%**	6.7%	**6.4%**	6.6%	**14%**	13%
Consumer	8.0%	5.3%	**6.8%**	6.0%	**6.7%**	6.0%	**7%**	7%
Group	**6.5%**	**3.8%**	**6.9%**	**6.9%**	**6.5%**	**6.4%**	**10.5%**	**10.4%**

General Merchanting

- General Merchanting revenue increased by 5.3%, 3.9% on a like-for-like basis, outperforming the market with strong growth in heavyside categories and tool hire.
- Adjusted operating margins, excluding property profits, improved by 20 basis points. Despite a weaker and more competitive RMI market in the second half gross margins over the year improved by 10 bps. Higher operating costs from additional heavyside range centres through significant efficiencies delivered in the second half of the year.
- Twelve new or relocated Travis Perkins branches were opened in 2015 in addition to 38 new Benchmarx branches.

Plumbing & Heating

- Plumbing & Heating revenue grew by 1.3%, a decline of 1.4% on a like-for-like basis.
- Adjusted operating margins, excluding property profits and a number of one-off short term contracts and associated sourcing benefits, reduced by 20 basis points, primarily due to the sales disruption from the re-segmentation programme.
- The re-segmentation programme was accelerated through 2015 with the majority of branch conversions and closures completed six-months ahead of plan.
- Lease adjusted return on capital employed reduced by 3 ppts, driven by the benefits of property profits and the Government back ECO scheme in 2014, not repeating in 2015, and disruption from the re-segmentation programme.

Contracts

- Strong sales growth of 13.2%, 8.5% on a like-for-like basis was driven by Keyline and CCF, with both businesses continuing to take market share.
- Adjusted operating margins, excluding property profits, reduced by 10 bps. Gross margin reduction was driven by the shift in sales mix towards the lower margin CCF and Keyline businesses whilst operating efficiency improved with the increased volumes.
- Lease adjusted return on capital increased by 1 ppt owing to significant growth in profits more than offsetting additional capital employed.

Consumer

- Revenue growth of 8.0% and like-for-like growth of 5.3% demonstrates continued market share gains.
- Adjusted operating margin, excluding property profits and the year-on-year improvement arising from the reversal of impairments on loans to Toolstation Europe of £6m, improved by 30 basis points.
- A further 40 Toolstation stores were opened in 2015, with additional openings committed in 2016.

Travis Perkins plc - Warrington

STRATEGIC REPORT

The Directors of the Company have prepared a Strategic Report for the year ended 31 December 2015, which is set out on pages 5 to 91. It encompasses the following information:

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12 Chairman's statement

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Strategic Report Approval

The Strategic Report on pages 5 to 91 was approved by the Board of Directors and signed on its behalf by:

John Carter
Chief Executive Officer
18 March 2016

Tony Buffin
Chief Financial Officer

GROUP AT A GLANCE

Travis Perkins plc (the Group) is the UK's largest product supplier to the building, construction, and home improvement markets. Having grown primarily through large acquisitions in the last decade, the Group is now focussed on extracting value from those acquisitions by growing organically though investing in more compelling customer propositions, optimising its network and using its scale advantage to improve returns for shareholders. These investments should enable the Group to outperform the market on a sustainable basis, increasing market share and increasing returns. This will ensure the Group continues with its mission to become the first choice distributor of building materials in the UK.

THE CORNERSTONES OF HOW THE GROUP DOES BUSINESS

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:

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

Upholding family values – a way of working and treating people

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

DIVISIONAL STRUCTURE

The Group's 20 businesses, across over 2,000 sites, are organised and managed through 4 divisions.

General Merchanting
£2.0bn sales, 813 branches

Travis Perkins
HIRE IT
Travis Perkins Managed Services

Market leading general merchant to trade customers

BENCHMARX Kitchens and Joinery

Kitchen distributor to trade

Consumer
£1.4bn sales, 571 stores

Wickes
Let's do it right

Fastest growing national DIY retailer

Tile Giant

Tile retailer

TOOLSTATION

Integrated multi-channel trade counter

Contracts
£1.2bn sales, 181 branches

CCF

Fastest growing specialist distributor of ceilings, insulation and drywall

BSS
Pipeline & Heating Solutions

Leading specialist distributor of pipeline and heating solutions

Keyline
RUDRIDGE
TRUST US TO DELIVER

Leading specialist distributor of civils, heavy building materials and drainage

Plumbing & Heating
£1.4bn sales, 433 branches

CITY PLUMBING SUPPLIES
part of the Travis Perkins Group

City Heating Spares
The part you need, where and when you need it

DHS
Direct Heating Spares

PlumbNation

Leading distributor to domestic installers

sbs SUSTAINABLE BUILDING SOLUTIONS

SOLFEX energy systems

Primaflow F & P Connections
WE SIMPLY DELIVER MORE

Leading wholeseller to trade distributors

PTS
Plumbing Trade Supplies

Leading distributor to domestic installers

the underfloor heating store

Leading distributor to domestic installers

More than 28,000 individual colleagues serving trade customers and retail customers from over 2,000 trading outlets throughout the UK.

Performance target setting is managed at a Group level with each business responsible for developing strategic plans to meet those ambitions. As the Group grows, operational decision making is increasingly being devolved to strengthened management teams in each business, allowing every business to better respond to its customers' needs, manage its costs and capital better and meet the challenges of each market. The business management teams draw on a number of centrally based support teams including property, supply chain, IT, HR, legal and finance.

THE GROUP'S BUSINESSES

GENERAL MERCHANTING

The Group's core business supplies products for all types of repair, maintenance and improvement projects ("RMI") as well as new residential and commercial construction. The customer base is largely made up of professional tradesmen, ranging from sole traders to national housebuilders whose key requirements are locally stocked product ranges (immediately available for collection or delivery), acccess to extended ranges (often delivered direct to site), competitive pricing, credit services and expertise in problem solving.

Travis Perkins

Market leading merchant for trade customers - supplying more than 100,000 product lines to trade professionals and self-builders. Branches: 656 branches around the UK

BENCHMARX
Kitchens and Joinery

Distributor of kitchens to specialist joiners, kitchen installers, local authorities and national house builders. Branches: 157 branches around the UK

PLUMBING & HEATING

Plumbing Trade Supplies and City Plumbing Supplies are the main brands in the Division. They supply a wide range of customers including domestic plumbers, independent plumbing merchants, large contractors and local authorities. As well as selling branded products, the Division has developed successful own brand products including a comprehensive range of plumbing and bathroom products under the iflo brand.

The Plumbing & Heating Division has four principal business streams.

1. DOMESTIC INSTALLER BUSINESS

CITY PLUMBING SUPPLIES
part of the Travis Perkins Group

A nationwide merchant serving the locally based domestic plumbing and heating trades and bathroom installers. Branches: 344 branches around the UK

DHS
Direct Heating Spares

A leading distributor of domestic heating spares in the UK. Branches: 1 trading unit which distributes around the UK

PlumbNation

A leading 'pure-play' online supplier of plumbing and heating products. Distribution centre: 1 distribution centre which distributes around the UK

2. CONTRACT INSTALLER BUSINESS

PTS
Plumbing Trade Supplies

Supplies a wide range of heating, plumbing and bathroom products serving private sector plumbing installation contracts, national house builders and the public sector. Branches: 102 branches around the UK and Ireland

3. INDEPENDENT WHOLESALERS

bpt Birchwood Price Tools

A leading wholesaler of power tools, hand tools and site equipment. BPT develops products and brands which are sold both within the Group and through independent merchants and national DIY chains. Location: 3 locations which distribute around the UK

Primaflow F & P Connections
WE SIMPLY DELIVER MORE

The combined leading distributor of heating, plumbing and bathroom products to the independent merchant sector and retailers of fires and bathrooms. Distribution centres: 12 across the UK

4. RENEWABLE HEATING BUSINESSES

SOLFEX energy systems

A distributor of solar renewable technology

the underfloor heating store

An online 'pure-play' distributor of underfloor heating systems

sbs SUSTAINABLE BUILDING SOLUTIONS

Provider of integrated solutions for low carbon construction, energy efficient building and renewable energy projects

THE GROUP'S BUSINESSES (continued)

CONTRACTS

The customers of the three contracts businesses, Keyline, BSS and CCF, are typically large developers, main contractors and commercial sub-contractors. The products supplied from the three businesses the Division operates are generally used in large construction projects ranging from new road and rail infrastructure, power generation construction, public service infrastructure such as hospitals and schools, through to commercial and high rise residential construction and refurbishment

Pipeline & Heating Solutions

Market leader in the distribution of pipeline, heating and mechanical services equipment in the UK.
Branches: 61 branches around the UK

Market leading supplier of civils, heavy building materials and drainage solutions in the UK for trade professionals and specialist contractors. Branches: 80 branches around the UK (including Rudridge which was acquired in 2015)

A fast growing distributor of interior building products to the construction industry in the UK. Branches: 40 branches around the UK

CONSUMER

The consumer division supplies domestic building and decorative materials through its store network to DIY and trade customers. It differentiates itself by providing the best value in each of its respective channels through operating lean and efficient business models, superior online propositions, high levels of availability of the brands and products customers demand and fit-for-purpose customer shopping environments

A rapidly growing retailer of lightside building materials with a current network of 224 branches. Its fully integrated multichannel operating model is class leading and enables the business to offer the lowest prices and best availability

Let's do it right

Fastest growing national DIY retailer, with 236 stores throughout the UK and the market leading online DIY proposition

One of the UK's fastest growing suppliers of ceramic tiles available to both retail and trade customers through 111 stores around the UK with a rapidly expanding online presence

Paul Parker – Travis Perkins, Shrewsbury

CHAIRMAN'S STATEMENT

> "Many of my colleagues have dedicated much of their lives to our business and this year celebrated as many as 30, 40 and even 45 years of service. During 2015, the already successful team was joined by a number of new colleagues bringing skills to support the growth and development of the business."

Dear Fellow Shareholders,

I am pleased to introduce the Company's Annual Report for the year ended December 2015, a year of good progress on a number of fronts.

Group sales grew by 6.5% to just under £6 billion. On a like-for-like basis, sales grew 3.8%. As a result, adjusted operating profit, excluding property profits, increased by 8.7% to £389m and adjusted earnings per share increased by 4.3% to 124.1p. Among the Group's various businesses, I would highlight particularly strong performances from Wickes, Toolstation, Keyline, CCF and Benchmarx.

Most of the Group's businesses continued to outperform their major competitors. This continues the pattern of recent years and attests to the energy, commitment and hard work by colleagues throughout the Group.

2015 was the second year of implementing the Group's corporate plan that was announced in December 2013. The plan focuses on innovating our customer propositions, offering better value, improved product ranges and more convenience for our customers; expanding and optimising our branch networks; building scale advantage across our supply chains, procurement and technology; and finally, ensuring we manage our portfolio carefully. We are increasingly devolving management responsibility to our businesses as we grow whilst streamlining our central functions and ensuring disciplined deployment of capital.

In launching our corporate plan, we also committed to keep the Group's investors apprised of progress. During the year, we held two investor days to present our supply chain and property strategies in more detail. We will continue to keep our investors informed, with further events planned for 2016.

Of particular note was the rationalisation and re-segmentation of the branch networks of our City Plumbing and PTS businesses; a complex transformation of both businesses, designed to better serve the needs of their different customers. With this transformation now substantially complete, our plumbing and heating businesses are better positioned to compete in what is a rapidly evolving, yet challenging marketplace.

The Company continues to deploy capital expenditure in line with its clearly stated priorities and financial return objectives. No sensible corporate plan is carved in stone, and I am pleased that management has been flexible in executing the plan, taking advantage of opportunities as they have arisen during the year. Our commitment is to grow shareholder value consistently and for the long term. Flexibility around execution is key to achieving this aim.

Dividend

The strong performance of the Group in 2015 combined with the Board's confidence that the Group's growth strategy and underlying market indicators will result in sustainable earnings growth, has enabled the Board to propose a 15.8% increase in the full year dividend.

A final dividend of 29.25p, payable on 27 May 2016 to shareholders on the register on 29 April 2016, will give a full year dividend of 44p (2014: 38p). This dividend is covered 2.8 times by adjusted earnings per share, with dividend cover comfortably inside the Board's target range of 2.5x to 3.25x.

Employees

As mentioned in my introduction above, the successful implementation of the Group's strategy is wholly dependent upon the quality of the entire Travis Perkins team. Many of my colleagues have dedicated much of their lives to our business and this year celebrated as many as 30, 40 and even 45 years of service. During 2015, 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 the Group.

Board of Directors

The Group now has a settled board of directors, following the executive changes in 2013 and the appointment of four new non-executive directors since 2013. Coline McConville joined the Board as a non-executive director on 1 February 2015, completing our line up for the near future.

Andrew Simon retired from the Board on 31 October 2015 following nine years of service with distinction. Among his many contributions was his chairmanship of the Company's Stay Safe Committee, an initiative started by Andrew in 2007 and which he chaired until his retirement, overseeing significant improvements in the Group's health and safety awareness. The Board would like to express its thanks to Andrew and wish him well for the future. Andrew's role as Senior Independent Director was assumed by Chris Rogers in November; Coline McConville succeeded Andrew as Chairman of the Remuneration Committee and Pete Redfern has taken over as Chairman of the Stay Safe Committee (both in November). Ruth Anderson continues to Chair our Audit Committee.

We are fortunate in having such a strong Board that balances current and previous executive experience with skills in retailing and merchanting, alongside marketing, manufacturing and construction industry knowledge.

Outlook

The market in 2015, particularly in the second half of the year, was weaker than we expected, owing to a number of short-term factors. However, the core foundations and growth trajectory of the markets in which our businesses compete in remain solid. Average annual demand for new homes remains strong at around 225,000 per annum, with current supply being just over 160,000 new homes per annum. This shortage must be fulfilled by building new homes to add to the existing housing stock of 28 million homes. A large proportion of these homes are not in a satisfactory condition and require significant repair and maintenance as well as improvement works. Interest rates and inflation remain low, real wage growth has improved and the employment environment is largely positive resulting in consumer confidence at levels we have not seen for over a decade.

Given the investment our Group has been making I am confident that we will continue to outperform the markets we compete in, continue to grow operating profits, improve the return on capital employed in our businesses and ultimately further grow the return to our shareholders.

Robert Walker
Chairman
18 March 2016

HOW WE CREATE VALUE

THE UK's LARGEST DISTRIBUTOR OF BUILDING MATERIALS WITH ROOM TO GROW

Whilst the Group is the largest distributor of building materials in the UK, its businesses are not always the first choice for many of its customers, presenting a compelling opportunity to improve and grow. The Group will remain committed to its core expertise as a distributor of building materials. Whilst there are other markets in Europe the Group could enter, the Group has significant opportunity to grow in the UK and this will remain its principal focus in the near term.

Be the first choice distributor of building materials in the UK

First Choice

The Group is the largest distributor of building materials, but not the first choice for the majority of customers

Distributor

With the exception of some minority investments the Group is a distribution business with complementary supply chains

Building Materials

The products the Group sells are used in the repair, maintenance or improvement of existing buildings and the construction of new buildings and infrastructure projects

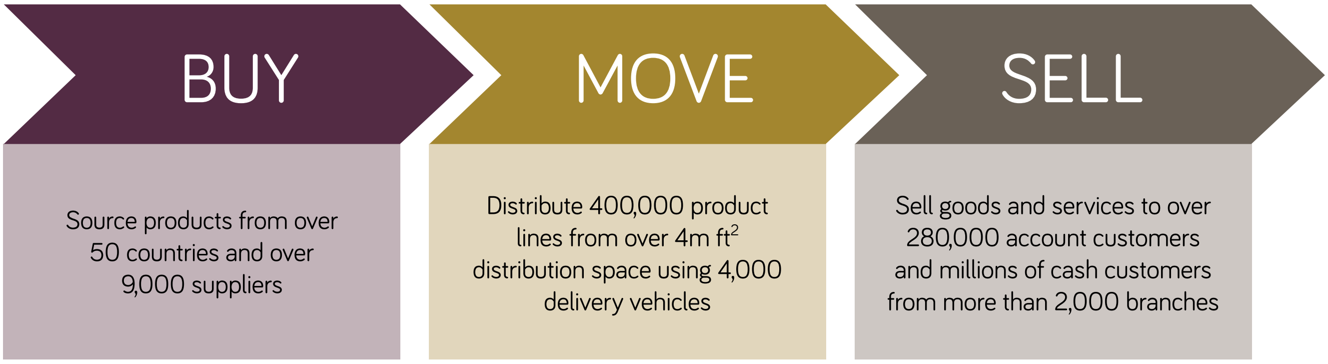
UK

The advantages the Group and its businesses enjoy are generally not scalable outside the UK

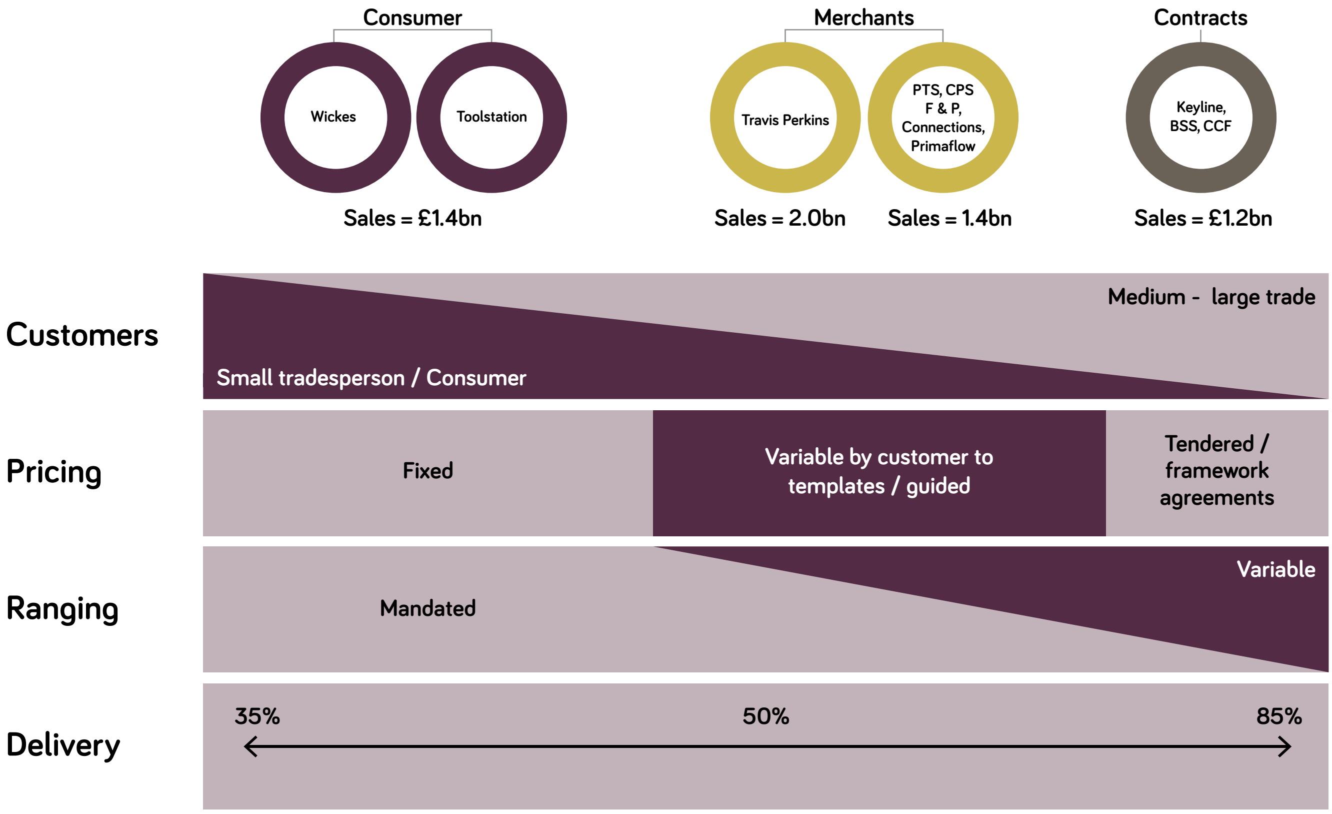
Brendan Cowlam - BSS, Leeds

BUSINESS MODEL

The core of all of the Group's businesses is distribution, meaning they are engaged in buying, moving and selling building materials.

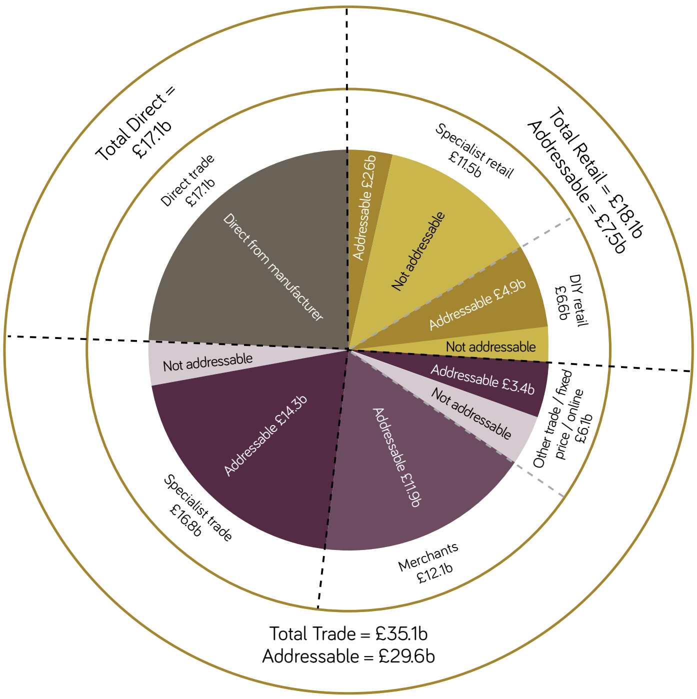


However, the markets each of the Group's businesses operate within have distinct characteristics based on the type of customers they serve, what products they sell, the basis of pricing and the fulfilment channel. Therefore, the Group is organised into divisions and business units to cater for this spectrum of needs.



THE GROUP'S MARKETS

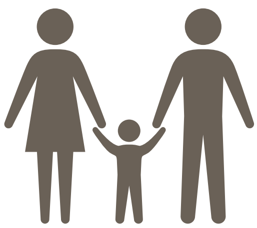
The total UK construction and home improvement materials market is worth approximately £70bn. The Group's addressable market is around £37bn, which excludes certain trade and DIY categories and direct from manufacturer to end-user supplies, which are not currently served by the Group's businesses.



Many of the Group's businesses hold market leading positions by value of sales, 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 so further enhance shareholder returns.

The Group's largest nationwide competitors account for less than half the turnover in the Group's addressable markets. Independent and regional, largely private companies make up the remainder of the market. There are product categories with an addressable market of approximately £16bn, in which the Group does not currently operate. These categories provide potential opportunities for the Group to extend its reach.

The UK has a long history of significantly under-investing in its housing stock. According to a 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 225,000 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 market and the repair, maintenance and improvement ("RMI") of existing homes market.



SMALLER FAMILIES DRIVING 225, 000 NEW HOUSEHOLDS PER YEAR

27.8M HOMES ACROSS THE COUNTRY

ONLY 60% MAINTAINED TO A SATISFACTORY LEVEL

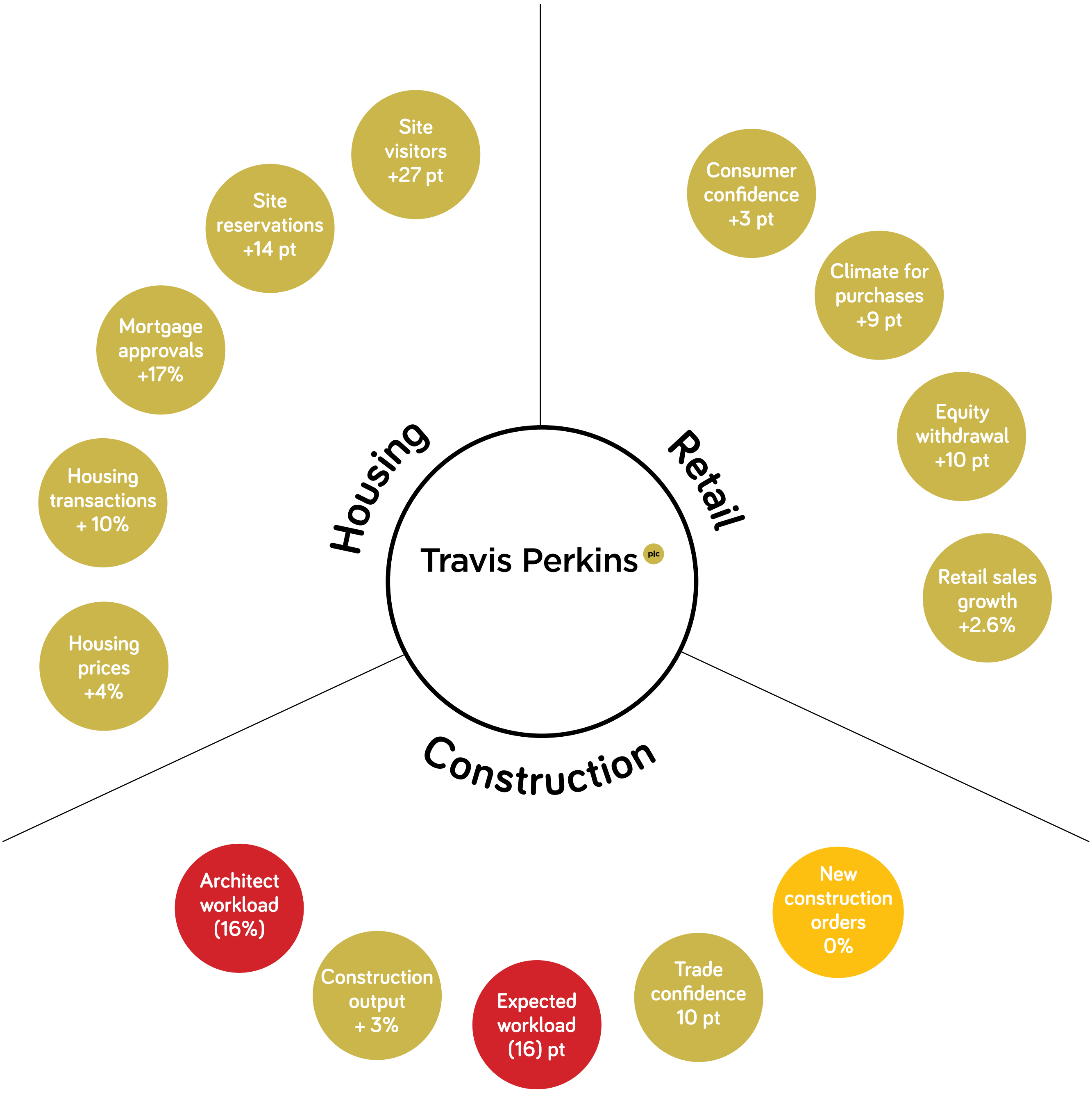
RECENT MARKET TRENDS

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 six to nine months between a change in those key indicators and a corresponding uplift in demand volumes.

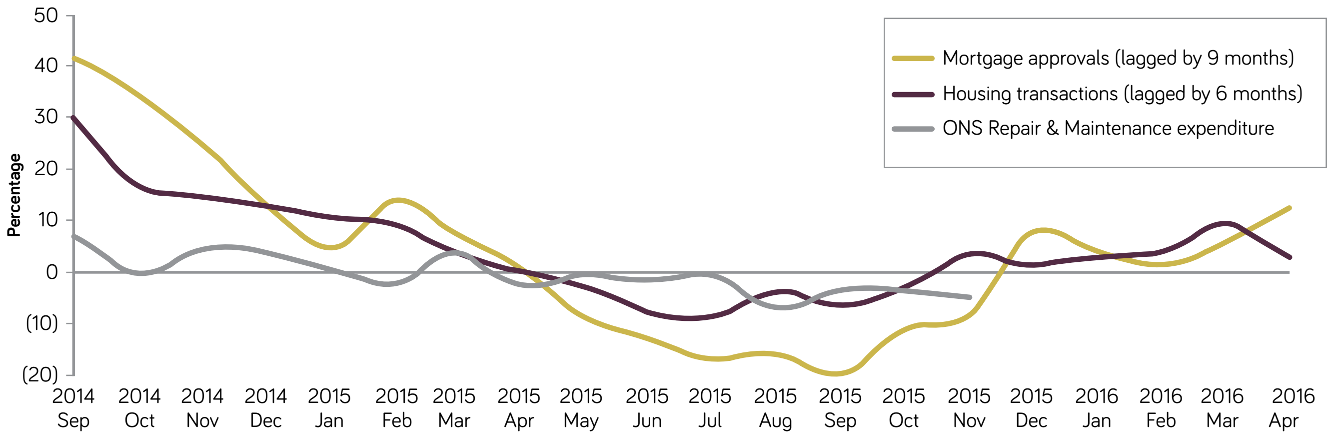
There was a significant improvement in the key lead indicators the Group monitors as the UK recovery took hold in 2013, which moderated throughout 2014 and 2015. Whilst it is still relatively early in the recovery of the UK construction industry, these key indicators are now at levels consistent with 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:



RECENT MARKET TRENDS (continued)

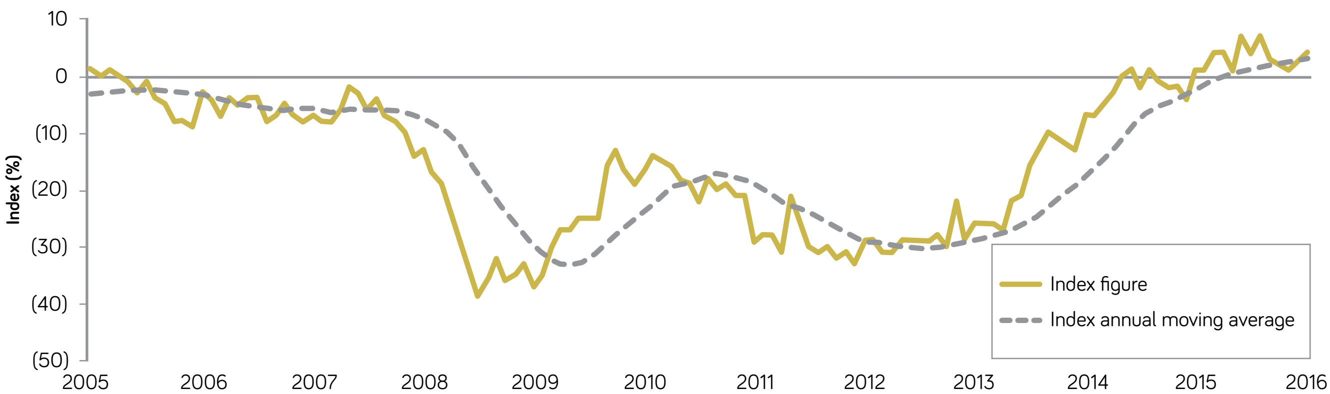
The chart below demonstrates the correlation between these indicators. There is an approximate three month lag between the approval of a mortgage and subsequent housing transaction. Following the completion of a housing transaction there is a further lag of approximately six months to when expenditure on home improvement occurs.



Source: HM Revenue & Customs / Bank of England / Office of National Statistics

CUSTOMER BEHAVIOUR TRENDS

Following the last three years of economic recovery and a relatively stable economic outlook which have been characterised by lower inflation, rising employment, low and steady interest rates and rising real wages, consumer confidence became positive on the GFK index for the first time in almost 20 years.



Source: GFK

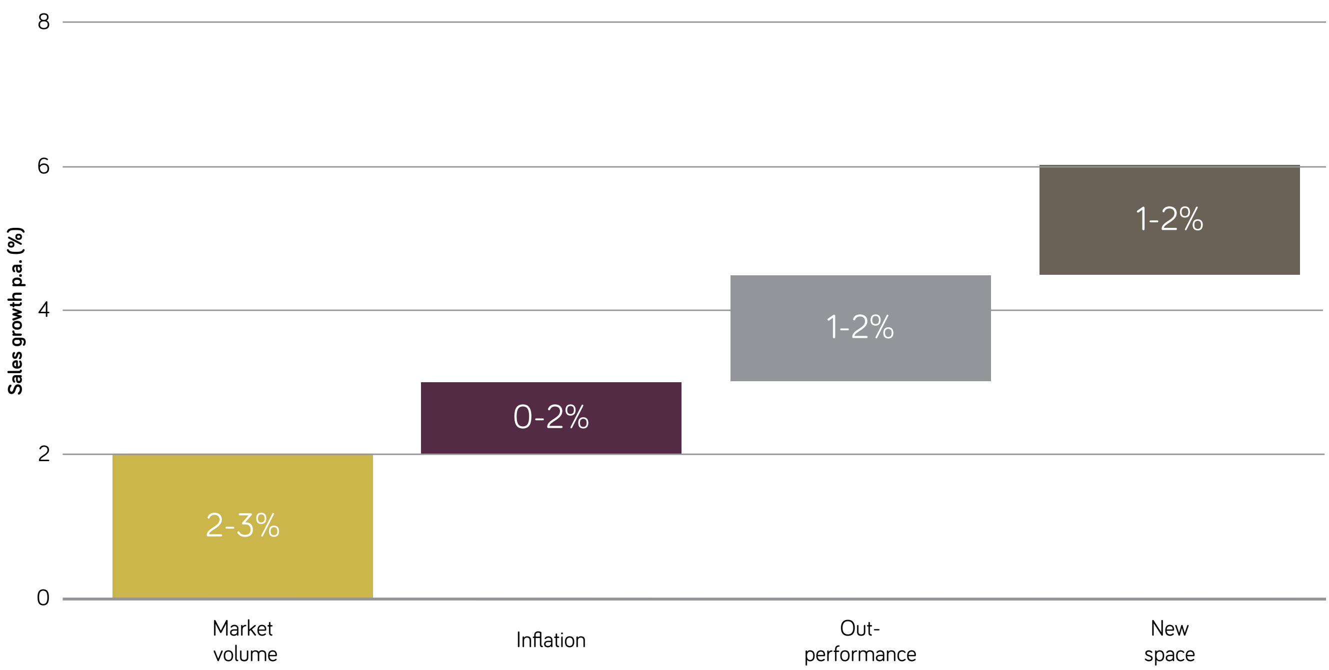
THE GROUP'S AMBITION

Whilst demand in markets the Group's businesses operate in is a very important factor in the Group's continued success, the Group's growth is not constrained by the market. The Group has a relatively low market share, which presents an excellent opportunity for the majority of the Group's businesses to gain market share. These businesses are well positioned to take advantage of this opportunity to gain share because of the significant structural advantages the Group enjoys, which include the scale of its purchases, its distribution infrastructure and the breadth of its property portfolio, enabling operating businesses to access good quality sites quickly and cost effectively. In addition, each operating business is challenged to create superior customer propositions through ranging, value for money, convenience and advantaged delivery and service expertise.

1 Market fragmentation	• Majority of the markets the Group competes in are highly fragmented • Proliferation of small family-owned businesses • The Group's businesses are No. 1 or No. 2 in each of its markets, but with relatively low market shares
2 Structural advantages	• **Sourcing & supply chain:** sourcing terms, range, stocking and distribution efficiency • **Branch network:** 2,000 locations in UK with strong financial position underpinning tight yields & site access • **IT:** selective sharing of software platforms and volume hardware purchasing
3 Superior propositions	• **Range & value:** improved promotions & KVI pricing range extension, own label development, availability • **Space:** new branch & store opening programme with implants intensifying space • **Channel, format & customer service:** investment in online channels, new formats and better service

Fragmented markets + structural advantage + superior propostion = sustainable market share gains

As a result, the Group continues to strive to grow revenue ahead of the market on a sustainable basis.



Based on the Group's ability to grow sales ahead of the market, its financial ambitions of the Group can be summarised as:

- Outperform the market sales growth in each of its markets
- Grow operating margins in Plumbing & Heating, Contracts and Consumer and sustain sector leading margins in General Merchanting
- Deliver low double digit growth in EBITA per annum
- Increase LAROCE by 200-300 basis points over the medium term
- Deliver strong and consistent growth in shareholder returns

LEVERS OF VALUE CREATION

In order to deliver its ambitions, the Group developed a strategy in 2013 which was subsequently refined in 2014 and 2015. The chart below sets out the levers the Group is using to create value for its shareholders.

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 intensify 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 & capital allocation
- Regular market updates

Enabled through people & evolution of unique culture

In addition to the levers of value creation noted above, the Group has focused its efforts in three key areas to improve performance:

1. Modernising the Travis Perkins builders merchant
2. Transforming Wickes
3. Re-segmenting Plumbing & Heating branches to better meet customer needs

Ian Sharkey – Travis Perkins, Warrington

John Fergson – Travis Perkins, Shrewsbury

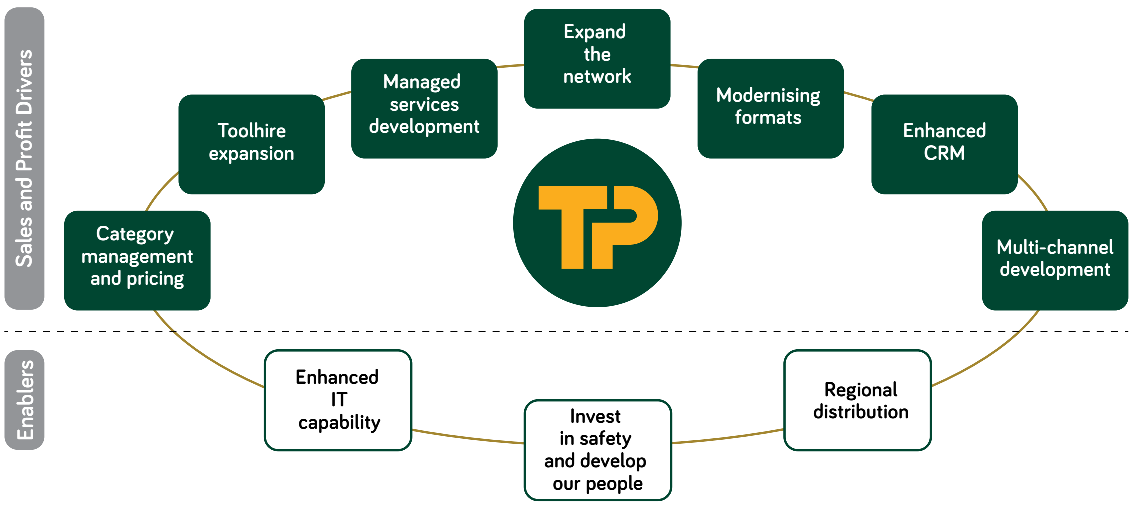
INNOVATION IN CUSTOMER PROPOSITIONS AND OPTIMISING THE BRANCH NETWORK

GENERAL MERCHANTING DIVISION

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, an expanding heavyside network, access to a product range few competitors can match, a modern vehicle delivery fleet and branch managers who have built an unparalleled relationship with customers. Branch manager incentives, which are based on return on capital performance, set the business apart from its competitors, and are 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.



There is significant scope for network expansion and relocation. Travis Perkins is targeting 5-15 net new branches per annum and plans to increase the number of tool-hire equipment implants within existing branches. In addition Benchmarx, is targeting to open a total of 30 new branches per annum, which will be a mix of new standalone branches and implants within existing Travis Perkins sites.

The modernisation programme for the Travis Perkins business is underway with a focus on improving range, better use of space and ensuring that the value proposition remains competitive. This programme coupled with the development of sales to local authorities through the managed services business, expanding the tool-hire category and improving Travis Perkins' multi-channel proposition, offers significant opportunities for growth.

The Group is confident that Travis Perkins can extend its market leading position and further drive improvements to the customer proposition, which over the long term will improve returns for shareholders. The targets for improvement are set out on the right:

Measure	Current	Medium-term ambition
Network expansion	656 TP 157 Bmx	5-15 TP p.a. 20-30 Bmx p.a.
Like-for-like sales outperformance	3-5%	1-4% p.a.
Operating margin improvement prospects	Sector leading	Sustain
Capital expenditure	£50-60m	£40-60m p.a.
LAROCE	16%	Add 200-300bps

Pete Groucott – City Plumbing Supplies, Shrewsbury

PLUMBING & HEATING DIVISION

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

CITY PLUMBING SUPPLIES part of the Travis Perkins Group

PTS Plumbing Trade Supplies

1. Providing local plumbers, heating engineers and bathroom installers with a dedicated network of over 350 branches through the City Plumbing Suppliers business.

The majority of branches contain a bathroom showroom showcasing the best branded and own label ranges, operated by a design consultant, helping local tradesmen deliver a complete offer to their customers faster and more efficiently.

In addition, City Heating Spares concessions within City Plumbing branches enable an extension to the range of spares available to customers at short notice. City Plumbing offers a range of renewable heating products and intends to extend this range further in the future.

2. Providing large, value and service focused contract customers with a dedicated nationwide network of over 90 branches through PTS.

With fewer larger branches, PTS is able to offer broader ranges of products in quantities designed to complete large contracts for same or next day delivery. Further improvements are planned to PTS' account management capability to provide transparency of products ordered, despatched and awaiting delivery and improved billing services.

3. Building scale in the P&H division's focused customer proposition through:

Primaflow F & P Connections WE SIMPLY DELIVER MORE

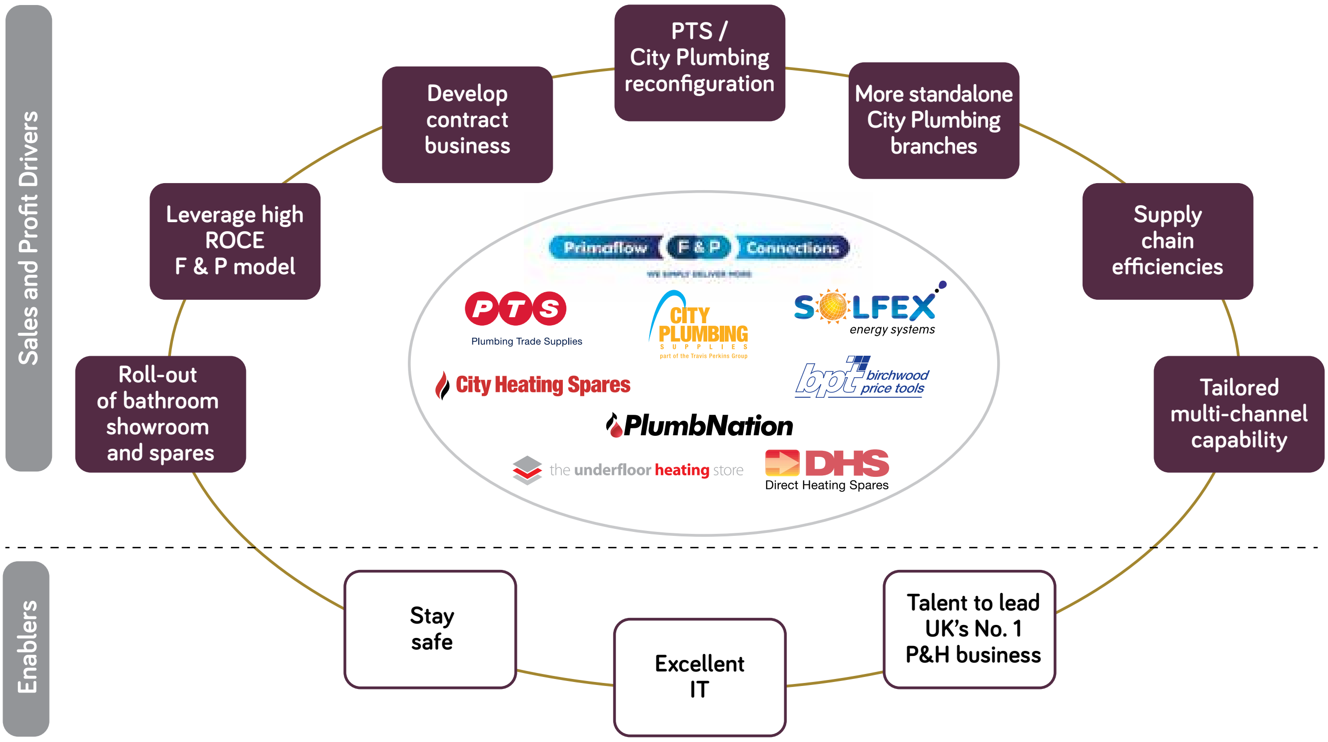
PlumbNation

SOLFEX energy systems

the underfloor heating store

Graphically represented overleaf

- F & P, Primaflow & Connections – expanding the range of products offered through the reconfigured distribution infrastructure to local independent merchants
- PlumbNation online – providing local heating engineers with a fixed price, online ordered only boiler and spares delivery service
- Solfex – providing solar, thermal, photo-voltaic and under-floor heating packages to specialist installers
- Underfloor Heating Store – providing both trade and retail customers with an extensive range of water and electricity based under-floor heating systems


Sales and Profit Drivers
PTS / City Plumbing reconfiguration
Develop contract business
More standalone City Plumbing branches
Leverage high ROCE F & P model
Supply chain efficiencies
Roll-out of bathroom showroom and spares
Tailored multi-channel capability
Primaflow F & P Connections
PTS Plumbing Trade Supplies
City Plumbing Supplies
Solfex energy systems
City Heating Spares
bpt birchwood price tools
PlumbNation
the underfloor heating store
DHS Direct Heating Spares
Enablers
Stay safe
Excellent IT
Talent to lead UK's No. 1 P&H business

To achieve its ambitions the Plumbing & Heating Division has undergone a significant change programme in 2014 and 2015 to ensure that business models, branches and customer service teams are matched to customer needs. This change programme, "Building the Best", involved the conversion of more than 160 PTS branches to the City Plumbing format, the closure of more than 60 branches and training of almost 1,000 colleagues. This programme commenced in mid-2014 and completed in February 2016.

The Division intends to further extend the penetration of its own label range and enhance its online routes to market to ensure it meets its customers' changing needs.

The targets for the Division are shown in the following table alongside how the Plumbing & Heating Division intends to outperform other operators in its markets.

Measure	Current	Medium-term ambition
Network expansion	463 branches	5-10 net new branches p.a.
Like-for-like sales outperformance	Flat	0-3% p.a.
Operating margin improvement prospects	3.3%	Good
Capital expenditure	£15-20m	£10-20m p.a.
LAROCE	6%	Add >250bps

Simona Platekova – Travis Perkins plc, Warrington

Mark Jackson and Grahame Williams – Keyline, Lincoln

CONTRACTS DIVISION

The Contracts Division was formed on 1 January 2014, bringing together the three businesses within the Group that supply products to large construction companies, their contractors and sub-contractors. These businesses all track major commercial and infrastructure projects and by bringing them together into one division, it is enabling the Group to offer a comprehensive range of products to customers, and assist them with technical issues in design, specification and installation.

The key components of the strategy for the division are set out below.

Sales and Profit Drivers

- Keyline: Deepen sector and category specialism
- BSS Pipeline & Heating Solutions: Category expansion; Develop BSS industrial offer
- CCF: Growth in insulation; Major presence in partitions
- Whole Contracts Division: Contract pricing and project management; Branch network optimisation

Enablers

- Excellent IT
- Market-leading customer service
- Multi-channel capability

BSS is further developing its industrial product offer and improving its logistics efficiency in order to offer continuous improvements in range, service and technical support to its customers.

In CCF, the strategy is focused on providing national coverage through its branch network, expanding the range of products offered to customers not previously served by the Group and developing a significant presence in commercial interior partitions through its Sektor brand.

Keyline has a strong nationwide network supplying civils, drainage and heavyside building materials. Keyline is reconfiguring its estate to operate from lower cost sites, with excellent access to the road network, given the high proportion of its customers demanding delivery of products.

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.

Measure	Current	Medium-term ambition
Network expansion	181 branches	1-2% net space growth p.a.
Like-for-like sales outperformance	3-5%	1-3% p.a.
Operating margin improvement prospects	6.9%	Good
Capital expenditure	£30-40m	£20-30m p.a.
LAROCE	14%	Add 200-300bps

Emma Walmsley – BSS, Leeds

The Consumer division's three businesses, Wickes, Toolstation and Tile Giant have distinct strategies. The strategies for Wickes and Toolstation are set out on the right and page 35 respectively.

Darren Hawksworth - Wickes, Rugby

CONSUMER DIVISION

Wickes

Let's do it right

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 store footprint
- Modest range extensions to the focussed in-store range
- Reinforcing Wickes value price position
- Investing in further improvements in the online proposition
- Selectively opening new stores in underserved catchments

The Wickes plan is graphically represented below:

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, always
- Develop a diverse workforce to match our customer base

Wickes offers a focused range of high quality products at great value combined with best in class availability. Range reviews have been conducted throughout the year to provide the right mix of products for 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 Wickes business is structurally advantaged over its competitors. The majority of stores operate from 25,000 – 30,000 ft^2 and there are no plans to significantly modify the average store size. 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 their home or business and collected in-store.

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.

Wickes plans to continue to expand its network by between 10 and 15 new stores per year and continue to grow sales and gain market share over the medium term.

Ben Farler - Toolstation

TOOLSTATION

Toolstation operates from over 200 stores across the UK offering the same range in-store, online and through its catalogue. It aims to provide the lowest price 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 next day delivery of those products free of charge.

Toolstation plans to continue to open new shops across the UK to meet growing demand from tradesmen for transparent, fixed price products. Further investments are planned to improve customers' online experience, provide enhanced click and collect services and modestly extend the range offered to customers.

The performance targets for the Consumer Division are set out on the right:

Measure	Current	Medium-term ambition
Network expansion	236 Wickes 111 TileGiant 224 Toolstation	10-15 Wickes p.a. 30+ Toolstation p.a.
Like-for-like sales outperformance	Above market	Above market
Operating margin improvement prospects	6.8%	Good
Capital expenditure	£40-50m	£40-50m p.a.
LAROCE	7.4%	Add 150-250bps

Emma Thomas - Toolstation, Longwell Green branch

EXPLOITING THE GROUP'S SCALE ADVANTAGE

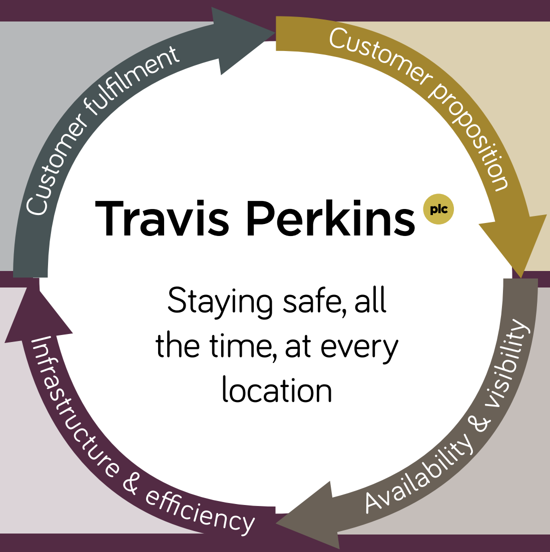
One of the key value creation levers is using the Group's scale to move products more efficiently through its supply chain, leverage its property portfolio, buy better and selectively share technology.

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 delivered on time through a number of programmes of work:

- Simplified ordering for branches with improved range management tools and automated stock replenishment systems
- Providing better availability through an increased range of lightside and heavyside distribution centres, stocking a broader range of products
- Vehicle route planning reducing the cost of, and enhancing, the local delivery proposition

- Full multi-channel proposition for transaction and fulfilment
- Deliver on-time in-full every time
- Make profitable customer promises

- Offer market-leading customer propositions
- Hold an extended range of products closer to the customer
- Optimise range architecture including increased own-label



- Access to broader range with faster availability
- Invest in centralised distribution infrastructure
- Drive efficiency by exploiting scale and improving systems

- Improve product availability, in-branch and next-day
- Auto replenishment improves in-branch availability and reduces stockholding
- A single view of stock for colleagues and customers

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 for customers 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 – to 90% of the UK
- Next week availability on a further 3,000 heavyside products - to 90% of the UK
- 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 occupy properties they would otherwise find it difficult to access. 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 to create 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 lives and, therefore, a clear four point strategy has been developed to ensure better IT systems capacity and flexibility in the future:

- Delivering a common, 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 of businesses, enhancing efficiency and cost accountability
- Increasing system usability and the experience for colleagues and customers so that it is easier to do business with the Group


Sophie Haynes – Wickes, Rugby

ENHANCE THE MANAGEMENT OF THE PORTFOLIO

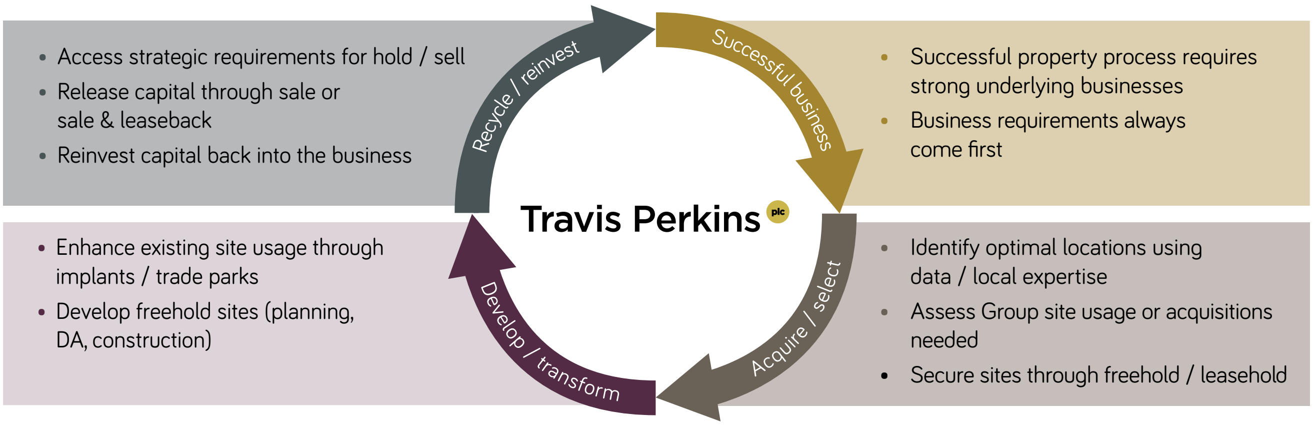
The Group has a robust planning approach enabling it to allocate capital to the opportunities which are expected to deliver the most material value for shareholders. Aligned with this approach to managing capital allocation is a selection of key metrics upon which the Group is managed. In particular 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.

The Group is taking advantage of investment opportunities through increasing its capital expenditure and, consistent with its strategy to strengthen the balance sheet, by also investing in freehold property. Capital expenditure is tiered based upon the risk and return profiles of the investment opportunities identified under four broad categories:

1. 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 strengthen the Group's market leading positions
3. Infrastructure investment: investment to enable future outperformance including IT and supply chain infrastructure
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

In addition the Group is better utilising the property portfolio through more active asset management as outlined below.



GROWTH THROUGH ACQUISITION

The Group is committed to achieving growth through organic expansion, but that does not preclude taking advantage of suitable opportunities that arise to support growth through small bolt on acquisitions. During 2014 and 2015 the Group has completed a number of these smaller strategic acquisitions and investments including Rudridge, Primaflow, Staircraft, Bathrooms.com and the Underfloor Heating Store.

Geography

- Targeting under-served catchments with existing business models
- International only in exceptional circumstances

RUDRIDGE – TRUST US TO DELIVER

On-line

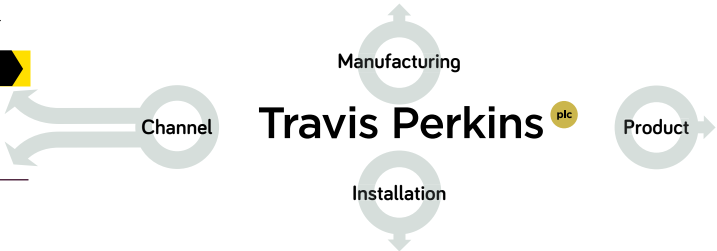
- Accelerate expansion into new channels for key product areas
- Buy or Build trade-off where valuations prohibitive

the underfloor heating store

BATHROOMS.COM

- Strategic investments to protect supply chain
- Share in categories which bypass distribution

STAIRCRAFT Integrated Solutions



- Not a focus

New categories

- Access specialist markets & adjacent categories
- Focus on product areas attractive to existing customers
- Buy or Build trade-off where valuations prohibitive or lack of targets
- Demonstrable IP / innovation key target areas

Primaflow SUPPLY LINE

COMPARING PERFORMANCE WITH 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 2015 is shown in the performance review section on pages 42 to 56. Executive Director remuneration is linked to strategy and performance, which is explained further in the Director's remuneration report on pages 110 to 135.

Risks

The Statement of Principal Risks and Uncertainties on pages 65 to 69 sets out the key risk factors that are considered by the Directors to be material to the business and may impact upon the successful delivery of this strategy.

Kevin Johnston – Primaflow, Lancashire

CEO'S STATEMENT

"My colleagues around the Group are undoubtedly the backbone of our organisation and do a tremendous job every day by serving thousands of customers, moving millions of tonnes of products around the country and ensuring that the right products are available, at the right time and at a competitive price."

Introduction

In December 2013 we set out a new strategy, which included a wide-ranging investment programme designed to deliver better customer propositions in each of our businesses building upon the scale advantages we had developed over the previous decade. This programme commenced in 2014 and accelerated throughout 2015. We invested close to £300 million in capital expenditure during the year, the highest amount we have committed during my privileged 37 years with the Group, demonstrating our ambition and confidence in driving sustainable growth for our shareholders over the long term.

Investments have been made in extending our reach and increasing convenience for our customers by opening more than 120 new branches, stores and implants throughout the UK. We have continued both to improve the branch and store experience for customers in many of our businesses with new formats and we have improved and extended our online presence. We further invested our sector leading supply chain capabilities with the completion of a heavyside range centre in Tilbury and the full operation of our Omega lightside distribution centre in Warrington. Improving our IT infrastructure to ensure we remain at the forefront of meeting customer demands remains a significant focus.

To this end we invested further capital of £28 million in new technology and initiatives, although much remains to be done in the years ahead.

This scale of change and investment undoubtedly required enhancements to our business unit management teams supported by improvements in our planning and capital allocation approach. Of our 20 colleagues in the most senior management positions, 12 are new to the Group or the position in the last 30 months. These changes have ensured we continue to have, what I believe to be, the strongest management team in our industry.

Our Markets

The majority of our businesses distribute building materials to repair, maintain and improve existing homes and commercial, industrial and public buildings. Our markets are connected to the level of secondary market housing transactions, to consumer confidence and to the property investment cycle more generally.

In 2012 the Financial Conduct Authority completed a comprehensive review of the mortgage market, the Mortgage Market Review (MMR). Significant legislative changes were implemented in April 2014 to strengthen the mortgage market, principally relating to how lenders assess the credit worthiness of borrowers. This had a short-term impact on the level of mortgage approvals, which lead to a reduction in the number of secondary market housing transactions in late 2014 and early 2015. As a result of this change, uncertainty at the time of the election and what we believe were temporary changes in the nature of consumer spending in the late summer and end of 2015, there was significantly more volatility in our markets in 2015, including weaker demand in the second half of the year.

Despite predicting a more challenging year compared to 2014, the markets our businesses compete in were tougher than we expected. That said, we performed well against this more difficult backdrop and outperformed in the majority of the markets our businesses compete in.

Our Performance

Against this more challenging market backdrop, I am very pleased with the overall performance of our businesses. There will inevitably be ups and downs for each of our businesses as we continue with our active investment programme to improve their customer propositions. Wickes, Benchmarx, CCF, Keyline and Toolstation in particular have performed well during the year with strong market share gains and good growth in operating profits.

We continued with the significant undertaking to modernise our core Travis Perkins business. This is a broad programme that impacts all of the colleagues, customers and branches in the business. This year we implemented electronic proof of delivery to capture information in a more effective manner for both our business and our customers. We have also extended the trials of new format branches which provide an overall better experience to our customers and commenced work to provide our teams with better guidance to help our customers derive better value from the products they buy from us.

Our Wickes transformation plan progressed at pace throughout the year. The team refurbished seven stores into our new format and opened nine new or relocated stores. Our price investment programme continued and we made substantial changes to our product ranges, including in our 'to order' kitchen offer. We substantially improved our online experience for customers by introducing a one hour 'click and collect' service. I am most pleased, however, in the quality of the senior team we have assembled to develop and lead the transformation programme and the loyalty our store teams have afforded us through difficult times in recent years. Together we look forward to further transforming our business.

Our Plumbing & Heating Division substantially completed the re-segmentation programme we began in 2014. This programme has been the largest of its type in the sector and I am delighted with the progress that has been made, coming in ahead of time and within the budget set. This programme was designed to ensure we had the right proposition available to very different customers groups served by PTS and City Plumbing. Over 18 months the team converted more than 160 branches, closed 60 branches and trained almost 1,000 former PTS colleagues in the City Plumbing business model. There remains much work still to do, but we are now operating businesses which are much more closely aligned to the needs of their respective customers, providing us with stronger platforms for growth.

Our People

My colleagues around the Group are undoubtedly the backbone of our organisation and do a tremendous job every day by serving thousands of customers, moving millions of tonnes of products around the country and ensuring that the right products are available, at the right time and at a competitive price. They manage to perform this service all in keeping with the cornerstones of how we do business and I'd like to thank each and every one of them. You will read in this report about the continuous improvements we have made in making our Group of businesses a more attractive place to work for a more diverse pool of colleagues than we had in the past.

During 2015 we extended the use of social media technology throughout our businesses, allowing colleagues across the country to collaborate on customer facing themes and solve problems in a more productive and efficient manner. We also made further progress in creating a more diverse colleague group that is becoming more fit-for-purpose when serving a modern and multi-cultural UK customer base. We now have more women in senior positions in the Group than ever before and saw our first graduates from the 'Fast Track' programme we developed in 2014. We still have much work to do in this area, but I am pleased that the foundations we have put in place over the last two years will continue to deliver meaningful improvements for our colleagues and the customers they serve.

The Years Ahead

We have made some significant progress over the last two years, but much of the plan we initially set out remains to be completed during the next three years. Despite recent volatility in financial and energy markets, the UK continues to present an attractive opportunity for further investment in the building materials distribution sectors in which we compete.

John Carter
Chief Executive
18 March 2016

PERFORMANCE REVIEW

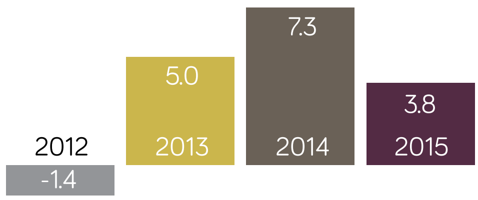
Key Performance Indicators ('KPIs')

The Group tracks its performance using two operating KPIs, three financial KPIs and four 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 this section and in the finance review on pages 56 to 63.

OPERATING KEY PERFORMANCE INDICATORS

Like-for-like sales growth 3.8% (Note 4)

Performance Trend

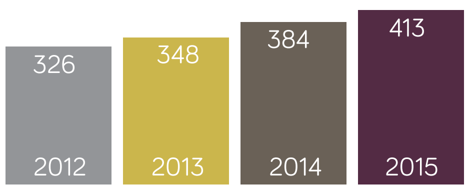


Definition
Revenue growth adjusted for new branches, branch closures and trading day differences. Revenue included in like-for-like is for the equivalent periods in both years under comparison. Branches are included in like-for-like sales once they have traded for more than 12 months. When branches close, 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 £413m (Note 5a)

Performance Trend



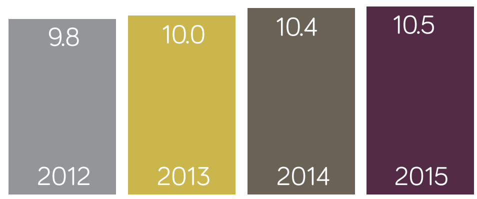
Definition
Profit before tax, financing charges and income, amortisation and exceptional items.

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

FINANCIAL KEY PERFORMANCE INDICATORS

Lease adjusted return on capital employed* 10.5% (Note 37)

Performance Trend

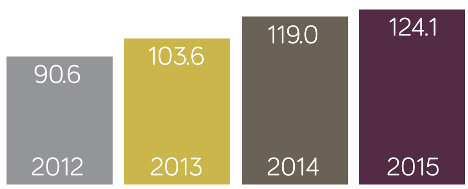


Definition
Adjusted operating profit after adding back 50% of annual property lease rentals, divided by the combined value of balance sheet debt, equity and eight times annual property rental expense.

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* 124.1 (Note 11b)

Performance Trend



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.

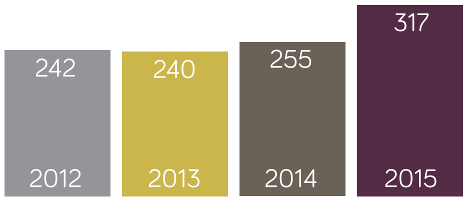
Reason
Adjusted earnings per share is an indicator of the Group's underlying profitability, which is important in understanding the earnings attributable to each shareholder and determining the earnings available for distribution via the dividend.

KPIs marked * are measurements used in determining elements of directors' remuneration, details of which are set out on pages 110 to 125.

FINANCIAL KEY PERFORMANCE INDICATORS (continued)

Free cash flow £317m (Note 35)

Performance Trend



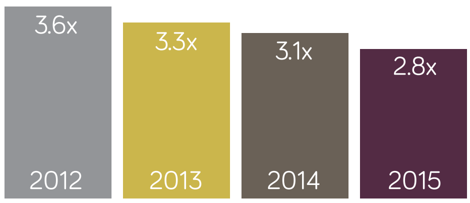
Definition
Net cash flow before dividends, growth capital expenditure, pension deficit repair contributions and financing cash flows.

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.

FUNDING TARGETS

Dividend cover 2.8 times (Note 12)

Performance Trend

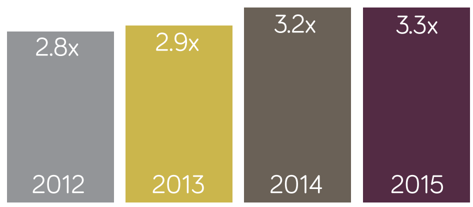


Definition
The ratio of adjusted earnings per share to dividends per share.

Reason
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 3.3 times (Note 36)

Performance Trend

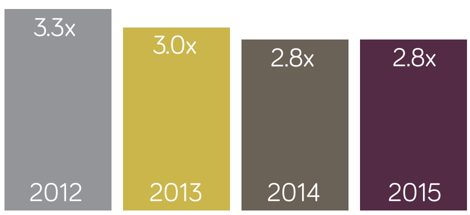


Definition
The ratio of earnings after adding back property lease rentals, but before interest, tax, depreciation, amortisation and exceptional items, to finance charges plus property lease rentals.

Reason
Fixed charge cover is used by management, lenders and debt rating agencies when determining the ability of the Group to pay fixed financing charges. The Group is targeting a ratio of 3.5x.

Leverage ratio 2.8 times (Note 36)

Performance Trend

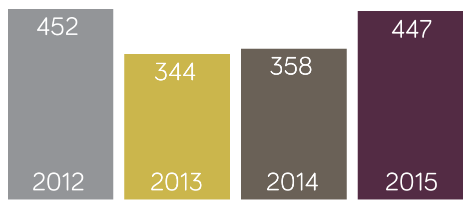


Definition
The ratio of lease adjusted net debt to earnings before tax, interest, depreciation, amortisation property lease rentals and exceptional items.

Reason
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 £447m (Note 33)

Performance Trend



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

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

BUSINESS PERFORMANCE

During 2015 the Group made good progress in executing the plan set out in December 2013. Improvements continue to be made in each of the four areas of value creation: customer innovation; optimising the network; building and maintaining structural advantage; and portfolio management.

Innovation in Customer Propositions

- Wickes continued to offer better value to customers through price investments and focused promotional offers.
- Improvements in pricing, and pricing guidance to branches, were trialled in Travis Perkins during the year and will be extended further in 2016.
- Significant range reviews were completed in Wickes in 2015 providing customers with more clearly defined value, good quality and premium ranges.
- Further investment in the distribution network enabled Travis Perkins to extended ranges of up to 16,000 products for delivery within 72 hours.
- The online propositions of both Wickes and Toolstation were enhanced, with both now offering a one-hour click and collect service.
- Investment continued in new formats for both Travis Perkins and Wickes, with further roll out in the bathroom showroom concessions in City Plumbing. Investments in new store formats are demonstrating returns above the Group's internal threshold and customer feedback continues to be positive.

Optimising the Group's Network

- In line with the Group strategy, 53 net new branches, stores and implants were added to the network in 2015, with openings and acquisitions adding 2.8% to revenue growth in the year (2014: 1.1%). Network expansion was focused on businesses that have good long term growth characteristics, are growing strongly and providing improving returns; Toolstation (40), Benchmarx (38) and CCF (8). New format branches were also opened in Travis Perkins, Keyline and Wickes.
- The programme to co-locate businesses continued with eleven trade parks now open across the UK, and further Benchmarx implants, Tool Hire and Managed Services concessions opened within Travis Perkins branches, increasing sales densities from additional footfall.
- The re-segmentation programme in the Plumbing & Heating division was substantially completed in 2015, six months ahead of schedule. 114 PTS branches were converted to City Plumbing, with a further 46 branches closed which do not meet the Group's requirements. The PTS and City Plumbing networks are now in position to operate without further disruption in 2016.
- Five PTS distribution centres were consolidated into the lightside distribution facilities in Warrington and Northampton.

Leveraging the Group's Structural Advantage

- Investments in the supply chain network have further improved the Group's competitive advantage resulting in a broader range of products able to be supplied to customers more quickly.
- The third heavyside range centre opened in Tilbury in July to serve Travis Perkins branches in London and the South East, providing customers with an extended range of 3,000 heavyside products available next-day, with a further 3,000 available within two days.
- The three range centres in Warrington, Cardiff and Tilbury now support around two thirds of Travis Perkins branches. Heavyside product specialists in the range centres are able to provide knowledge and advice to customers and colleagues in all branches within their catchment.
- The Group continued to focus on sourcing improvements, with further increases in direct purchasing through the Group's Asian sourcing team.
- Investment in technology improvement programmes also continued, including better network connectivity, supply chain systems improvements and multichannel applications.

Richard Wallace – CCF, Leeds

MANAGING THE PORTFOLIO

- The Group continues to focus on return on capital as a critical measure of performance, ensuring that capital is employed across the business in the most effective and efficient manner.
- Deployment of new capital was focused on those businesses with significant opportunities to grow and improve returns, such as Travis Perkins, Wickes, CCF, Toolstation and Benchmarx.
- In businesses with fewer opportunities for growth, capital continued to be re-allocated, for example the re-segmentation of the Plumbing & Heating division.
- The property portfolio is managed to provide the best operating locations for each business while maximising the returns from each site. The Group invested £104m in freehold property to benefit from flexibility of site use, ensure control of strategically important sites and add value to the property asset through development. A sale and lease back deal was completed in November, recycling capital from 19 non-strategic sites, realising disposal proceeds of £33m and releasing cash for investment elsewhere.
- During 2015 further decision making control was devolved to the businesses. Travis Perkins and the Plumbing & Heating division took additional responsibilities for supply chain and commercial negotiations and property and finance teams during the year. This is enabling businesses to develop more robust plans and execute them at pace.

MARKET DRIVERS

UK population growth trends, immigration and smaller family units continue to create demand for housing, with the formation of around 225,000 new households per year. In 2015, around 160,000 new homes were built. This shortfall in supply, combined with historic under-investment in the existing 28 million dwellings in the UK means the Group expects continued growth in both new house building and, importantly, in the repair, maintenance and improvement (RMI) market.

Following a strong recovery in the first half of 2014, the number of mortgage approvals dipped in the third quarter of 2014 following the Mortgage Market Review (MMR) leading to a reduction in the number of secondary housing transactions in the first half of 2015. The RMI market traditionally lags transactions by six to nine months which translated to weaker building material supply volumes in the second half.

Mortgage approval rates have since recovered to above the pre-MMR level, in turn driving more housing transactions. Although recovery of the RMI market has been slightly later than expected these lead indicators give confidence that there will be further growth in the RMI market during 2016, evidenced by encouraging sales in January and February.

Jack Pickles- BSS, Leeds

GUIDANCE

Guidance for 2016:

- There is expected to be no discernable inflation in the Group's markets in 2016.
- Market volume growth is expected to be around 2 to 3%. The Group expects to outperform the markets by around 1 ppt and add around 2 ppts of new space, resulting in headline sales growth for 2016 of 5 to 6%.
- The Group's medium term EBITA growth ambition remains consistent at around 10%.
- Property profits are expected to be around £20m.
- Capital expenditure, excluding investment in freehold property, is expected to be £170m - £190m in 2016 (2015: £189m).
- Investment in freehold property will continue in 2016, though at a reduced level, the timing and number of which will be dependent on market opportunities.
- The Group expects an effective tax rate of around 20%.
- Dividend cover will continue in the targeted medium-term cover range of 2.5x to 3.25x.

FINANCIAL PERFORMANCE

Income Statement

The key income statement metrics, stated after the exclusion of £141m (2014: £nil) of impairment charges, £18m (2014: £18m) of amortisation, £9m (2014: £nil) of exceptional tax credits and for 2014 £23m of exceptional costs and £5m of tax credits are included in the table below:

£m	2015	2014	Change
Revenue	**5,942**	5,581	6.5%
Like-for-like revenue	**3.8%**	7.3%	
Operating profit	**254**	343	(25.9)%
Property profits	**24**	26	(7.7)%
Operating profit excluding property profits	**230**	317	(27.4)%
Profit before tax	**224**	321	(30.2)%
Profit after taxation	**168**	259	(35.1)%
Basic earnings per share (pence)	**67.8p**	105.9p	(36.0)%

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.

£m	2015	2014	Change
Adjusted operating profit	**413**	384	7.6%
Adjusted operating profit excluding property profits	**389**	358	8.7%
Adjusted profit before taxation	**382**	362	5.5%
Adjusted profit after taxation	**307**	291	5.5%
Adjusted earnings per share (pence)	**124.1**	119.0	4.3%
Dividend per share	**44.0p**	38.0p	15.8%
Lease adjusted ROCE	**10.5%**	10.4%	0.1ppts
Free cash flow	**317**	255	24.3%

Group revenue increased by £361m, or 6.5%, to £5,942m. Like-for-like sales grew by 3.8% with additional growth through the opening of new branches and the inclusion of Primaflow and Rudridge into the Group's results. There was no change in the number of trading days in 2015 when compared with the prior year.

Adjusted operating profits increased by 7.6% to £413m. Excluding property profits, adjusted operating profit increased by 8.7%. At a divisional level, adjusted operating profits grew in General Merchanting, Contracts and Consumer, partially offset by a decline in Plumbing & Heating.

Adjusted earnings per share (EPS) increased by 5.1 pence to 124.1 pence. This 4.3% improvement was driven by a 5.5% increase in adjusted profit after tax, partly diluted by an increase in the weighted average number of shares in issue due to the exercise of share options and other share related incentives.

The proposed dividend for the year is 44 pence (2014: 38 pence), a 16% increase, and reflects the Board's confidence in the future growth prospects and cash generating ability of the Group. Dividend cover reduces to 2.8 times (2014: 3.1 times), and is just below the mid-point of the Group's target cover range of between 2.5x and 3.25x.

Revenue

Total group revenue increased by 6.5%, with growth of 3.8% on a like-for-like basis.

Like-for-Like Revenue Growth	General Merchanting %	Plumbing & Heating %	Contracts %	Consumer %	Group %
Quarter one 2015	8.1	(6.1)	15.1	6.0	5.1
Quarter two 2015	5.3	1.0	12.9	6.9	6.3
Quarter three 2015	1.7	1.7	5.5	2.3	2.6
Quarter four 2015	1.0	(1.9)	1.5	6.1	1.4
First half	6.7	(2.9)	13.9	6.5	5.7
Second half	1.4	(0.3)	3.6	4.2	2.0
Full year	3.9	(1.4)	8.5	5.3	3.8

Group like-for-like sales growth slowed significantly in the second half of 2015, driven by weakness in the RMI market. As previously mentioned, the link between the RMI market and the level of secondary housing transactions shows a strong correlation. The impact of the Mortgage Market Review on the availability of mortgages, and therefore the number of secondary housing transactions, along with uncertainty at the time of the election, had a negative impact on the RMI market in the second half of 2015. Whilst the summer months, especially August, were particularly weak, the significant recovery in RMI spend in October was not sustained consistently through November and December.

Consequently, weaker fourth quarter trading was experienced across all of our trade businesses, with lower like-for-like sales growth in General Merchanting, Contracts and Plumbing & Heating leading to more competitive market pricing. The Group's consumer businesses, however, performed well during the final quarter of the year, further extending their outperformance of the market.

The start to 2016 has been encouraging.

The six to nine month lagged growth in housing transactions suggested RMI demand would improve in Q4 2015 or early in Q1 2016. The Group has seen these improvements in demand take a firmer hold in January and February of 2016.

The following table sets out volume, like-for-like and expansionary sales growth by division through 2015.

Total revenue	General Merchanting %	Plumbing & Heating %	Contracts %	Consumer %	Group %
Volume	2.8	(0.1)	7.4	8.5	**4.3**
Price and mix	1.1	(1.3)	1.1	(3.2)	**(0.5)**
Like-for-like revenue growth	3.9	(1.4)	8.5	5.3	**3.8**
Network expansion & acquisitions	1.4	2.7	4.7	2.7	**2.7**
Total revenue growth	**5.3**	**1.3**	**13.2**	**8.0**	**6.5**

General Merchanting volumes grew by 2.8%. There was continued inflation in heavyside products, although this slowed in the second half of the year. Lightside products continued to experience price deflation as commodity prices weakened further through the second half of 2015, and direct sourcing of products continued to drive lower costs passed through to customers in more competitive pricing.

Plumbing & Heating sales were broadly flat, with the 2014 benefits from the Government incentive scheme being not repeated in 2015, the disruption from the branch re-segmentation programme and continued market weakness. These factors were compounded by deflation in copper and plastic prices.

Price inflation in heavyside products in the Contracts division was partially offset by more competitive pricing in the industrial plumbing market and copper and steel price deflation. Keyline and CCF volume growth was strong, and contributed significantly to 8.5% like-for-like revenue growth in the Contracts division as a whole.

Further investment in value and more focused promotions generated significant growth in sales in Wickes. Toolstation continued to grow strongly as it invested in lower prices, opened new stores and delivered an enhanced 60 minute click and collect proposition.

New branch openings and acquisitions added 2.7% to Group sales in 2015. Acquisitions included Rudridge, which added four branches to the Keyline heavy civils network and The Underfloor Heating Store and Bathrooms.com in the Plumbing & Heating division. Expansion of the branch network continued through the development of new sites and additional implants into existing locations.

Adjusted Operating Profit

In 2015 the Group was required to impair the goodwill and other intangible assets of the PTS and F & P businesses by £141m. This impairment is a non-cash, exceptional charge, and is explained in the Plumbing & Heating business review section.

Reported adjusted operating margins were broadly stable in 2015 and improved by 10 bps excluding the effects of changes in property profits. Improvement in gross margin across the Group was broadly offset by higher operating costs and the recognition of slightly lower property profits, £24m in 2015 (2014: £26m).

	General Merchanting	Plumbing & Heating	Contracts	Consumer	Group
	%	%	%	%	%
2014 adjusted operating margin	9.8	4.8	6.7	6.0	**6.9**
Change in gross margin	0.1	0.1	(0.8)	1.0	**0.2**
Margin impact of change in operating costs	0.1	(0.8)	0.6	(0.3)	**(0.1)**
Adjusted operating margin excluding change in property profits	10.0	4.1	6.5	6.7	**7.0**
Margin impact of change in property profits	0.1	(0.8)	0.4	0.1	**(0.1)**
2015 adjusted operating margin	**10.1**	**3.3**	**6.9**	**6.8**	6.9

Group gross margins improved by 20bps, with good gains in the Consumer division despite the significant range change programme, offset by deterioration in the Contracts division of 80 bps largely because of a change in the mix of business. Strong sales growth in Keyline and CCF combined with higher volumes of direct to customer sales were the principal drivers of the lower gross margin. In General Merchanting, the strong gross margin performance in the first half of 2015 reversed in the second half as price competition due to lower volumes in the market intensified.

Group operating costs increased by 10 bps in 2015, with lower operating costs in the Contracts division owing to good cost control, more than offset by higher costs in the Plumbing & Heating and Consumer divisions. In Plumbing & Heating, operating costs increased following the re-segmentation programme, with City Plumbing branches having a higher cost to serve than PTS branches. Operating costs in the Consumer division as a function of sales increased owing to the relative immaturity of new Toolstation branches, the labour costs associated with range changes in Wickes and additional marketing and online costs.

In 2014 Plumbing & Heating benefited from property profits realised from the sale and leaseback of the Warrington primary distribution centre. The Contracts division included £5m of property profits (2014: nil), which added 40bps to the adjusted operating margin.

General Merchanting

	2015	2014	Change
Total revenue	**£1,972m**	£1,873m	5.3%
Like-for-like growth			3.9%
Adjusted operating profit	**£199m**	£183m	8.7%
Adjusted operating profit excluding property and one-offs	**£182m**	£169m	7.7%
Adjusted operating margin	**10.1%**	9.8%	30bps
LAROCE	**16%**	16%	-
Branch network	**813**	772	41

General Merchanting revenue increased by 5.3%, 3.9% on a like-for-like basis, demonstrating continued outperformance compared to the market. Growth was particularly strong in heavyside materials, supported by the heavyside range centre network, and Tool Hire. Growth in heavyside categories has led to an increase in the proportion of sales delivered (53.4% versus 51.8% in 2014). Sales growth slowed considerably in the second half of the year as the RMI market slowed owing to fewer secondary housing transactions in late 2014 and early 2015.

Despite the strong start to the fourth quarter in October, the expected pick-up in volumes occurred in January and February 2016, rather than as anticipated in November and December 2015. The growth in nine month lagged housing transactions provides increased confidence that the market growth is likely to be sustained through the first half of 2016.

Adjusted operating profits, excluding property profits, grew by 7.7% to £182m. Gross margins improved by 10 bps in 2015. An improvement in gross margins in the first half, driven by improved sourcing, and better management of cost price inflation pass through was offset in the second half of the year by increased competitive pricing in the weaker market. The operating cost base of the business was controlled carefully across the year, with additional cost invested in the range centre network, new store formats and customer service offset by improvements in efficiency.

Property profits were £3m higher in 2015 at £17m (2014: £14m), with the majority of these profits recognised towards the end of the year, from the sale and lease back of 12 Travis Perkins sites, as part of the group-wide sale and leaseback transaction.

Lease adjusted return on capital employed was flat at 16% compared with 2014, with growth in operating profits broadly offset by the increase in capital employed following the investments made in new branch openings, the distribution network, store formats, and the growth in net working capital as credit sales grew. These investments are expected to drive improvements to shareholder returns in 2016 and beyond.

Twelve new Travis Perkins branches were opened or resited in 2015, either entering under-served catchments, or moving existing businesses to alternative sites that will locate them more conveniently for customers and optimise their operations.

The benefits of supplying an extended heavyside product range more quickly to customers through the heavyside range centre network were evidenced by the growth in heavyside categories. In July 2015 the Tilbury range centre was opened to cover branches in London and the South East, and combined with the range centres in Warrington and Cardiff, over two thirds of Travis Perkins branches are now serviced with next day and day-plus-one deliveries.

The heavyside range centres are also able to support the growing Tool Hire proposition. Assets can be held centrally, and supplied to branches next-day or as required by customers. This extends the number of branches able to offer tool hire, where previously only branches large enough to stock a credible range of hire assets could provide this additional service. Any branch now served by a range centre can offer a broad tool hire solution to customers driving superior profit density for existing branches and efficient returns on highly utilised hire assets. The range centres improve tool hire operational efficiency, as less equipment is required to cover the network, asset utilisation is increased, and maintenance activity is centralised requiring fewer resources in-branch.

The programme to modernise Travis Perkins branch formats continued, with twenty branches now operating with the new shop and yard layouts. Initial signs from these branches are encouraging with strong sales growth and positive customer feedback.

Benchmarx continues to grow through a combination of organic growth, and network expansion. New branches were opened in 38 sites across the UK, including 26 standalone showrooms and 12 implants within Travis Perkins branches.

Benchmarx continues to outperform the market, increasing its market share in trade kitchens and building relationships directly with end-users on behalf of the business's trade customers through the application of the kitchen selection centre model. In 2015 the Benchmarx product range was refreshed, reducing the number of SKUs and the complexity of the range. This allowed greater operational efficiency and improved the on-time in-full delivery to customers, and provides the business with a strong platform for further growth.

Plumbing & Heating

	2015	2014	Change
Total revenue	**£1,371m**	£1,353m	1.3%
Like-for-like growth			(1.4)%
Adjusted operating profit	**£46m**	£65m	(29.2)%
Adjusted operating profit excluding property and one-offs	**£46m**	£48m	(4.2)%
Adjusted operating margin	**3.3%**	4.8%	(150)bps
LAROCE	**6%**	9%	3ppts
Network expansion (no. branches)	**463**	505	(42)

Plumbing & Heating revenue grew by 1.3% in 2015, although this represented a decline of 1.4% on a like-for-like basis. The heating market continued to be highly competitive, leading to intense pricing pressure, particularly in the supply of products to larger contractors and through the wholesale channel. Combined with the continued weakness in commodity prices such as copper and plastic, this impacted the sales of both PTS and F & P. There were signs of recovery in the local bathroom installer market which is more closely correlated with consumer confidence and improvements in the RMI market.

The like-for-like revenue decrease in Plumbing & Heating of 1.4% was due to two main factors. The positive impact on boiler sales from the government backed ECO scheme in 2014 not repeated in 2015. The re-segmentation programme to convert PTS branches to City Plumbing was accelerated in the second half of the year, with the programme substantially complete by the end of 2015, six months ahead of the original schedule. This increase in activity caused higher levels of disruption than previously anticipated, impacting sales negatively, however, it leaves the Plumbing & Heating division in a strong position to focus on the growth of the newly structured businesses from the beginning of 2016.

Adjusted operating profit for the division reduced by £19m to £46m (2014: £65m). In 2014 the Plumbing & Heating division recognised £11m of property profits from its share of the sale and leaseback of the Warrington primary distribution centre. In 2014 Plumbing & Heating also benefited from the Government backed ECO scheme, which created both a boost in sales and sourcing benefits. Neither of these factors repeated in 2015.

Adjusted operating profit excluding property profits and a number of one-off short term contracts and associated sourcing benefits reduced by £2m, to £46m from £48m in 2014. This was primarily driven by the like-for-like sales deterioration including the disruptive impact of the resegmentation programme. Operating costs in City Plumbing branches converted from PTS, were also higher, given the higher cost-to-serve of the City Plumbing business, but as yet have not benefitted fully from the additional sales expected following conversion.

The re-segmentation programme accelerated in the second half of the year, with 114 branches converted from PTS to City Plumbing in 2015. In addition, 30 unsuitable PTS sites were closed with a further three relocated, and seven City Plumbing sites were relocated with a further six closed.

Following the annual impairment review a charge of £141m has been recognised against the goodwill and other intangible assets of PTS and F & P. The impairment is a non-cash, exceptional charge, and is necessary due to changes in the plumbing & heating market relating to contract and wholesale customers which has been highlighted following the completion of the re-segmentation programme.

The PTS network now comprises 95 branches with a considerably lower capital base with work continuing to improve the operating efficiency and working capital management of the branches to enhance returns.

There is increasing confidence in the expanded City Plumbing network, now totalling 344 branches, following strong customer response to the improved bathroom proposition, renewables and spares offers. City Plumbing branches that have been unaffected by the resegmentation programme and those converted early in 2014 have seen encouraging like-for-like growth, and it is expected that those branches converted in 2015 will mature through 2016 and 2017.

In the wholesale distribution channel served by F & P there has been increased competition in 2015. The F & P business will continue to fully integrate Primaflow, which will improve operational and capital efficiency across the combined F & P, Primaflow and Connections business.

As part of the Group's plan to leverage its scale in the UK, and to simplify and consolidate distribution networks, the PTS supply chain has been fully integrated into the Group's lightside facilities in Warrington and Northampton. The remaining PTS distribution centres were closed in 2015.

Lease adjusted returns reduced, as lower adjusted operating profits more than offset the reduction in capital employed through the closure of branches and strong debtor management. After the impairment of goodwill and other intangible assets LAROCE was 7%.

Contracts

	2015	2014	Change
Total revenue	**£1,214m**	£1,072m	13.2%
Like-for-like growth			8.5%
Adjusted operating profit	**£83m**	£72m	15.3%
Adjusted operating profit excluding property	**£78m**	£71m	9.9%
Adjusted operating margin	**6.9%**	6.7%	20bps
LAROCE	**14%**	13%	1ppt
Network expansion (no. branches)	**181**	171	10

Sales in the Contracts division grew strongly in 2015, with total sales up 13.2%, 8.5% on a like-for-like basis. Throughout the year growth was concentrated in the Keyline and CCF businesses which are focused on the commercial construction and new house building markets, although growth in these markets slowed in the second half of the year. BSS sales are more weighted to public sector RMI and construction. This market has been more difficult in 2015, resulting in BSS sales marginally lower on a like-for-like basis. BSS maintained its market-leading position in this more difficult market by focusing on providing the best customer solutions, and investing to operate more cost-effectively.

Adjusted operating margins, excluding property profits, reduced by 20 bps, with gross margins reducing by 80 bps, offset by a 60 bps improvement from operating costs. The reduction in gross margin was driven by the shift in sales mix towards the lower margin CCF and Keyline businesses. Whilst the products sold in these businesses attract a lower gross margin the businesses themselves generate strong returns. At a business level, adjusted operating margins improved in CCF and Keyline as higher volumes enabled greater efficiencies and further sourcing improvements.

The Contracts division recognised £5m of property profits in 2015 (2014: nil) through the sale and leaseback of six sites as capital was recycled for further investment.

Lease adjusted return on capital increased to 14% (2014: 13%), a function of increased sales, operating leverage and only modest increases to the capital base.

The Keyline business continued to increase its focus on the delivery of civil, drainage and heavyside materials to large, commercial customers. In 2015 a new format Keyline branch was opened in Lincoln, which was specifically designed to operate at reduced cost, so improving operational efficiency, whilst enhancing the range of specialist heavyside products available to the customer. The acquisition of Rudridge added a further four heavyside civils branches to the Keyline network in the South East.

The CCF network was expanded with the addition of eight new branches, six of which were opened in December 2015. This additional capacity should improve national coverage, with faster delivery to both local customers and those on framework agreements. CCF continues to build strong customer relationships, deliver a superior customer service, more extensive ranges with strong availability, all resulting in significant share gains.

BSS is the largest operator in the industrial plumbing market. Throughout 2015 difficult market conditions, with both lower spending in the public sector and increasing competition from new entrants to the market, led to reduced volumes and margins. BSS maintained its advantaged market position through investments in pricing, continued market-leading customer service and product knowledge, and by improving the efficiency of the business. Three BSS branches were closed and two were relocated to reduce costs and improve customer accessibility.

In 2016 it is planned to convert 13 Keyline branches into the Travis Perkins format. These conversions will occur where it is felt the existing branch would better serve the General Merchant market and fill a previously underserved catchment.

Consumer

	2015	2014	Change
Total revenue	**£1,386m**	£1,283m	8.0%
Like-for-like growth			5.3%
Adjusted operating profit	**£95m**	£77m	23.4%
Adjusted operating profit excluding property and one-offs	**£93m**	£77m	20.8%
Adjusted operating margin	**6.8%**	6.0%	80bps
LAROCE	**7%**	7%	-
Network expansion (no. branches)	**571**	527	44

The Consumer division made continued market share gains in 2015, with revenue growth of 8.0% and like-for-like growth of 5.3%, well ahead of the DIY market which was broadly flat. This outperformance demonstrates the continued improvement of the Wickes business as it progresses through the transformation programme, the market-leading customer proposition in Toolstation and the growth of the Tile Giant business.

After a period of market weakness in the third quarter of the year, the Consumer division returned to good growth in the fourth quarter. This was predominantly driven by strong kitchen and bathroom sales in Wickes and continued like-for-like growth and network expansion in Toolstation.

In 2015 previous impairments to loans made to the Toolstation Europe business were reversed, recognising confidence in the future plans and viability of the business. This reversal resulted in a year-on-year improvement of £6m to operating profits.

Adjusted operating profit, excluding property profits and a one-off credit for impairment reversals in Toolstation Europe, increased by 11.7% to £87m, driven by the significant improvements made to the customer propositions across the division during the year.

Property profits of £2m were recognised in 2015 (2014: £nil), relating to the disposal of the former Wickes support centre in Harrow, resulting in adjusted operating profits of £95m in 2015 (2014: £77m), and growth of 23.4%.

The businesses in the Consumer division continue to invest in their value propositions in order to maintain market-leading prices and drive continued growth in market share. Wickes undertook significant range review activity in 2015, incurring costs of around £10m as old ranges were discounted for clearance. The majority of range changes have now been completed, with 36 ranges reviewed, including take-away kitchens, adhesives and sealants, paint, tiles, flooring and timber. Further reviews are planned across 32 smaller or similar categories in 2016 including bricks and blocks, take-away bathrooms and garden maintenance.

Wickes now has eight stores operating in the new format, with four being refurbishments, and four new stores. The new store formats allow both trade and retail customers to shop the stores efficiently, whilst also increasing range breadth and availability. Combined with the range review activity, the new store layouts maximise product adjacencies, give more focus to seasonal and promotional activities and segregate a more inviting Kitchen and Bathroom design centre. Initial customer feedback has been positive, returns are encouraging and plans to continue the refurbishment of existing stores and the opening of new stores continue.

The Wickes online offer was enhanced, with the launch of a one-hour click and collect service. Online sales now make up over 8% of Wickes sales, with half of the growth in online transactions in 2015 coming through click and collect.

The growth of the Toolstation business continued with a strong revenue performance throughout 2015, driven by both the growth in like-for-like sales from existing stores, and the addition of 40 new branches. Toolstation also benefitted from the introduction of a new one-hour click and collect service.

Tile Giant performed well in 2015 with good like-for-like sales growth. The performance exceeded the growth of the tile market with Tile Giant gaining market share.

Christopher Cheetham – Tile Giant, Shrewsbury

FINANCIAL REVIEW

Finance Costs

Net finance costs, shown in note 9, were £31m (2014: £22m). Interest costs on borrowings increased by £5m to £25m (2014; £20m) largely owing to higher average borrowings during the year.

The impact of marking-to-market currency forward contracts used to hedge commercial transactions, which remained outstanding at the year-end lowered profits by £5m when compared with 2014. In 2015 £1m of losses were recorded (2014: £4m gain). Other financing type costs were broadly similar to last year at £6m (2014: £6m).

The average interest rate on the Group's borrowings during the year was 3.6% (2014: 3.7%).

Impairment and Amortisation

As a result of undertaking its annual review of the carrying value of goodwill and other intangible assets the Group has recognised an impairment charge of £141m in respect of PTS and F & P. Trading conditions in the wholesale and contract-led Plumbing and Heating market have been challenging, with the current structure of the market, not expected to materially change in the foreseeable future. This has caused the Board to reduce its expectations of future performance by PTS and F & P. As discussed in notes 13 and 14 and noted in the Audit Committee report on page 106, after consideration by the Audit Committee and the Board, the Directors concluded that the expected future cash flows of all other businesses in the Group will be sufficient to support the balance sheet carrying value of goodwill and other intangible assets. The annual amortisation charge was £18m (2014: £18m).

Taxation

After reflecting a £9m (2014: £nil) credit arising from a change in the statutory rate of corporation tax and an exceptional £8m credit arising from the impairment of goodwill and other intangible assets in respect of PTS and F & P, the statutory tax charge for the year was £56m (2014: £63m).

The underlying tax charge, excluding the benefit of the rate change and the effect of exceptional items and in 2014 the effect of exceptional items, was £72m (2014: £68m), which represents an effective rate of 19.7% (2014: 19.7%). This is slightly below the standard rate of corporation tax of 20.25% (2014: 21.5%) 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. 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 £71m relating to uncertain tax positions currently under discussion with H. M. Revenue and Customs ("HMRC"), which arose in prior periods. Based on legal and tax technical advice the Group claimed tax benefits in its tax returns for several years and reduced its tax payments accordingly. HMRC have disputed the Group's interpretation of the tax legislation. The Group has provided HMRC with all information requested and discussions continue in order to reach a conclusion on the differing interpretations. It cannot currently be estimated how long it will take to reach an agreed interpretation and litigation is a likely outcome if agreement cannot be reached.

The Group is determined to pursue the cases because of the amounts involved, but given the lack of agreement with HMRC at this stage in the interpretation of key areas, coupled with the current tax litigation environment and HMRC's policy for pursuing such a route the Group has continued to recognise a provision for the disputed amounts claimed by HMRC. This is considered appropriate given the uncertainty involved in this process and meets the requirements of IAS 12.46 for recognition of such a provision.

Following legislative changes that enable HMRC to demand payment of amounts previously withheld in respect of disputed items, the Group has received notices to pay £24m in February 2016. The Group expects to receive notices to pay a further £28m during the second quarter of 2016.

Should the Group's filed tax positions be agreed by HMRC or the Group prevail in the litigation process then the tax charge in the group income statement in a future period will be reduced by the repayment of the £52m referred to above and the release of £19m of tax provisions for which payment cannot be demanded under current legislation unless HMRC are successful. 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

Basic EPS decreased by 36.0% in 2015, principally due to the effect of the non-cash impairment. Adjusted EPS increased by 4.3% with the reconciliation between Basic and Adjusted EPS noted below.

	2015		2014	
	Earnings	**EPS**	**Earnings**	**EPS**
Basic earnings and EPS	£168m	67.8p	£259m	105.9p
Exceptional items:				
Wickes store closures	-	-	£(10)m	(4.1)p
Plumbing & Heating network configuration	-	-	£29m	11.9p
Rinus roofing disposal	-	-	£4m	1.6p
Impairment of acquired intangibles	£141m	57.0p	-	-
Amortisation of acquired intangible assets	£18m	7.3p	£18m	7.4p
Tax on amortisation of acquired intangible assets	£(3)m	(1.2)p	£(3)m	(1.2)p
Tax on exceptional items	£(8)m	(3.2)p	£(5)m	(2.1)p
Deferred tax rate change (1)	£(9)m	(3.6)p	-	-
Other	-	-	£(1)m	(0.4)p
Adjusted earnings	**£307m**	**124.1p**	**£291m**	**119.0p**

(1) At a statutory level a deferred tax benefit of £9m was recognised due to the expected tax rate reductions between 2017 and 2020.

Profit after taxation decreased by 35.1% to £168m (2014: £259m) resulting in basic earnings per share decreasing by 35.9% to 67.8 pence (2014: 105.9 pence). There is no significant difference between basic and diluted basic earnings per share.

Adjusted profit after tax was 5.5% higher than 2014 at £307m (2014: £291m) resulting in adjusted earnings per share increasing by 4.3% to 124.1 pence (2014: 119.0 pence). There is no significant difference between adjusted basic and adjusted diluted earnings per share.

Balance Sheet and Cash Flow

The Group continued to make good progress towards the targeted financial metrics laid out in 2013.

	Medium Term Guidance	2015	2014 Restated*
Net debt		**£447m**	£358m
Lease debt		**£1,443m**	£1,423m
Lease adjusted net debt		**£1,891m**	£1,781m
Lease adjusted gearing		**44.6%**	43.4%
Fixed charge cover	3.5x	**3.3x**	3.2x
LA net debt : EBITDAR	2.5x	**2.8x**	2.8x

* 2014 lease related numbers were restated to reflect the refinement to the calculation to include £5.7m of rental income receivable on leased property that is sublet

The increase in on-balance sheet debt of £89m relates largely to the investments made in freehold property. Lease debt increased modestly from the position at 31 December 2014. Whilst a number of PTS leases were exited as branches were closed this was offset by a significant sale and lease back transaction and additional new leases. The gross lease charge for the year was broadly flat at £185m.

Overall lease adjusted net debt increased by £110m, largely owing to additional on balance sheet debt funding freehold property purchases. The increase in on-balance sheet debt is consistent with the Group's plans to increase the proportion of freehold property in the estate.

Lease adjusted gearing increased by 120 basis points in 2015 to 44.6%. Fixed charge cover increased by 0.1x to 3.3x, owing to improvements in profitability. The lease adjusted net debt to EBITDAR ratio was flat, representing higher earnings from the Group offset by increasing on-balance sheet debt used to fund freehold property purchases.

Free Cash Flow

The Group continued to generate strong free cash flows.

(£m)	2015	2014
EBITA	**413**	384
Depreciation of PPE and other non-cash movements	**98**	89
Proceeds in excess of property profits	**25**	4
Change in working capital	**(96)**	(107)
Maintenance capital expenditure	**(55)**	(50)
Interest	**(20)**	(15)
Tax paid	**(48)**	(50)
Free Cash Flow	**317**	255
Cash conversion rate	**77%**	66%

The Group generated £317m of free cash flow in 2015, with a conversion rate of 77% to EBITA (2014: 66%). Net working capital increased by £96m in 2015 (2014: £107m) net working capital days were broadly flat. Inventories increased by £14m as the stock levels held in the lightside distribution centre in Warrington, and heavyside range centres in Cardiff and Tilbury were increased. This was partially offset by the use of better stock management systems and more rigorous management of stock in the branch network.

Trade receivables grew by £43m, owing to the growth in trade sales by the Group. Payables decreased by £39m as the instances that suppliers were paid on time improved, due to a focus on resolving disputes more promptly and efficiently. Maintenance capex spend rose to £55m as the Group continued to maintain the expanding branch network to a standard that is safe and secure for colleagues, suppliers and customers. Interest costs increased by £5m due to a full year of interest payments on the public bond issued in September 2014, and the increase in on-balance sheet debt.

Net Debt, Funding and Liquidity

Net debt rose in 2015 and finished the year at £447m (2014: £358m), an increase of £89m (2014: £14m increase).

At 31 December 2015 the Group's committed funding comprised:

- £250m guaranteed notes due 2021, listed on the London Stock Exchange.
- A revolving credit facility of £550m, refinanced in December 2015, which runs until December 2020, advanced by a syndicate of 8 banks.

In addition:

- Five bilateral revolving credit facilities totalling £221m with tenors of 18 to 24 months, signed in January and February 2016.

- $200m of unsecured guaranteed $US senior notes, which were fully repaid at their maturity on 26 January 2016 and not replaced.

At 31 December 2015, the Group had undrawn committed facilities of £440m (2014: £550m) and available cash and short term borrowings of £84m (2014: £108m). The Group's rating was maintained at BB+ stable during 2015. The next review is due in the spring of 2016.

Capital Investments

In 2015 the Group completed four small, bolt-on acquisitions, totalling £26m. Rudridge, a four branch network of heavy builders' merchants in the South East, was added to the Contracts Division in February. In July the Group invested in Bathrooms.com to expand channel capability in the bathrooms market. The Underfloor Heating Store was acquired in August 2015. Garratt Timber Supplies was acquired in July 2015.

Investments to provide best-in-class customer propositions and drive continued outperformance continued throughout 2015, with £134m invested in growth capex, and a further £104m invested in freehold property sites to sustain the future pipeline of network expansion.

The expansion of the Group's branch network continued with new branches opened in Travis Perkins, Benchmarx, CCF, Wickes and Toolstation.

As noted earlier, significant capital investments were also made through the completion of the Group's second primary lightside distribution centre, Omega, and in new heavyside range centres in Cardiff and Tilbury. Under the Group's 'Investing to grow' plans, further work was completed in opening new formats in Wickes and Travis Perkins.

Improving the IT infrastructure of the Group remained a key area of investment in 2015. Online investment in the Consumer division continued, with the development of Click & Collect services in Wickes and Toolstation now offering a one hour service. Travis Perkins developed a fully transactional website, with customers able to purchase products from the current 'trade offers' range online. Travis Perkins also adopted a new electronic proof of delivery (EPOD) system, reducing the administrative burden on colleagues and improving delivery traceability for customers.

		£m	2015	2014
Extending leadership	New TP / Wickes / Toolstation / CCF / Benchmarx branches		**49**	34
	Benchmarx implants / showrooms / Tool hire implants			
Investing to grow	New Wickes / TP formats		**57**	17
	Distribution centres			
	Plumbing & Heating branch conversions			
Re-engineering and infrastructure build	Multi-channel development IT infrastructure upgrades		**28**	29
Growth capital investment			**134**	80
	Freehold property		**104**	35
	Maintenance		**55**	50
Total capital investment			**293**	**165**

Property

The Group acquired 25 (2014: 19) freehold properties for £77m (2014: £35m) and undertook a further £27m of building work to develop new branches and distribution assets. The investment was partially financed through free cash flow, with the majority through the £89m increase in on-balance sheet debt. Increasing the level of freehold property assets enables the Group to secure very attractive operating sites that might otherwise not be available, gives operating flexibility, and allows the Group to benefit from capital appreciation and development gains. Many of these assets are not yet in operation, but provide the Group with the opportunity to grow earnings and returns when they are brought into use.

The value of leasehold properties based on applying a valuation of 8 times the annual lease charge was £1,443m (2014: £1,423m).

The Group continues to realise value from its property assets once developments have been completed, there is limited strategic value in holding the site where returns on capital can be improved by investing elsewhere. During the year property disposal proceeds were £45m (2014 £27m) realising gains on disposal of £24m (2014: £26m). The primary contributor was the sale and leaseback of 19 properties which the Group did not consider to be strategic sites or to have further development potential, which realised proceeds of £33m and profits of £19m.

Dividend

Dividend costs increased in line with the Group's target to maintain a progressive dividend policy, with £100m paid out to shareholders in 2015. The proposed dividend for the year of 44 pence (2014: 38 pence) results in a 16% increase compared to 2014 (2014: 23% increase). An interim dividend of 14.75 pence was paid to shareholders in November 2015 at a cost of £37m. If it is approved, the proposed final dividend of 29.25 pence will be paid on 27 May 2016, the cash cost of which will be approximately £73m.

A 44.0 pence full year dividend would reduce dividend cover to 2.8 times (2014: 3.1 times) adjusted earnings per share, just below the mid-point of the Board's target cover range of between 2.5x and 3.25x.

Return on Capital

The capital structure of the Group at 31 December 2015 comprised:	**2015***	2014
	£m	£m
Cash and cash equivalents	**(84)**	(108)
UK listed bond	**256**	258
US private placement notes at fair value	**137**	133
Loan notes and revolving credit facility	**110**	41
Finance leases	**19**	21
Liability to pension scheme	**35**	36
Pension fund deficits	**42**	78
Goodwill and other intangibles written off	**233**	93
Mark-to-market adjustments on borrowings	**(20)**	(17)
Finance charges netted off debt	**(6)**	(6)
Equity attributable to shareholders	**2,796**	2,678
Total balance sheet capital employed	**3,518**	3,207
Property operating leases (8x rentals)	**1,443**	1,423
Total lease adjusted capital employed	**4,961**	4,630

*Capital structure compiled on the same basis as 2014, not including the impact of the impairment of goodwill on PTS and F & P, or the exclusion of previous goodwill written off

Net assets at the end of 2015 were £2,796m (2014: £2,678m), which contributed to capital employed of £3,518m (2014: £3,207m).

Increased adjusted pre-tax profits in 2015 have resulted in the Group's adjusted return on capital employed (ROCE) for the year being 0.1% lower than 2014 at 12.3%, (2014: 12.4%). 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 10.5%, (2014: 10.4%). On both a reported and lease adjusted basis returns are well above the Group's post tax weighted average cost of capital of approximately 8%.

Including the impairment of goodwill and other intangible assets in the PTS and F & P businesses, the ROCE was 12.9% (2014: 12.7%) and LAROCE (note 37) was 10.8% (2014: 10.7%) after adjusting for property leases at rate of 8 times the annual charge.

Share Price Movements

During the year, the daily closing share price ranged between 1,767p (2014: 1,574p) and 2,260p (2014: 1,982p). The shares closed the year at a price of 1,973p (2014: 1,857p), making the Group's market capitalisation at the year-end £4.93bn (2014 £4.62bn). This represented 1.8 times shareholders' funds (31 December 2014: 1.7 times).

Pensions

The Group made £40m (2014: £35m) of contributions to its defined benefit schemes and £14m (2014: £12m) to its defined contribution pension scheme during the year. At 31 December 2015 the combined gross accounting deficit for the Group's two final salary pension schemes was £52m (2014: £98m), which equated to a net deficit after tax of £42m (2014: £78m). The gross deficit for the BSS scheme, based upon the net present value of the agreed minimum funding contributions was £52m (2014: £57m). The TP scheme had a £34m surplus, which on the application of IFRIC 14 was reduced to nil.

During the year the Trustees of both schemes finalised the 30 September 2014 actuarial valuations. These resulted in the Group being obliged to pay recovery plan contributions of £10m p.a (2014: £25m) until September 2021, and voluntarily agreeing to pay additional contributions of £2m (2014: £nil).

Supplier Income

Fixed price discounts, volume rebates, customer sales support and similar promotional arrangements ("Supplier Income") 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.

Only two of the Group's Supplier Income arrangements are not co-terminus with the Group's year end, which reduces the level of judgement required when determining the value of income to be recognised in any year.

The overwhelming majority of Supplier Income, in excess of 85% by value, is determined by reference to fixed supplier price discounts on actual purchases, with approximately 3% being volume rebates that are subject to stepped targets for actual purchases, the net rebate percentage increasing as values or volumes purchased reach pre-agreed targets. However, by the year-end the Group knows whether those targets were reached.

Fixed price discounts and rebates on purchases that remain in stock are deducted from the cost of inventory, so reducing cost of sales in the income statement in the period in which the inventory is expensed. Due to the complexity of the terms of some supplier arrangements and the number of products affected, some judgement is required to determine the amount of fixed price discount and rebate applicable to each product that is due from the supplier at the year-end and the value that should be deducted from the gross value of inventory held at the balance sheet date. The methodologies applied by the Group are well established and consistently applied from year-to-year.

The Group also receives customer sales support which equates to approximately 10% of total Supplier Income (i.e. payments that are made entirely at the supplier's option, that are requested by the Group when a specific product is about to be sold to a specific customer and for which payment is only received after the sale has been completed). These are recognised as a deduction from cost of sales when the sale to the third party takes place and do not require any judgement to be made.

Supplier income	**2015**	2014
	£m	£m
Other receivables	244	201
Inventory	(179)	(162)
Trade payables	51	64
Net balance sheet position	116	103

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 again reviewed its interest rate hedging policy during the year and reaffirmed its preference 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 £302m (2014: £312m) notional value of interest rate derivatives resulting in interest rates floating on approximately 77% (2014: 72%) 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. These contracts expired in January 2016 when the Group's loan notes fell due for repayment.

The Group settles its currency denominated purchases using a combination of currency purchased at spot rates and currency bought in advance on forward contracts. It purchases forward contracts for approximately 90% of its committed requirements six months forward based on the firm placement of forward stock purchases. At 31 December 2015 the nominal value of currency forward contracts, all of which were $US denominated, was $72m (2014: $75m).

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 construction 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 2015 was approximately 0.4% (2014: 0.3%) 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:

- Run the business to 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
- Place a high priority on effective cash and working capital management
- Maintain liquidity headroom of over £250m and build and maintain good relationships with the Group's banking syndicate
- Manage counterparty risk by raising funds from a syndicate of lenders, the members of which maintain investment grade credit ratings
- Operate banking covenants attached to the Group's revolving credit facilities 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 0.8x (2014: 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 21x at 31 December 2015 (31 December 2014: 22x)
- Have a conservative hedging policy that reduces the Group's exposure to currency 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:

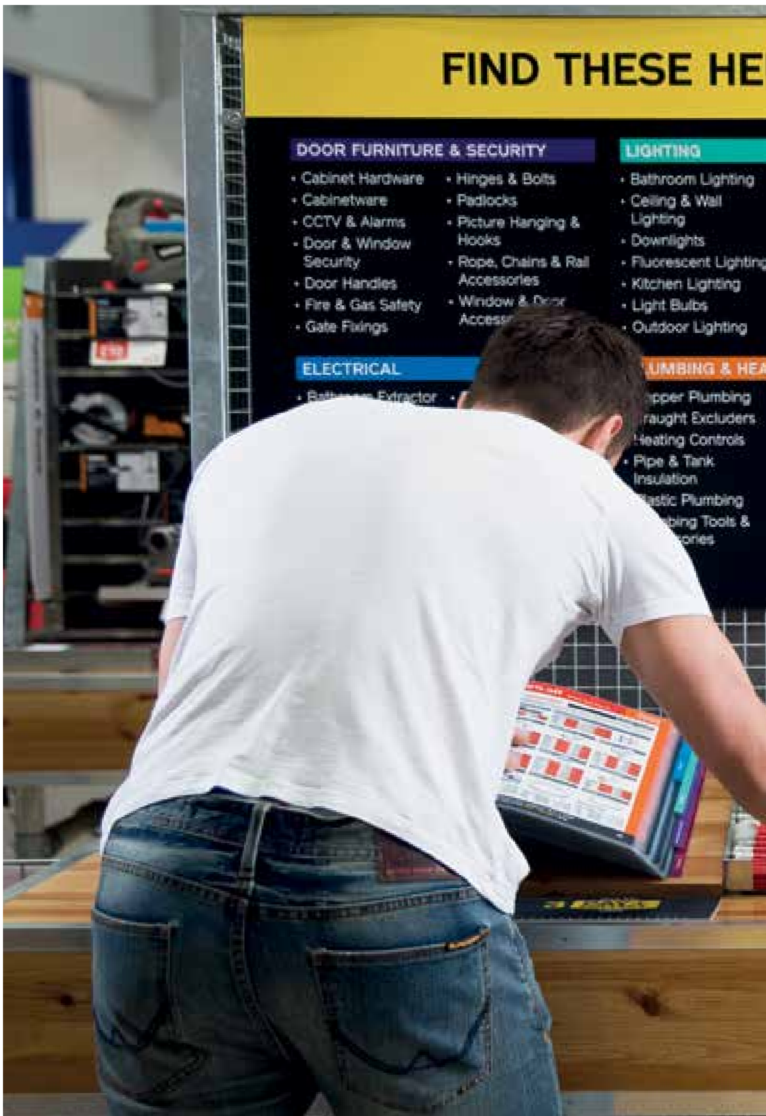
- Ensuring compliance with all applicable rules, legislation and regulations under which it operates
- Maintaining an open and co-operative relationship with the UK Tax Authorities to reduce its risk profile
- Paying the correct amount of tax as it falls due

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.



Viability Assessment

In accordance with provision c2.2 of the UK Corporate Governance Code, published by the Financial Reporting Council in September 2014, the Board of Directors has undertaken an assessment of the viability of the Group.

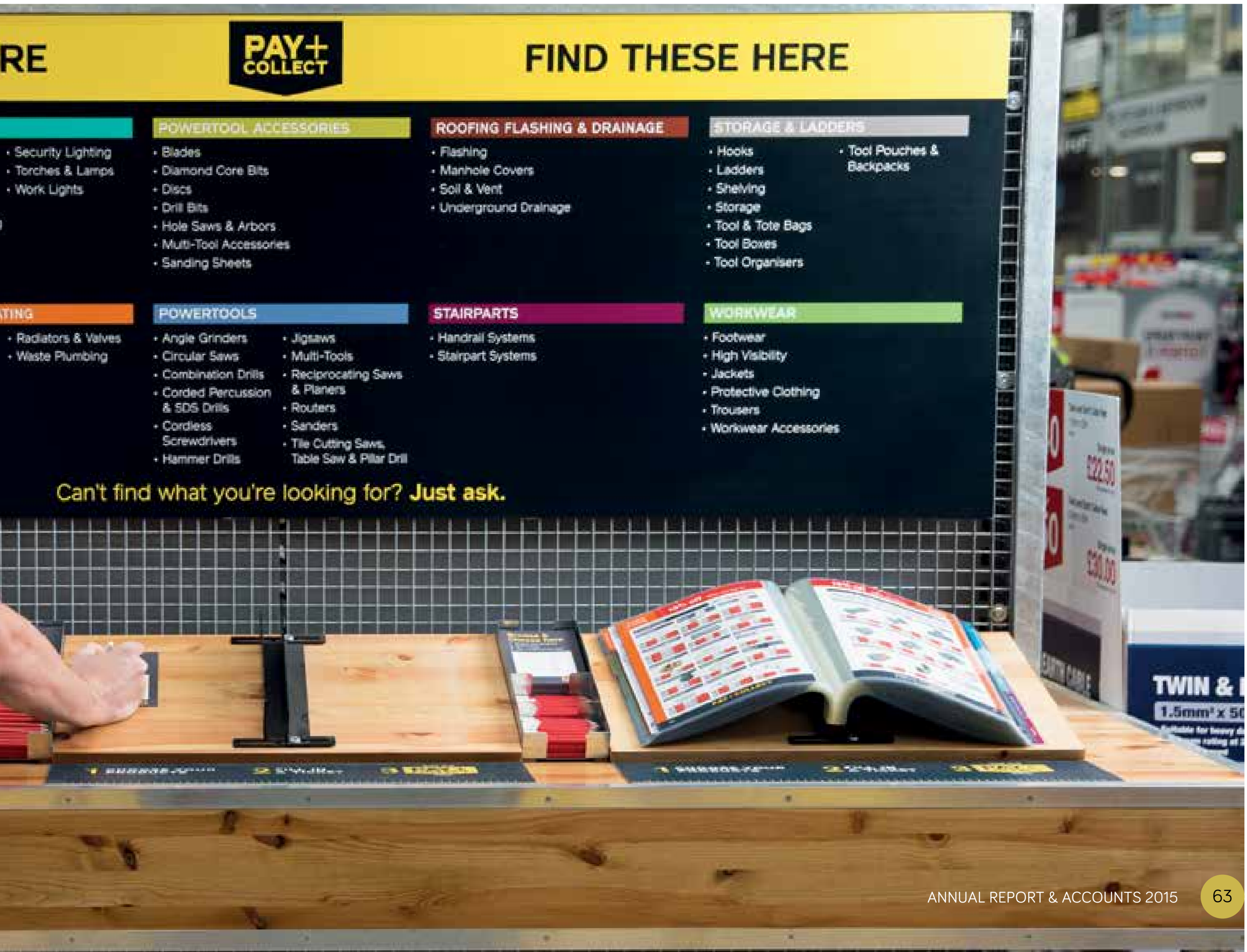
As part of its deliberations the Board undertook a robust review of the Principal Risks and Uncertainties facing the Group, how they are managed and the actions that could be taken to mitigate their effect or avoid them altogether. The resulting disclosures, which include those risks that could threaten the Group's business model, performance, solvency and liquidity are shown on pages 65 to 69 of the Annual report. The Board believes the Group is well placed to manage those risks successfully

The Board has decided that it is appropriate to assess the performance of the Group over a three year period from 28 February 2016, the month end date closest to the approval of the 2015 annual results. Three years has been chosen because the Board believes that is the period of the Group's approved Corporate Plan that it is reasonably possible to forecast forward with a degree of accuracy and because the Group is subject to the vagaries of the economic cycle and property market which cannot reasonably be forecast with certainty further than three years forward.

Whilst the Board has no reason to believe the Group not will remain viable over a longer period, the inherent uncertainty involved means three years is the appropriate period over which to give users of the Annual Report a reasonable degree of confidence.

The Corporate Plan which is prepared annually on a rolling basis considers the Group's future profitability, cash flows, liquidity headroom, availability of funds and covenant compliance. For the purposes of the viability review, the Board has performed a robust sensitivity analysis to stress test the downside scenario based upon the 2008/2009 financial crisis and the mitigating actions that were adopted at that time to protect the Group's viability, which it is assumed would again be available to it. Those actions include reducing costs, capital and revenue investment and payments to shareholders.

Based upon the assessment undertaken, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three year period of their assessment.



Simon Lister – Keyline, Lincoln

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES

The Group operates in markets and an industry which by their nature are subject to a number of inherent gross 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 and for that reason the risk management process is closely aligned to the Group's strategy.

The Board has a risk 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. As part of its risk management process, the principal risks stated in the Group's risk register are reviewed, challenged and updated by the Board and monitored throughout the year. Each operating business within the Group monitors a separate risk register. This risk register is used to determine strategies adopted by the Group's various businesses to mitigate the identified risks and are embedded in their operating plans.

Details of the Group's risk management processes are given in the Corporate Governance report on page 102. 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.

The table on the following pages sets out, in no particular order, the current principal risks 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
Market Conditions Inherent Risk: ●●● Trend: ◀▶	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 mortgage availability and affordability, housing transactions and the timing and nature of government activity to stimulate activity, net disposable income, house price inflation, consumer confidence, interest rates and unemployment. A significant downturn in economic conditions or alternatively major uncertainty about the future outlook could affect the Group's markets, levels of construction activity and the confidence levels of the Group's customers, which could reduce their propensity to purchase products and services from the Group's businesses.
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 other competitors. Public sector buying groups could reduce sales if public bodies chose to buy direct from manufacturers. Disintermediation may become more of a threat if manufacturers decide to deal directly with end users. 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.
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. Incidents of sophisticated cyber-crime represent a significant and increasing threat to all businesses including the Group. A major breach of system security could result in disruption to systems and / or the theft and misuse of confidential data with consequential impacts on the Group's reputation or ability to trade.
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.

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

Impact	Risk Mitigation
Adverse effect on financial results.	The Board conducts an annual review of strategy, which includes an assessment of likely competitor activity, 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.
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. Pricing strategies across the Group are regularly reviewed and where necessary refined to ensure they remain competitive. The development of new, innovative and competitive supply solutions is a key strength of the Group. It works closely with customers and suppliers on a programme of continuous improvement designed to improve its customer proposition. The Group's strategy allows it to use sites flexibly. Alternative space utilisation models are possible, including maintaining smaller stores and implanting additional services into existing branches.
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 two data centres mirror each other with data processing capable of being switched from one site to the other. An IT disaster recovery plan exists together with a business continuity plan. Arrangements are in place for alternative data sites for both trade and consumer businesses. Off-site back-up routines are in place. The Group has a data security committee responsible for monitoring and maintaining cyber security. In addition a programme of risk oriented reviews is undertaken to ensure the level of control around IT systems remains robust. The Group has reacted to the increasing cyber threat by increasing the size of its team to deliver a comprehensive security architecture. Investments in best of breed solutions have been made that continually 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.
Inability to develop and execute development and succession plans. Competitive disadvantage.	The Group's employment policies and practices are kept under regular review. Staff engagement and turnover by job type is reported to the Executive Committee regularly and to the Board. 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 available to those identified for more senior positions. Salaries and other benefits are benchmarked regularly to ensure that the Group remains competitive and the Group operates incentive structures to ensure that high performing colleagues are adequately rewarded and retained.

Inherent Risk and Trend	Risk Description
Supplier dependency could result in shortages of product Inherent Risk: ● ● Trend: ◀ ▶	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.
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.
Future expansion plans are not implemented or do not achieve the desired sales and profit improvements and funding liquidity is unavailable 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 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.
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.
Plumbing and Heating business performance adversely affects Group returns Inherent Risk: ● ● ● Trend: ▲	The market supplying boilers to large contract customers, served by the PTS business, is highly competitive, offers low margins and certain manufacturers exercise a degree of control through disintermediation. Competition in the plumbing and heating ("P&H") markets remains intense, with margins being adversely affected and is likely to continue to be so for the foreseeable future. The provision of plumbing and heating product to the secondary P&H market, which is undertaken by F & P, is becoming increasingly competitive. Low margins, pressure on sales and a high fixed cost base mean the Plumbing & Heating business profit could be more muted than some of the Group's other businesses.

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

Impact	Risk Mitigation
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 and the quality and the suitability of that product before it is shipped to the UK.
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 by the trustees in conjunction with the Group to ensure asset portfolios produce the desired level of return within an acceptable risk profile. The Group has agreed deficit reduction payment plans for each of its defined benefit pension schemes with the Trustees of the schemes. The repayment plans will remain in place until the next actuarial valuation when, in conjunction with the Scheme Trustees, they will be reassessed to take into account the circumstances at the time. In 2015 the Group agreed with the Trustees to align future member contributions more closely to the cost of the accrual and in so doing capping the current service contribution of the Group. Notwithstanding this the Group remains exposed to movements in member longevity, the value of pension scheme investments and falling corporate bond and gilt rates.
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 them. It is the responsibility of the treasury function to manage the Group's liquidity, funding availability and treasury risk by reference to the policies and plans set out in the board approved funding strategy. Regular reporting of a series of key metrics is designed to monitor treasury activities and maintain opportunities to diversify sources and access suitable funding.
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.
Adverse effect on financial results	The re-segmentation of the P&H business has been completed and has established CPS as a business serving the needs of the jobbing plumber, with PTS business focussing on the contract customer. Projects are underway to tailor branch processes in the PTS business to better meet the needs of contracting customers and improve the customer offer which should drive an increase in sales. The branch network of the F & P/Primaflow business is going through a major rationalisation programme to better meet the needs of customers, whilst reducing costs. Greater focus is being placed on cost control and the introduction of improved systems. In addition further capital investment is being made in showrooms to boost sales in the more profitable CPS business.

CAPTURING THE WAY THINGS ARE DONE AROUND HERE

The power of the Group delivers great benefits. The multiple businesses within Travis Perkins plc capitalise on the abundance of different skills, knowledge and expertise and are the foundation for success.

Collaboration and Innovation

Together, the Group's companies make up the largest distributor of building materials in the UK. Through greater collaboration and innovation, significant benefits have been achieved by creating new and better ways of serving customers in 2015. This will continue into 2016.

With great people and great brands, the Group will continue to look for ways to maximise these attributes to improve what it offers to customers.

This year has seen some exciting customer innovations across the Group. For example, the click and collect programme offered by Wickes and the service from Toolstation which now provides a sector-leading one hour turn-around.

The General Merchanting business launched its trade offers site and has extended the range available to customers through supply chain investments and the launch of the Benchmarx 'selection' centres has set it apart from its competitors.

Technology - Connecting People across the Group

Technology is increasingly influential within the businesses, helping colleagues to achieve the Group's strategic objectives, as well as enabling the activities and successes outlined in this report.

Since the launch of Google within the Group, collaborative working has grown considerably through the different digital communication channels. In particular, Google+ communities are a great tool to enable colleagues to engage with each other, build their own content, have discussions, share information and learnings. Communities exist across many businesses and functions, as well as topic areas - just a few of these communities include 'Eye on the Ball', 'Fit for the Future', 'Women's Community', 'Management Apprenticeship' and 'Omega ESP' (Easy Supply of Product).

The 'Eye on the Ball' community gives colleagues the opportunity to connect with CEO, John Carter, sharing knowledge and successes from across the Group. Innovation is high on the Group's strategic agenda and the 'Fit for the Future' community provides a perfect channel for sharing new technologies from across the businesses that have improved efficiency, profitability and competitiveness. The 'Omega ESP' community provides branch colleagues with instant answers on product availability within the supply chain.

The 'Management Apprenticeship' community is open to all existing apprentices in the Group and helps those new to the business to integrate and settle in. There is also an externally focused community which has contributed to attracting double the number of applicants to apprenticeship schemes compared to previous years.

Technology - Helping to Source the Best People

The reach and influence of the Group's in-house sourcing function has grown considerably over the course of the year. The multi-channel approach to sourcing and recruiting new talent has expanded, shaping the resourcing strategy and making the Group a market-leader. Social media channels now work alongside traditional recruitment advertising campaigns, recruitment fairs, school leaver and graduate events.

LinkedIn followers have increased by 114% over the last 12 months and the number of times posts were viewed over the same period was 5.9m.

Candidates are also engaged through Twitter and Facebook, as these channels are used to source different pools of talent.

WeRecruit is the new recruitment system that has been developed in 2015, becoming live to the branch network in February 2016. This makes talent recruitment more efficient and easier to use for the management population and better enables internal candidates to connect with opportunities across the Group.

Investing in Early Career and Talent Pipelines

Investing in early career talent is integral to the success of the Group. Therefore the Group has focused its efforts in 2015 on delivering diverse, talented, early-potential colleagues into the recruitment pipeline, for all businesses and functions. This increase in investment supports the Group's long standing passion for helping young people into work. The programmes operated include apprenticeships, traineeships, graduate and MBA programmes, the Duke of Edinburgh scheme, 'young grafters' and 'fast track' programmes.

A range of apprenticeship schemes is offered which leads to NVQ level 2/3 equivalent qualifications. In 2015 the first apprenticeships in HGV driving and in information technology were introduced. This year has seen the largest induction ever into a well-established management apprenticeship scheme, with 140 starters signing up to the latest programme and more than 50 graduating at a ceremony at Silverstone motor-racing circuit. These young people are the new, up-and-coming branch managers and leaders of the future. In September, there was an induction and graduation event for over 150 management apprentices - an event that was filled with energy, pace and determination to contribute to the success of the Group's businesses.

All 15 entrants on to the 2014 FastTrack (high-calibre, high-potential) scheme successfully graduated during the year with all securing key roles in the Group's businesses. This was the first ever group management training scheme of its type where the trainees work right across the businesses and, in view of its success, new groups of entrants were inducted onto the scheme in 2015.

The Group received a regional highly commended award in the 2015 BT Awards for Macro Employer of the Year. The 2015 awards recognise excellence in businesses that grow their own apprentice talent and apprentices who have made a significant contribution to their workplace. The 200 regional finalists fought off competition from over 1,000 other entries made to the National Apprenticeship Service.

The creative use of social media (Twitter) by the group recruitment team to promote group apprenticeship schemes during the year was picked up by the Prime Minister's Office Twitter feed and re-tweeted to its 3m followers.

During the year the Group has forged links with agencies focused on supporting the employment of ex-military personnel and it is anticipated activity will increase in this area in 2016.

Workforce with a Difference

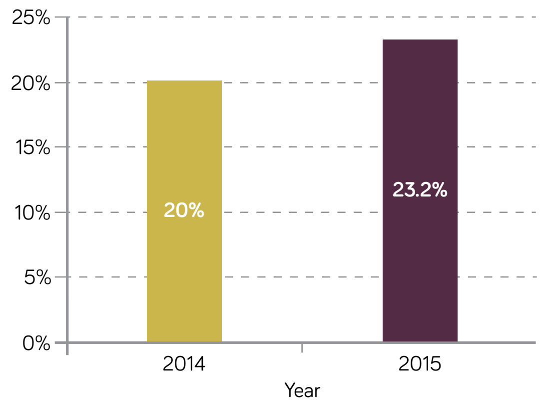
What does difference mean to the Group? It means sourcing and engaging people from different cultures, countries and backgrounds, with different educations, experiences, skills, genders, ethnicities, ages or religions. The Company's view is that the more diversity there is, the better it is for business.

The drive to build a 'Workforce with a Difference' started in July 2014 and since then this vision has been communicated widely to colleagues in internal magazines and at business conferences, head office events, MD Forums and the Group's leadership conference in November. Each group business is now driving their specific plans, supported centrally with attraction campaigns, social media communities and development initiatives.

In 2015, achieving a 'Workforce with a Difference' has remained high on the Group's diversity agenda. The 'Women's Community' on Google+ was launched in 2014 as a hub for knowledge sharing, challenging existing practices and highlighting successful initiatives across the Group. It engages both male and female colleagues, with over 1,200 members, and has instigated some very healthy debates as well as being a key influencer in some big changes in the Group. This has included changes to workwear for female colleagues through to improvements to working environment and employment policies. The 'Women's Community' has been embraced by all the Managing Directors and over the course of the year they have shared their achievements and what the community means to each of their businesses.

During the year the Group is pleased to have appointed its first three female Managing Directors and its first female Operations Director, all of whom have contributed to the incremental, positive shift in the number of women in the Group's senior management team.

Women in Senior Management



The Company's first, all-female Duke of Edinburgh Award scheme was sponsored by the Group during the year with 15 women successfully completing the programme.

After winning first place out of 70 commercial floats in 2014, Wickes continued its commitment to diversity in 2015 when colleagues in this business, again, organised a float for the August Manchester Pride carnival.

While gender diversity has been a focus of attention in the past two years, 2016 will see more focus on the wider diversity agenda.

Helping People Develop Themselves and Each Other

Over the past year there have been significant advances in people development. The Group's online learning and development platform, iLearn, has been re-launched with a fresh, new look that gives colleagues the best chance to develop their own skills, at a time that suits them. iLearn houses over 500 courses and more than 1,000 new development opportunities, and each of the Group's businesses has their own home page that is tailored to their requirements.

From inductions to mandatory training and development programmes, iLearn is a one-stop shop for colleagues' development needs. The Group received two awards at the e-Learning Awards 2015 in London - Best e-Learning Project in the Private Sector and e-Learning Team of the Year.

Rewarding Our People - Providing More Choice and Driving Engagement

The introduction of the Group's online benefits hubs, myPerks Flex and myPerks Plus, in 2014 has enhanced the approach to compensation and benefits by providing more options and choice for colleagues. Throughout 2015, the range of benefits continued to grow and now includes discounted phones, childcare vouchers, healthcare plans, flexible life assurance and a wide range of special offers. In addition to the growth in benefits offered, colleague engagement with myPerks has also increased with 18,000 now using the hubs. Not just a success internally, but also achieving recognition externally, myPerks received engagement excellence awards for Best Smarthub® Relaunch and Most Innovative Company Benefits at the Engagement Excellence Awards which aim to celebrate the best in employee engagement.

Further affirmation of the people practices within the Group was recognised at this year's CRF Institute Top Employers awards. For the sixth consecutive year the Group was awarded the certification by the Institute, and this year achieved a 'Top Ten' recognition by the award organisers for the first time.

Individuals across the Group continue to be rewarded for a variety of reasons such as embodying the cornerstones and leadership framework, and continued loyalty through the award of long service milestones.

Developing Our Leaders

Senior leadership effectiveness is assured through a continuous review process that considers the long-term vision and direction of the Group and businesses, whether there are any new future requirements (eg product, customer routes to market, technology) and the specific business objectives that need to be delivered to achieve the Corporate plan. The twice-yearly reviews with each divisional CEO follows the framework outlined below;

Corporate Plan Destination → Business Growth and Development Cycle Position = Leadership Demand Summary

Leaders' performance and business results are reviewed formally by their line managers twice a year. The frameworks used to measure the performance of leaders at all levels and identify leadership potential, ensures a good balance on the 'what' (lifecycle stage of their business) and the 'how' (behaviours) that are required. Alignment of all leaders to the key leadership characteristics and group cornerstones is also critical for the future success of the Group.

During the year a number of forums were run for senior leaders, where guest speakers stimulated debate and learning on key, current business issues.

There is also a full range of well-established programmes for developing branch managers and senior leaders that run regularly throughout the year.

In addition to developing and growing existing leaders a further 43 new leaders joined the Group from external businesses during 2015, each one bringing a wealth of different experiences to share and add value.

Each was selected because of what they can do to help grow the Group's businesses but, most importantly, because they will go about their work in the right Travis Perkins Group way because they fit with the Group's leadership model and cornerstones.

OUR CORNERSTONES

WHAT MAKES US GREAT

WHO I AM

Have the courage to lead as myself

- **Down to earth** – our people value honesty
- **I am comfortable in my own skin** – we appreciate genuine people who can have fun
- **I am confident in my own knowledge** – our customers value our expertise
- **I am humble** – arrogance doesn't work in our business
- **I am resilient** – we overcome obstacles and keep on going
- **I am self-aware** – we ask the right questions of ourselves and learn from our mistakes

HOW I LEAD

Develop relationships at all levels

- Visible and approachable
- Listen and show interest in people
- Praise people and develop them to be great
- Use a range of styles to influence
- Keep the customer at the centre of everything we do

HOW I THINK

Think broadly and make timely decisions

- Seek out market trends and use them to make decisions that generate profit
- Take a longer term and group wide view
- Think about my whole business
- Know when to use rigorous analysis or gut feel
- Consider risk and the impact for us
- Make reasoned decisions in ambiguous situations

HOW I DELIVER

Be passionate about improving performance

- Challenge the way we do things
- Passionately pursue opportunities for growth
- Tackle poor performance
- Get the right things done with pace and energy
- Know the competition and keep on improving

Charities and Communities

Colleagues continue to be known for their unparalleled enthusiasm for engaging in a wide variety of charitable causes and community activities with a range of beneficiaries. Fundraising activities alone last year raised £1.5 million.

During the year, Keyline broke the £1m barrier for its fundraising activities in recent years in support of Prostate Cancer UK. In addition, Wickes' eight-year collaboration with the blood cancer charity, Bloodwise (previously known as Leukaemia & Lymphoma Research), broke the £5m fundraising mark.

Another high spot during the year included the support of the Andrew Simpson Sailing foundation and 1851 Trust which enabled over 1,000 disadvantaged, nine to fourteen-year-old children to realise their first experience of sailing. The opportunity for the Group to support this worthy cause arose as a result of its official partnership with the Americas Cup World Series in Portsmouth during the summer of 2015.

Concluding Commentary

This section opened by acknowledging the power of the Group and the way it uses collaboration and technology to underpin its success and it is appropriate to conclude by highlighting further the areas that glue the Group together.

At Group level today there is a shared focus in the following areas:

- Cornerstones and leadership model – i.e. 'the way things are done around here'
- 'Workforce with a Difference' - achieving the diversity agenda
- Attracting and retaining – ensuring the business has high-calibre talented colleagues
- Developing and rewarding - to ensure colleagues are engaged and motivated

The behaviours needed to underpin this shared focus are reinforced through awards. At the annual conference, those leaders and colleagues who, in the opinion of their peers, have demonstrated the behaviours valued by the Group are recognised and rewarded.

Because of the Group's complexity, a balance is struck between group-led people initiatives for the shared challenges faced, versus business/brand specific activities which are addressed locally. These are driven by growth plans, the change and transformation agenda or customer-specific challenges. Focus, flexibility and cost are weighted highly in the choices the Group and its businesses make - but always with a better end result for customers in mind.

OUR SHARED SUCCESSES - CHARITY PARTNERSHIPS

£1.5
MILLION

Why this matters

Giving something back and making decent returns

Statutory Reporting Requirement for Gender Diversity

	F		M		Total	
	Number	%	Number	%	Number	%
Director	2	25.0%	6	75.0%	8	100%
Senior Manager	164	23.2%	543	76.8%	707	100%
Colleague	6,663	24.1%	21,028	75.9%	27,691	100%
Grand Total	6,829	24.0%	21,577	76.0%	28,406	100%

	F		M		Total	
	Number	%	Number	%	Number	%
Central Services	773	46.7%	881	53.3%	1,654	100%
Consumer Division	3,599	34.7%	6,772	65.3%	10,371	100%
Contracts	597	18.2%	2,686	81.8%	3,283	100%
General Merchanting	1,037	12.4%	7,310	87.6%	8,347	100%
Plumbing & Heating	716	18.2%	3,223	81.8%	3,939	100%
Supply Chain	107	13.2%	705	86.8%	812	100%
Grand Total	6,829	24.0%	21,577	76.0%	28,406	100%

Ashley Sawyer – Wickes, Rugby

Chris Bailey – Toolstation

STAY SAFE REPORT

THE GROUP'S APPROACH

Keeping people safe is a cornerstone of the business. The Group's underlying philosophy that **'all those affected by our business should return home safe and well at the end of every day'**, remains unchanged.

Since its inception in 2008, Stay Safe has resulted in real improvements in safety performance particularly in the early years, however improvement had slowed and what was a recognised and characteristic plateau in the Group's performance needed to be addressed. So this year the Group has evolved its Stay Safe programme and language.

The Group recognises that good safety and good business leadership and behaviours are indistinguishable from each other. Importantly, whilst safety is rated equally with other management responsibilities and all decisions balance the needs of employees, customers and other stakeholders, any employee who is uncomfortable or unsure about their own or other's safety, is empowered to STOP work, seek help, raise a concern or escalate issues.

The Group believes in the power of making things simple, avoiding bureaucracy and safety for safety sake and by applying a few simple principles relentlessly as a group it can achieve extraordinary health and safety results.

The new Group Stay Safe principles are designed to encourage engagement, underpin and guide everyone's thinking and action throughout the Group:

TALK POSITIVELY, about safety, health and wellbeing:

- Talk about the value safety adds at work and at home and the immediate, positive and certain consequences for doing the right thing
- Talk about health and wellbeing as much as safety
- Talk to the customer to make safety part of the Group's service

CHALLENGE RESPECTFULLY

- If in any doubt, stop, challenge others, colleagues, customers and suppliers
- Ask questions rather than criticise
- Recognise that mistakes are part of being human and most often these are unintentional, apply 'Just / Fair Culture'

COLLABORATE OPENLY

- Share your story, report incidents, near misses or good ideas
- Consult the end user and consider the impact of your decisions on others
- Celebrate the Group's safety success

Stay Safe Governance

Throughout 2015 Stay Safe activity was reviewed by the Stay Safe Committee, in addition to Stay Safe performance being reviewed at board meetings, executive committee meetings and also as part of the Group's regular divisional board meetings.

November saw the retirement of the existing Chairman of the Stay Safe Committee, Andrew Simons. The incoming Chairman of the Committee, Pete Redfern commented:

"On behalf of the Executive Committee and the Board I would like to thank Andrew Simon for his dedication and hard work in instigating the Stay Safe programme and in laying some strong foundations for Stay Safe in the Group. I look forward to working with the executive and Stay Safe function to build on his work in the coming years to reporting continued improvement in the Group's safety performance."

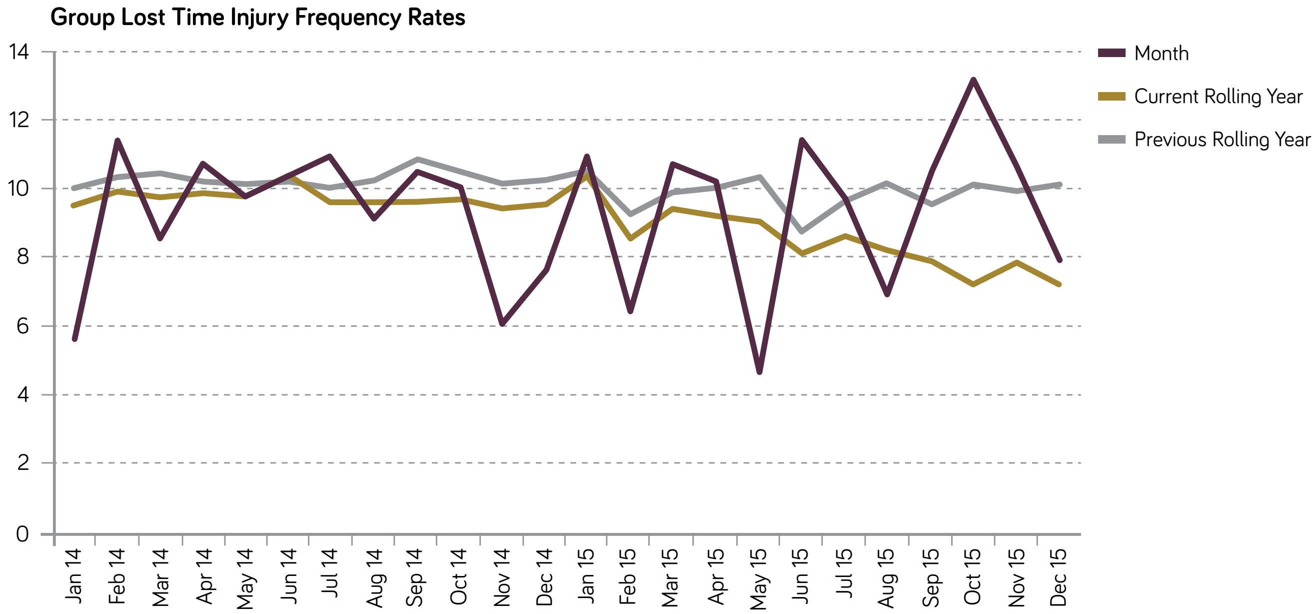
The Group Stay Safe Committee has reviewed the risk profile of the business and established a number of leading Stay Safe objectives relating to:

- Implementation of divisional Stay Safe strategy, aligned to the group Stay Safe vision
- Further de-risking of the Group's operations
- Manual handling
- Driver behaviour

Progress against these objectives will form part of the Remuneration Committee's overall assessment of executive performance next year.

Stay Safe Performance

In last year's report the Group noted a plateau effect in recent lost time frequency rates. For 2015 Travis Perkins saw a 22.6% drop in the lost time frequency rate. This positive trend is supported by a 40.7% reduction in the severity frequency rate. This means that despite a significant increase in workforce numbers the Group's absolute number of days lost overall is down from 6,527 (2013) to 5,640 (2014) to 3,918 in 2015, representing an estimated reduction in the cost of lost days of £860,000 on 2014.



In previous years the Group has reported on its Safe Branch measure, branches where:

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

In 2015, 43% of the Group's branches that were assessed achieved this benchmark. The Group 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. With this in mind the Group has reviewed its performance measures with a view to focusing on a new suite of 'leading' or 'input' based indicators for 2016 and beyond.

Following the implementation of a new incident reporting system in March near misses for the Group have increased by 142%. The new system is accessible online via a phone app and has been well received by staff who now find it much easier to report incidents and near misses.

In May the Group's Tool Hire business was awarded "SafeHire Company of the Year" (over 5 outlets) as part of the industry's Hire Awards of Excellence 2015. The award is for the company which can best demonstrate how it maintains compliance to the SafeHire Standard and has improved the health, safety and well-being of its workforce and / or users of hired or owned equipment. The judges commented on the Group's entry:

"The winner, who is a first time entrant, and in the words of Chief Assessor, Jim Maccall, "truly deserve this honour, because their enthusiasm and desire to achieve SafeHire compliance was magnificent at all their depots".

The Group also continues to lead in the transport arena, maintaining gold accreditation as part of the Fleet Operators Recognition Scheme (FoRS) for the fifth consecutive year. As well as continuing to champion the Construction Logistics and Cycle Safety (CLOCS) programme which brings together developers, construction companies, operators, vehicle manufacturers and regulatory bodies to ensure a road safety culture is embedded across the construction industry.

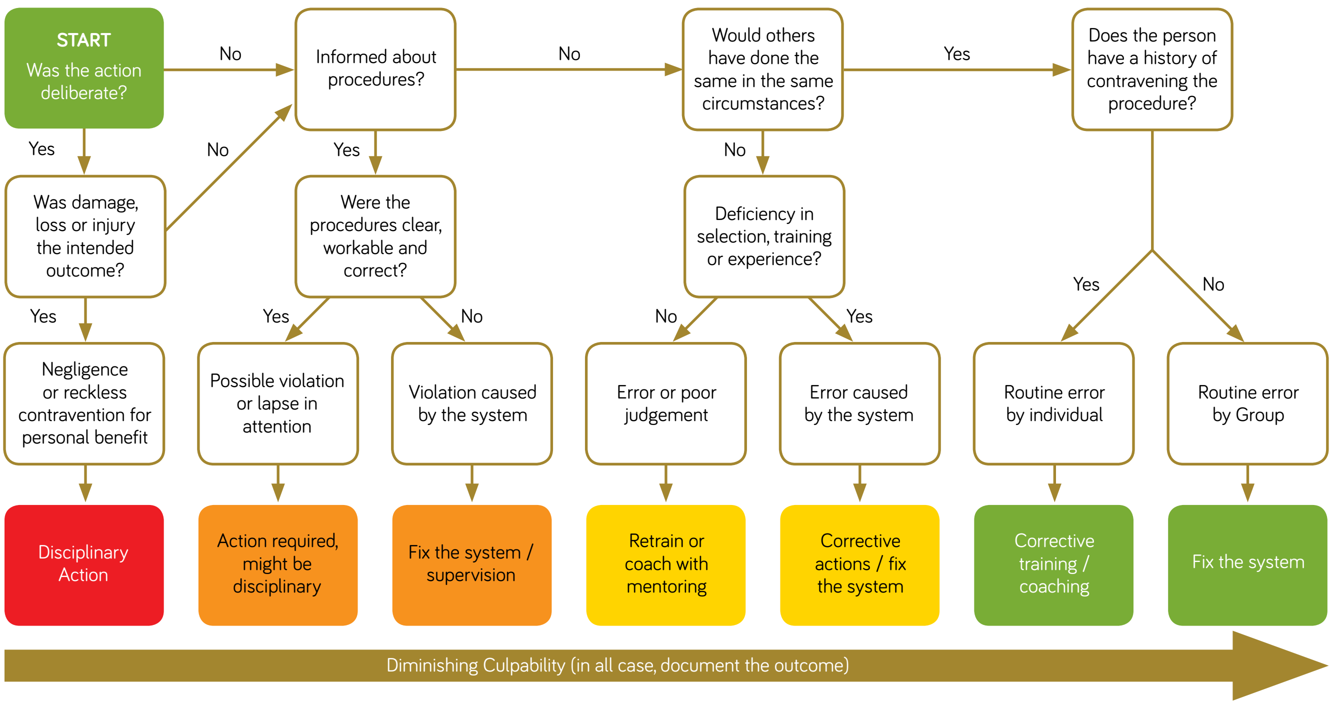
INNOVATION & COLLABORATION

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 2015 and planned for 2016 includes:

Case studies from 2015

Just/Fair Culture

In 2015 the Group adopted and implemented the Just/ Fair Culture model as a management tool to encourage reporting and to help investigation identify the root cause of incidents. The model provides a simple framework, setting clear expectations of how colleagues treat each other so that the Group can better learn from incidents and near misses. Further work will continue in 2016 to embed this model.



Transport Safety

In 2015 Travis Perkins joined forces with 3D Driving Awareness to support safety in the local community through the 'Wheels & Skills' programme. A group sponsored safety truck will be on hand to show young adults the hazards on the road and educate on the effects of drink & drug driving. The truck has all of the safety features Travis Perkins has on its fleet, 4 way CCTV cameras, fresnel lens, white noise reverse alarm & handbrake alarm.

Recently students from West Derby College near Liverpool were invited to the Omega (Warrington) site, each student had a ride in the truck which included wearing a pair of beer goggles to show the effect of drink-driving. The students really engaged with the day and took a lot away with them. In 2016 the safety truck aims to visit over 130 schools, colleges and universities.

General Merchanting

The 'What Great Looks Like' programme has focused on designing risk out from new and refurbished Travis Perkins branches, using a set of standard design requirements that are tailored to each location that cover everything from traffic management to material storage, staff welfare to customer behaviour. A review of the first 19 branches completed show a 75% reduction in accidents compared to the traditional estate. As well as continuing the What Great Looks Like Capital investment programme the business is also seeking to implement some of the lower cost and behavioural solutions across all branches in 2016.

Contract Merchanting

Following near miss reports and Branch visits, the Commercial Team have been working with Celotex, CCF Carlisle and Peterborough to change the way Celotex product is supplied. Product over 100mm thick is now completely shrink wrapped, meaning it is now easier and safer to transport, store and handle. Celotex are working on a solution for thinner products and anticipate having a similar solution in 2016.

Celotex have also listened to concerns regarding pallet heights and will be trialling a "split lift" in the coming months. Changing the way a supplier packages their products is not a fast process nor is it easy to do. Celotex have had to invest heavily in changing the way the products come off the production line but by working together collaboratively the supply chain is made safer for the Group and its customers.

Plumbing & Heating

The Building the Best programme resulting in over 230 branch changes was a key change programme for the Division. 2015 saw a continued focus on front line Stay Safe initiatives to support this change programme to embed grass roots behavioural safety in the branches. Initiatives include:

- Stay Safe calendar, designed to engage all the branch team in stay safe activities
- Driver's days, where all senior leaders spend time out with our delivery drivers as part of our reality check
- Branch & Warehouse Day, for all senior leaders to spend the whole day going back to the floor!
- Regular branch Stay Safe meetings and a full team meeting on 26 June, when all branches closed at 3pm to ensure quality time devoted to Stay Safe
- Design and specification of new delivery vehicles
- Use of EPOD for completing daily vehicle checks and to take and share pictures of deliveries


Darren Cassidy – Primaflow, Lancashire

PLANNED ACTIVITY FOR 2016

De-risking the Group's operations

- Work will continue through the "What Great Looks Like" programme to design risk out of Travis Perkins branches complimented in the Group's other divisions through Building the Best and new format Wickes.
- The Group will be revisiting the foundations of its safety programme with a new risk assessment process, encouraging greater colleague engagement in local improvement activity. Similarly its manual handling programme will evolve to focus more on eliminating lifting rather than simply training colleague to lift safely. Both programmes are practically based in branch and use front line colleagues to solve problems. The programme's effectiveness will be measured by the output in terms of improvement activity rather than simply the volume of attendees.
- The Group's drivers spend much of their time working alone and dealing with a variety of operational challenges delivering to complex sites and demanding customers. By using a revised suite of driving and driver behaviour measures and utilising the newly created Driver Coaches role, the Group aims to better target interventions with this key group of colleagues.

Health & Wellbeing

The Group will partner with Public Health England as they launch 'One You' a major 'national behaviour change programme encouraging, empowering and enabling people to protect and improve their health.' The programme will focus on seven areas of health and wellbeing and link to both internal and external resources to assess individual health and support needs. The programme also links to related colleague benefits available via MyPerks.

Jordon Berry – CCF, Leeds

All those affected by our business should return home safe and well at the end of every day

ENVIRONMENTAL REPORT

Minimising environmental impacts and footprints makes the Group more responsible, more profitable and more resilient.

The Group's approach to environmental sustainability is deliberately nuanced between doing the right thing, leadership and maximising current opportunities for commercial reward. Directionally, the Group looks to work by investing in the right behaviours as much as the right equipment and is instinctively collaborative. It gets a return, right now, on its environmental investment as well as making it more resilient in the future.

The Group is not energy intensive, nor does it have a readymade end consumer audience from which to understand better building requirements. Its main role is that of a distributer: positioned between builder and product manufacturer, with a large fleet of vehicles and a large logistics capability as well as global sourcing programme and lots of small community based branches.

Engagement and Materiality

The Group undertook a major check on its stakeholders in 2015 as well as continuing with its valuable Non Executive Environmental Advisory Panel and work with industry bodies and non-governmental organisations ('NGO').

The check-up was refreshing, revealing and at the same time reassuring. Customers, colleagues, investors, suppliers, academics, NGOs and regulators were polled and the Group got some very clear messages.

The Group's environmental performance matters to them, they want it to tackle wastefulness and Greenhouse Gas (GHG) emissions and absolutely see it involved in solutions for reducing construction and product impact across product life cycles. A desire to be clearer about water impacts was also evident.

A Word on Governance

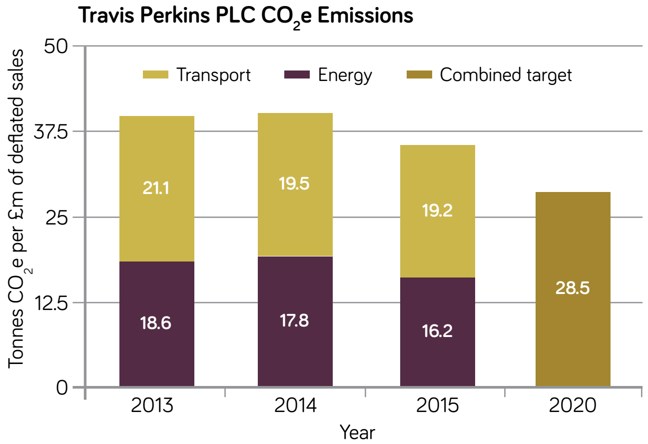
The Group's approach to sustainability works because there is leadership from within the Divisions as well as stewardship from the CEO. This model allows integrated decisions to be made and for sustainability to be managed in much the same way as any other business priority. There are now better supply chain partnerships, resource efficiency and customer service. The Group's work is based on a set of shared values and these have become coded into its cornerstones. It is useful to consider the material environmental issues within the context of these cornerstones. The five cornerstones are Making Decent Returns, Keeping People Safe, Upholding Family Values, Working for our Customers and Being the Best.

Making Decent Returns

How can the Group grow in size and yet shrink its carbon emissions?

Travis Perkins recognises that it must play its part in reducing carbon emissions to avoid dangerous climate change and its consequences. The Group has set itself the target to reduce its carbon intensity (tonnes of CO_2 per million pounds of sales) by 28% by 2020 compared to 2013. To do this, it must achieve what is in many ways the holy grail of carbon emissions from business – to continue to grow the business while at the same time reducing the Group's carbon footprint.

Such a 'decoupling' is entirely feasible. Indeed, reducing energy use makes sense economically as well as environmentally, so is a major focus of attention for the Group. By using less electricity, heating oil, gas and vehicle fuel, it can reduce carbon emissions significantly. In addition for every tonne of carbon, litre of diesel or kilowatt hour of electricity it does not use, there is a corresponding financial benefit that can work straight through to the bottom line. The Group is making progress in several ways.



2015 data is Office of National Statistics deflated figures. It uses best available financial data at the time the report was produced.

Over half of the carbon emissions under the Group's[1] direct control are from its transport fleet. This is perhaps not surprising given that it has the UK's biggest owner-operated fleet with around 4,000 vehicles on the road and responsibility for up to 9,000 drivers. The Group has two main areas of focus for reducing fuel use and emissions from transport. Through education and behaviour change, the Group has been able to reduce the emissions from the existing fleet. The Group also trials and uses new technology so that further improvements in efficiency and economy can be achieved. Ensuring that delivery routes are the most efficient possible helps reduce mileage and emissions, and the Group is looking at alternative fuels and has started trialling a new biogas powered tractor unit which travels between Northampton and Wakefield.

An important aspect of the Travis Perkins energy strategy is to improve the lighting of its offices and stores through the installation of LED lamps. Over 90 new stores were opened in 2015, all of which were fitted with LED lighting.

The Group is also working to increase its use of renewable energy through solar panels. Efforts to reduce carbon emissions in the Group's head office began with engagement and behavioural change programmes to ensure everyone is using energy more efficiently and contributing to saving carbon by switching lights and computers off when not in use. After ensuring everything possible was being done to reduce consumption, solar panels, provided by one of the Group's own businesses, Solfex, were installed to Ryehill House in Northampton in 2015, making it the first Travis Perkins office able to produce its own energy.

Travis Perkins is also making efforts to reduce energy use in its many branches. Launched in 2014, the 'Constant Energy Conversation' challenges Wickes store managers and their colleagues to think more actively about conserving energy. Each store manager, deputy and key holder undertakes an energy management e-learning course, leading to an energy management qualification from the Energy Managers Association. During 2015, 57 members of staff completed the course. Store managers who have completed course are encouraged to join the Wickes online energy community, to continue the 'Constant Energy Conversation' with their colleagues throughout Wickes and the Travis Perkins Group.

Combined, these initiatives have helped to reduce the Group's overall tonnage of carbon emissions from 206,587 in 2014 to 204,490 in 2015 including one notable achievement of an 11% reduction in emissions from electricity use. The table on page 86 outlines the performance in 2015 compared to the Group's 2014 performance.

1 This report includes data for companies where Travis Perkins plc has operational control. It excludes activities and data relating to the Mosaic Tile Company Limited (49%), Toolstation Europe Ltd (49%), Toriga Ltd (49%) and Staircraft (15%).

Ryehill House, Northampton

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

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 2015[2]. 95% of Scope 1 and 2 data is from measured sources[3] with the remainder extrapolated from expenditure on fuel.

	Carbon Dioxide Equivalent (CO_2e) Tonnes	
	Comparison year 2014	Reporting year 2015
Scope 1 Direct emissions from burning gas and solid fuel for heating and from road fuel use for distribution[4]	132,295	138,859
Scope 2 Indirect emissions from the Group's use of electricity	74,292	65,631
Intensity[5] Tonnes of Co_2e from scope 1 and 2 sources per million pounds of inflation adjusted sales	37.24	35.42

Can the Group Really Send Nothing to Landfill?

Supplying building materials on such a large scale means that there are many opportunities to improve waste management, increase recycling and recovery rates and minimise waste to landfill. In 2015, the Group diverted 42,767 tonnes of waste, resulting in a diversion rate of 88%. However, as depicted in the graph, 2015 proved to be a challenging year with an overall increase of waste generated as result of a number of factors including the addition of approximately 48 new sites, including a new 700,000 square foot primary distribution centre, two new regional distribution centres, closure of 3 distribution centres (which involved disposing of unwanted/damaged product) and improved data accuracy as a result of appointing a new waste contractor.

As the Group approaches its goal of being a zero waste to landfill business by the end of 2017, finding ways to improve increasingly requires imagination and creativity. While the Group is fully committed to reducing waste and reuse and recycling wherever possible it is aware that its overall recycling rate remains lower than many of the major customers to which it supplies products. The Group intends to start looking closely at how they are achieving higher recycling rates (over 95% in some cases) to see what it can learn and apply to its own operations.

One way the Group is making progress is through its partnership with Recipro – a web-based exchange for surplus materials – which allows surplus materials and dead stock from branches to be matched with local community groups, charities and local schools who require building materials. The partnership delivers notable benefits to everyone involved: the Group can reduce waste sent to landfill while community groups and charities can access quality materials at little cost.

Travis Perkins' waste partnership with SUEZ has also yielded some excellent results, with several technologies and systems being used to move waste up the waste hierarchy and away from traditional landfill disposal. The guiding principle is a circular economy in which all materials used to make products are recycled or recovered back into the economic cycle.

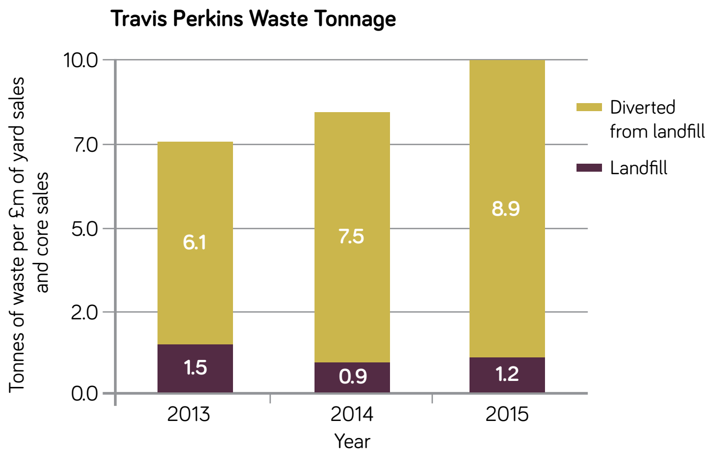
Another example is the long term partnership SUEZ has entered with CEMEX to supply solid recovered fuel (SRF), as an alternative to coal, to its Rugby cement plant and to others across Europe. A dedicated waste treatment (SRF) processing plant has been built by SUEZ next to the CEMEX Rugby cement plant to supply the fuel, which is made from general waste. Travis Perkins' offices and stores in the Midlands region are now sending waste to the plant for processing into SRF.

2 Fugitive emissions from domestic refrigeration, vehicles and building air conditioning have been excluded in 2013 as they were not material to the Groups overall emissions.

3 10% of the energy data is estimated due to supplier data provision constraints.

4 Scope 1 CO_2e emissions include 27,907 tonnes from buildings and 110,951 tonnes from transport.

5 Carbon intensity is referenced to turnover, which is adjusted to allow for inflation, relative to baseline year. It uses best available financial data at the time the report was produced.



2015 data is Office of National Statistics deflated figures. It uses best available financial data at the time the report was produced. A proportion of the Group's waste data is estimated.

Does Travis Perkins' Water Footprint Really Matter?

Although the Group is not a water-intensive business, its operations nonetheless have a significant demand for water, ranging from water required for wash basins and toilets in offices and stores, to water used for cleaning its hire equipment after use.

Several of the Group's businesses offer hire solutions for customers, creating a need to clean returned tools and equipment after use and before being re-hired. To help reduce the water required, wash racks have been installed, allowing equipment to be washed down in a secure unit, which both recycles water and prevents run-off. Water passes through a series of filters and absorbent pads remove hazardous oils and sediments, before being stored in hazardous waste containers. This results in the final water being clean and safe and reducing any risk of polluted run-off entering drains and local rivers and watercourses. Initiatives such as this have helped reduce water consumption across the estate from 373,482 cubic metres in 2014 to 336,404 cubic metres in 2015.

Pete Clowsley - Travis Perkins, Shrewsbury

Travis Perkins was one of the first, and remains one of relatively few, companies in the UK to voluntarily disclose information on water risks and use to CDP (formerly Carbon Disclosure Project). One of the many benefits of participating in CDP's water program is that it improves understanding of the Group's vulnerability to water-related risks. For example, over 99% of Travis Perkins' total water footprint comes from suppliers' water use[6], so the Group's main challenge in the years ahead is to ensure its global supply chain is resilient to water shortages that could lead to temporary or permanent restrictions of certain products.

Analysis of the water impacts associated with the goods and services that the Group procures (see 'How can the Group positively influence its suppliers?' section below) has helped reveal product categories that might require increased water resilience in the future. The Group is also introducing an expectation that all suppliers in water intensive sectors will need to provide an Environmental Product Declaration (EPD) to quantify the water impact, among other environmental data.

How Does Environmental Performance Affect Travis Perkins' Bottom Line?

Implementation of environmental improvement measures, as described in the previous sections, is not just good for the environment. It also has a direct financial impact on the Group, which it quantifies each year to identify competitive advantage and improved profitability. In 2015, environmental improvement measures accounted for over £7 million of savings.

6 Vitalmetrics completed a supply chain screening exercise by product category, for further information please visit www.vitalmetricsgroup.com.

UPHOLDING FAMILY VALUES

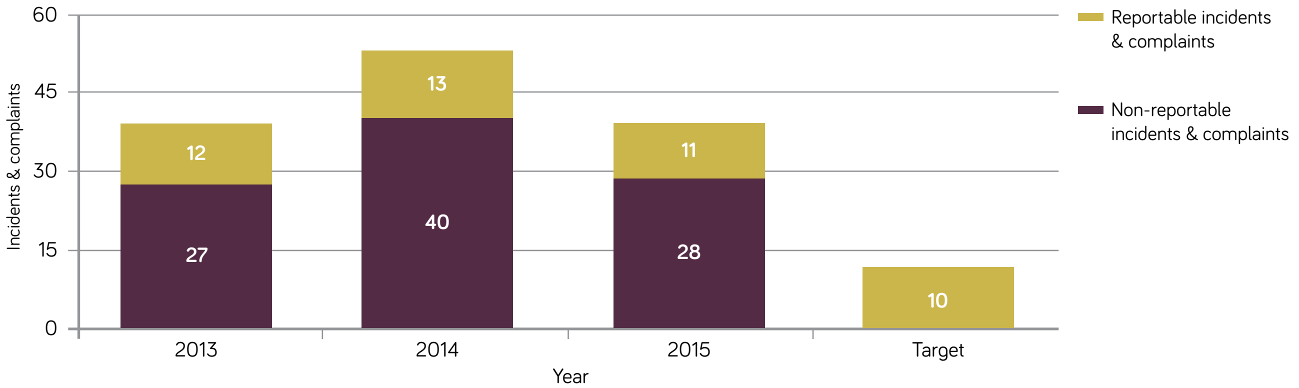
What does Travis Perkins do When Things go Wrong?

For a business as large and diverse as Travis Perkins, and despite continual improvements to site management policies and procedures, it is a huge challenge to eliminate environmental incidents completely.

The Group recorded eleven incidents in 2015 that, although minor, required a discussion with environmental regulators. Regulators contacted the Group about abandoned shopping trolleys and littering on two isolated occasions. It was also contacted about elevated sediment limits in its effluent at one site caused by its failure to empty the sites drain interceptor.

The Group volunteered information about spillages that may have impacted local water quality eight times. Of these, four were due to non-Group vehicle leakages on or near its sites. All spillages were contained quickly thanks to continued good awareness and operating procedures. All were small in nature involving hydraulic oil, diesel or paint. The Group was not prosecuted in 2015 for any environmental offences and there are no ongoing cases with any environmental regulator.

Travis Perkins Environmental Incidents and Complaints



How can Travis Perkins Positively Influence its Suppliers?

The Group utilises over 9,000 suppliers, giving it the opportunity to positively influence the environmental awareness and performance across a diversified supply chain. The Travis Perkins Supplier Manual, updated in 2015, describes what the Group expects of them, and what they can expect of the Group.

A major initiative planned for 2016 is to better communicate the Group's values to its suppliers in the form of clear policies and expectations. This will include asking for more help with reducing resource and energy use, challenging product design to lower lifetime impacts and asking for increased disclosure in the Group's most resource-intense categories.

The Group relies on 1,235 own-brand factories, operating in 51 countries, to supply goods to its businesses. Assessing these factories' technical and environmental performance is extremely important, and thorough auditing procedures are in place. In 2015, 380 factories were visited and assessed. Where issues were identified, either at the point of manufacture or when goods were received at the Group's central warehouse in the UK, positive action was taken. Travis Perkins believes in working with suppliers to solve problems and to ensure that its environmental standards are met. In a few cases, stronger measures are sometimes needed, and the Group is not afraid to take those steps.

Over the last few years the Group has been working hard to better understand the energy, greenhouse gas, water and waste performance of its suppliers, and to openly share and report that data. The objective is to encourage more cooperation between suppliers and to lead the way for the UK building materials industry. In 2014, Travis Perkins commissioned VitalMetrics to undertake an extensive analysis of the greenhouse gas, water, energy and waste impacts associated with the goods and services that it procures. In 2015, this research was recognised by the USA Sustainable Purchasing Leadership Council (SPLC), which presented VitalMetrics with its Supplier Leadership Award.

The results of this research, completed in 2015, give the Group a comprehensive overview of the environmental impacts of its supply chain. For example, scope 3 carbon emissions represent by far the largest share of the total carbon emissions of Group operations, accounting for 97% of its carbon footprint.[7]

7 Vitalmetrics completed a supply chain screening exercise by product category, for further information please visit www.vitalmetricsgroup.com

WORKING FOR OUR CUSTOMERS

Where does Travis Perkins' Timber Come From?

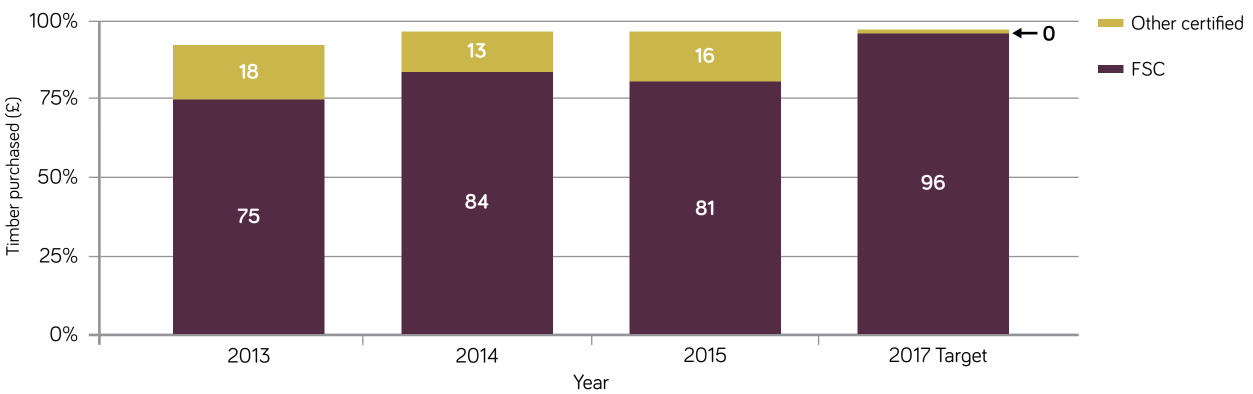
Travis Perkins owns and manages one of the UK's largest networks of sites that operate with Chain of Custody controls. These controls allow business to pass responsible sourcing assurances on to its customers.

For over a decade the Group has been steadily increasing the quantities of responsibly sourced material. The creation and enhancement of habitats, biodiversity, landscapes, flood protection and carbon sinks is possible through responsible forest management.

The Group procures timber from over 45 countries worldwide, and estimates that in 2015, 97% of the timber purchased was Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC) certified. When timber is imported, the Group ensures country-level traceability, with forest-level traceability for products for which the risk is deemed higher. During 2015 Travis Perkins worked to increase the number of incidental timber suppliers who have Chain of Custody controls by offering them a discounted service, and by declining to do business with suppliers who have not.

The Group is always open to working with organisations able to provide intelligence that helps inform purchasing decisions. It has been a member of WWF's Global Forest and Trade Network (GFTN) in the UK since 2003. All GFTN members are committed to progressively sourcing forest products from well managed sources. In 2015, Travis Perkins was among the top performers of companies assessed, achieving the maximum score of 'three trees'.

Travis Perkins Timber and Timber Product Purchases



How can Travis Perkins Contribute to a Low Carbon Built Environment?

As the need for new homes in the UK continues to increase, one of the key challenges will be ensuring those that are built are as energy efficient as possible.

As the biggest distributor of building materials in the UK, the Group is ideally placed to help improve the environmental performance of new and existing homes and buildings across the UK. Because of this, it established Sustainable Business Solutions (SBS) in 2010 to provide integrated solutions for low carbon construction, energy efficient buildings and renewable energy projects.

Since its inception, SBS has adopted a fabric-first approach to developing and delivering products, recognising that the first-and most important step in building low carbon housing is to design in excellent heat retention, achieved by good insulation. More recently, SBS has also begun to offer renewable energy technologies to customers, including air and ground source heat pumps as well as solar panel solutions.

Knowledge-sharing and technical services have been added to the SBS offer and in 2015 the business introduced its Renewable Heat Incentive (RHI) e-learning modules. This online training enables installers to meet their RHI installation requirements.

Another important development during the year was the Group's acquisition of a majority stake in the Underfloor Heating Store. The new business gives the Group access to online and retail customers, complementing its trade-only specialist supplier of solar heat, solar power, underfloor heating and heat pumps, Solfex Energy Solutions.

There are major opportunities for the Group to ensure that new, low carbon technologies are made more widely available throughout the construction industry. SBS, Solfex and the Underfloor Heating Store all played an important role in 2015 in helping to deliver these solutions across a broad range of customer groups, underpinning the Group's commitment to sustainable construction.

How is Travis Perkins Taking Back What Customers Don't Want?

The construction industry produces around 100 million tonnes of waste annually, about a third of all waste produced in the UK. As the biggest distributor of building materials in the UK, it makes sense that a certain amount of this waste relates to Travis Perkins' packaging or surplus products. In order to reduce construction waste, it is hence important that the Group is not only limiting its own waste, but that it uses its size and influence to help its customers improve their recycling rates too.

One way in which this can be achieved is through the waste take-back partnerships with major clients, which are currently being trialled. When the Group delivers building materials to a client's site, it takes back the resulting packaging waste to one of its distribution centres' recycling centres. This allows it to make the most efficient use of the return journeys of its fleet, making it easier for clients to recycle; all they need to do is separate different types of waste for collection.

Since 2012, Travis Perkins has also operated a kitchen and bathroom waste collection service for customers requiring an installation project. The scheme, introduced in partnership with Hippo, aims to ensure that waste from installations is appropriately disposed of and that a high percentage of it is diverted from landfill. Depending on the size and type of project, Wickes (via Hippo) will either provide a van collection service or Hippo bags of the appropriate size to be filled on site. As a result, an estimated 95% of the old kitchens are now being recycled rather than landfilled, with over 23,000 Wickes' installation projects are expected to have benefitted from the service in 2015 alone.

In 2015 the Group launched a paint take-back scheme, in partnership with construction and property services firm Willmott Dixon and recycled paint supplier Paint 360, to help reduce waste paint sent to landfill. Through the scheme, waste paint is collected directly by Paint 360, to be recycled into new high quality paint ready for resale by Travis Perkins businesses. This scheme embodies the principles of the circular economy, and shows how the construction sector can shift to a model in which waste is reduced and materials reused to save resources.

BEING THE BEST

How is Travis Perkins Leading The Way?

The Group has a responsibility to operate and act in a way that demonstrates leadership across all areas of business including environmental performance.

For example, the Group supports the sharing of knowledge and expertise on sustainability through the Leadership Intelligence Club, a partnership between BRE and Sustain Worldwide. Created to pool expertise and insights from industry leaders, the partnership identifies sustainability-related issues of industry importance and drives improvement in best practice.

The current research focus of the Leadership Intelligence Club is the sustainable and resilient procurement of materials and products in the construction industry. By being a member of this partnership Travis Perkins Group demonstrates its commitment to sustainability and to working towards a sustainable supply chain. By sharing expertise and supporting a collaborative approach, the Group also helps sustainable procurement solutions and practices to spread more quickly across the industry.

In 2015, the Group's new Omega Warrington Distribution Centre was opened, which demonstrates best practice in many areas of environmental management and achieved a BREEAM[8] 'Very Good' score. Among the sustainable features that allowed the building to attain this score are a series of measures designed to reduce energy use and carbon emissions, minimise water consumption and encourage more sustainable travel habits.

The sustainable solutions implemented at Omega, such as a rainwater harvesting system and solar panels not only help the Group reduce its impacts on the environment, but also lower the cost of running the building. Several measures were also adopted to encourage more sustainable forms of transport, including; charging points for electric cars, showers, bike shelters and lockers for cyclists.

In 2015 Travis Perkins was a finalist for three Sustainability Leadership Awards, one relating to its customer waste partnership with Crest Nicholson, one for energy management and another or carbon management.

8 The Buildings Research Establishments Environmental Assessment Methodology.

Craig Sharples and Sharon Walrong - Travis Perkins plc, Warrington

GOVERNANCE & REMUNERATION

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THE BOARD, COMMITTEES & ADVISERS

BOARD

Chairman
Robert Walker

Robert Walker was appointed as a Non-executive Director of Travis Perkins plc in 2009 and became Chairman in 2010. He is also Chairman of Enterprise Inns plc and Eagle TopCo. He was previously Chairman of WH Smith, Williams Lea, British Car Auctions, and Americana International Holdings; and was Senior Independent Director of Tate and Lyle plc. Robert has served on various FTSE 100/250 Boards, including Wolseley, BAA, Signet, Thomson Travel Group and Severn Trent, where he was Group Chief Executive. He has also served as adviser to Cinven. He started his career at Procter and Gamble and Mckinsey & Co., then spent over 20 years with PepsiCo, culminating as a Division President. He is Chairman of the Nominations Committee and a member of the Remuneration 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.

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 Wesfarmers Group in Australia where he was Chief Financial Officer of the Coles Group from 2009. Prior to that, he was Chief Executive Officer of the Loyalty Management Group. He is a member of the Executive Committee. Tony is also non-executive director of the Dyson family businesses.

NON-EXECUTIVE DIRECTORS

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 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 and the Nominations 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, and UTV Media PLC and was formerly a non-executive director of Wembley National Stadium Limited, 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 is a member of the Remuneration Committee and took over as chairman from 1 November 2015 following the retirement of Andrew Simon. Coline is also a member of the Audit Committee and the Nominations 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 Stay Safe Committee and took over as chairman from 1 November 2015 following the retirement of Andrew Simon. He is also a member of the Remuneration Committee and the Nominations Committee of the Board.

NON-EXECUTIVE DIRECTORS (Continued)

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. Chris is the Senior Independent Director and a member of the Audit Committee and the Nominations Committee.

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, Remuneration Committee and the Nominations Committee.

COMMITTEES

Secretary	Deborah Grimason
Audit Committee	Ruth Anderson (Chair) Coline McConville , Christopher Rogers, John Rogers
Remuneration Committee	Coline McConville (Chair) Pete Redfern, John Rogers, Robert Walker
Nominations Committee	Robert Walker (Chair) Ruth Anderson, Coline McConville, Pete Redfern , Christopher Rogers, John Rogers
Stay Safe Committee	Pete Redfern (Chair) Ruth Anderson, John Carter, Robert Walker

EXECUTIVE COMMITTEE

John Carter Chief Executive and Committee Chairman

Tony Buffin Chief Financial Officer

Norman Bell Group Innovation & Strategy Director

Frank Elkins CEO, Contracts Division

Deborah Grimason Company Secretary & General Counsel

Andrew Harrison COO, General Merchanting Division

Carol Kavanagh Group HR Director

Simon King Wickes Managing Director

Martin Meech Group Property Director

Neil Pearce Interim IT Director

Robin Proctor Group Supply Chain Director

Paul Tallentire CEO, Plumbing & Heating Division

ADVISERS

Investment Bankers / Advisers	HSBC Bank plc
Corporate Brokers	Citibank, JP Morgan Cazenove
Solicitors	Linklaters LLP, London Herbert Smith LLP, London
Auditor	KPMG LLP, London
Registrar	Capita Registrars, Beckenham

CORPORATE GOVERNANCE REPORT

UK CORPORATE GOVERNANCE CODE

The following pages explain how the Company has applied the principles and provisions of the 2014 UK Corporate Governance Code ("the Code") during 2015. Since the following pages might appear somewhat 'boiler plate', despite our best efforts, I would like to make the following points as introduction:

- Following the appointment of Coline McConville as a non-executive director in February, the three-year process of succession planning for both executive and non-executive directors is now complete. Andrew Simon's tenure as a director completed in October and his responsibilities as senior independent director and his role as chairman of the Remuneration Committee and of the Stay Safe Committee were taken by Chris Rogers, Coline McConville and Peter Redfern respectively.
- In the first year of joining a board, some absences from meetings are inevitable; particularly when the non-executive director concerned has full time executive responsibilities. This was indeed the case in 2015, although all absences were notified by the individual concerned well in advance of his or her joining the Board. Going forward, this will be less of an issue.
- As I mentioned in last year's report, our initiative of having individual non-executive directors (including myself) mentoring or adopting businesses and functions within the Group was lapsed due to changes in Board membership. This has now been reinvigorated and each non-executive has been allocated responsibility for key businesses or central functions. We plan to rotate these assignments every year or so.
- An internal evaluation of the Board's performance was conducted this year in a fully open and transparent process. The Board was judged to be performing well, despite the fact that in many respects it is a relatively 'new' Board. Conclusions and recommended actions from the review are summarised on page 101.
- We welcome extensive and regular engagement with our shareholders on both business and governance matters. We held two separate presentation days covering the Group's property and supply chain functions. These have proved to be very helpful in giving closer insights into the Group's competitive strengths.
- On governance, the Group engages early and with as wide a range of shareholders as possible. During 2015, we contacted our top 20 investors. Meetings were held with four. We remain disappointed that many holders chose not to engage, on the basis that they had no governance concerns. From our perspective, we always prefer to have a regular annual discussion.

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

1. Leadership

At 31 December 2015 the Board was made up of six non-executive directors (including myself as Chairman) and two executive directors. Chris Rogers is the Senior Independent Director. The Board has a schedule of matters reserved to it, which is reviewed annually. Revisions were made in December 2015 to:

- Raise to £10m the level of disposal requiring Board approval
- Require board approval for transactions involving related parties and for class transactions under the Listing Rules
- Make clearer and to conform with updated guidance.

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 and a statement of the role of the Senior Independent Director. These are reviewed annually and no changes were made in 2015.

The Company maintains directors & officers' insurance in respect of the risk of claims against directors. This is reviewed annually and has not been changed in 2015. 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 2015. Three meetings considered the Group's long term strategy. Four meetings included either visits to parts of the Group's operations or presentations by senior executives on their areas of responsibility. One meeting included a visit to the operational site of a major supplier. 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 Company typically sets its meeting dates for any year 15-18 months prior to the start of the year and liaises closely with Non-Executive directors in setting meeting dates for any year to ensure so far as possible that clashes with external commitments are avoided.

Directors are always provided with the opportunity to attend meetings by video or telephone conference if the issue is one of location and travel. If, despite that, a Director is unavoidably absent from a Board or Board Committee meeting they still receive and review the papers and provide verbal or written input to the Chairman so that their views are made known and considered at the meeting.

Commitments at other organisations with a 31 December year end (e.g. Taylor Wimpey) inevitably lead to diary congestion during the full and half year results season, particularly within the first year of appointment, since it takes some time to get diaries in sync. The Company's practice is therefore to hold the related Audit Committee a week prior to the Board and to invite non-members so that Directors unable to attend the full Board meeting can consider and discuss the papers in a group forum.

Pete Redfern was appointed on 1 November 2014 and was unable to attend three meetings in 2015. Two meetings clashed with his Taylor Wimpey board commitments, and one with personal commitments.

The clashes were identified during the recruitment and on boarding process and initially there were a greater number of clashes for 2015. Wherever possible, either the clashing Taylor Wimpey or Travis Perkins meeting was moved, but it proved impossible to find a workable alternative date for the three meetings he missed.

John Rogers was appointed also on 1 November 2014 and was unable to attend two meetings in 2015, one due to a clash with J Sainsbury Audit Committee & Board meetings and one, whilst he attended the seven week Advanced Management Programme at Harvard Business School.

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	5[4]	3	1	3
Attendances:					
R. Anderson	9	5	-	1	3
A. Buffin[3]	9	-	-	-	-
J. Carter[3]	9	-	-	-	3
C. McConville[1]	9	5	3	1	-
P. Redfern	6	-	2	0	2
C. Rogers	9	5	-	1	-
J. Rogers	7	5	2	0	-
A. Simon[2]	6	-	1	1	2
R. Walker[3]	9	-	3	1	3

[1] Appointed 1 February 2015 [2] Retired 31 October 2015 [3] Although not a member of the Audit Committee has attended 5 meetings during the year
[4] All Audit Committee members also attended a meeting at which audit tender presentations were made by participating firms

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 pages 97. 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

2. Effectiveness

None of the specific circumstances set out in Code provision B.1.1 apply and the Board is satisfied that all the Non-executive Directors are independent.

Given the significant changes to Board composition which had taken place over the past three 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 Simon and the recently appointed directors who have assumed membership and chairmanship of Committees in his place was considered to be necessary and in the best interests of investors and accordingly the Board 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 2015 is on pages 126 to 127.

Appointments of non-executive directors

The Company'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. 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)
Pete Redfern	May 2018 (3 years 7 months)
Christopher Rogers	August 2016 (3 years)
John Rogers	May 2018 (3 years 7 months)
Robert Walker	May 2018 (8 years 8 months)

The letters of appointment will be available for inspection at the Annual General Meeting ("AGM"). Coline McConville joined the Board on 1 February 2015 Coline is a non-executive director of Inchcape PLC, TUI AG, Fevertree Drinks PLC and UTV Media PLC. Andrew Simon retired from the Board on 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 65 to 69.

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.

Turning to 2015 the Board carried out an internal review of its performance. This entailed each director completing a questionnaire about the performance of the Board and its Committees, followed by individual conversations with me. I presented my report to the Board in December 2015. 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 2016, the following areas for focus, among others, were identified:

- The balance of strategic vs. operational issues on the agenda
- Develop a clear process and timeline for future Board and senior executive succession
- Board ownership of the risk management process
- Driving quality improvements in Board information

In 2016, an internal review of the Board's performance will once again 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 5 to 91.

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 are described on page 132.

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 12 months from the date of signing this Annual Report and Accounts. 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 65 to 69 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 Audit Committee discuss internal controls on a regular basis. The system of internal controls is reviewed by the Board in a process that accords with the FRC Guidance "Risk Management, Internal Control and Related Financial & Business Reporting".

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.

As part of its viability review, the outcome of which is set out on page 63, the Board considered the principal risks and uncertainties and mitigating factors set out on pages 65 to 69.

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 2015 are contained in its report, which is set out on pages 104 to 108.

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 other than the Chairman is determined by the Chairman and the executive directors and Remuneration Committee determines 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 2015 are contained in its report, which is set out on pages 110 to 131.

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 2015, the Executive Directors and I, either separately or together, attended a large number of meetings with analysts, and with shareholders.

In 2015 the Group held two investor briefing events, both of which were attended by more than 50 investors, equity analysts and debt providers. These events provided an overview of the Group's approach to property and supply chain. Copies of the presentations are available in the investor relations section of the Group's website at www.travisperkinsplc.co.uk. The Board is provided regular updates on discussion with shareholders and equity analysts. In addition, reports about the Company published by equity 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 Company's investors and the Senior Independent Director due to lack of appetite for such meetings among the 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 2015 few 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 trading updates. 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

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 132.

Corporate Governance Compliance Statement

I am pleased to report that the Board considers that the Company has complied throughout the year ended 31 December 2015 with the provisions set out in the Code save that for the reason described in section 5 on this page.

> 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
18 March 2016

AUDIT COMMITTEE REPORT

Dear Shareholder

As chairman of the Audit Committee, I am pleased to report below on the work of the Committee in 2015. This year saw the appointment to the Committee of Coline McConville on 1 February increasing the number of members to four. It is a committee with strong experience in finance matters and corporate governance as can be seen from the biographies on pages 94 to 96.

I said in my 2014 report that the Committee would tender the contract for external audit services. The tender was completed in the first quarter following a comprehensive process, with the decision to recommend appointing KPMG LLP in place of Deloitte LLP who had worked with the Company for more than 30 years. I would like to record the thanks of the Committee for their service over so many years.

The Audit Committee reviewed the effectiveness of Internal Audit during the year. This comprised gathering views of stakeholders, reviewing the quality of the audit workplan and of internal audit reviews as well as the recommendations to management.

The Audit Committee also reviewed the effectiveness of the internal control environment. The Group's control framework has developed over many years and there are a significant number of systems replacements underway. Given the level of change the Audit Committee has tasked Internal Audit to take a more active role in reviewing these programmes.

Furthermore, management have been undertaking work to improve the current control environment and this work will continue in 2016 with the Audit Committee appraised of progress through the year.

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

Ruth Anderson
Chairman, Audit Committee
18 March 2016

Role of the Audit Committee

The Committee's full terms of reference, which are reviewed annually and were updated in February 2016, 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 2015 as was John Rogers. During the year, the Committee was also joined by Coline McConville, effective from her appointment to the Board on 1 February 2015.

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. 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 94 to 96). The Deputy Company Secretary was secretary to the Committee throughout 2015.

The Committee held four formal meetings during 2015 and as noted below, one additional meeting to discuss accounting judgements in respect of the 2015 year end accounts. Attendance at the meetings is shown on page 100. 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.

In addition to its formally scheduled meetings the Committee also met in December specifically to give preliminary consideration to accounting judgements in relation to the 2015 financial statements. As noted above, the Committee also completed a competitive tender for the provision of external audit services involving three firms including the incumbent auditor Deloitte LLP, which resulted in the recommendation to the shareholders at the AGM that KPMG LLP be appointed.

On behalf of shareholders I would like to thank Deloitte LLP for the service they have provided to the Audit Committee and the Board during their significant time as external auditors to the Group.

Work of the Committee

At the board meeting following each committee meeting, I report to the Board on the work of the Committee, outlining key matters and making appropriate recommendations.

The Audit Committee adheres to an annual work plan in order to fully discharge its obligations. This work plan is reviewed by the Committee to ensure that it encompasses all issues required to be considered by the Committee including the effectiveness of the Committee itself, of internal audit and the external auditors.

The Committee gives due consideration to the annual report and financial statements and preliminary results announcements prepared by management and associated press releases issued at the half year and year end. The Committee also review the Group's systems of internal control, the internal audit plan and tax strategy and compliance.

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
- Progress on implementing recommendations arising from internal and external audit work

In addition to attending the Audit Committee meetings, during the year the Committee members met with operational and finance team members.

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 Related 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 2015 that 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 pages 137 to 139 and had the opportunity to discuss it with them in depth.

Matter	Issue and Nature of Judgement	Factors Considered and Conclusion Reached
Carrying value of goodwill and intangible assets	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.	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 presented the Committee with papers setting out the results of the work done, the assumptions made and the conclusions reached. They explained to the Committee how the cash flow and discount rate calculations were prepared, the key assumptions and judgements that were made, how sensitive those cash flows were to changes in the key assumptions and how a deterioration in the performance of the contract plumbing & heating business, PTS, and wholesale distribution business, F & P, and a weak outlook for these businesses respective markets had resulted in an impairment of £141m being made against the carrying value of goodwill in respect of PTS and F & P. After reviewing management's papers, and obtaining further explanation where necessary the Committee concluded that management had taken a consistent, balanced and reasoned approach to preparing its calculations and that the judgements made were acceptable. Furthermore, the Committee concluded that it was appropriate to impair the goodwill and other intangible assets associated with the PTS and F & P businesses. The Committee considered there was no indication of impairment in any other business.
Accounting for rebate income and fixed priced discounts	The terms of supplier agreements result in a significant value of Supplier Income being received by the Group. The calculation of the value receivable and the value deferred into stock is complicated due to the number, nature and structure of the agreements in place. However, only two agreements are not co-terminous with the Group's accounting year end. Furthermore approximately 80% of amounts due to the Group are received during the course of the year. Therefore the key judgements relate to the calculation of the total value of rebates and fixed price discounts still to be received at the year-end and the value of fixed price discounts and rebates to be set against the gross value of inventory in the balance sheet.	During the year the Committee discussed reports presented by management about the progress of improvements to systems, controls and processes and enhancements to calculation methodologies applied. It also received reports that enabled it to monitor supplier income collection rates and compare them with the prior year and it discussed the Group's adherence to its accounting policies and procedures. 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 Supplier Income were appropriate and that the values included in the financial statements were appropriate.
Inventory valuation	To meet customer expectations the Group carries a wide range of stock in over 2,000 locations. Stock should be included in the balance sheet at the lower of cost or net realisable value. The determination of cost is complicated when rebate and fixed priced discount agreements are in place (see above). Furthermore, determining the net realisable value of the wide range of products held in many locations requires judgement to be applied.	Management presented a paper to the Committee that enabled it to review, question and understand how stock is controlled and accounted for throughout the Group. It incorporated both qualitative and quantitative information such that the Committee could understand how management determined that stock was in existence, owned by the Group, valued appropriately and recorded in completeness. The paper included how provisions were determined to ensure that stock was held at the lower of cost and net realisable value. The Committee concluded that stock was fairly stated.

Internal Audit

In 2015 internal audit continued to focus on reviewing financial controls in areas which the Audit Committee considered of higher risk alongside its cyclical plan to review higher risk areas. More emphasis was also placed on auditing change programmes to provide additional programme assurance given the considerable changes underway in the Group.

Resources continued to be strengthened through recruitment to the internal audit team, and training of high calibre individuals, and the use of co-source partners to provide assurance in specialist areas such as IT, data protection, tax and treasury operations.

Additionally the Committee agreed that a trial be commenced in the Contracts division to evaluate the effectiveness of moving branch and store compliance teams under the control of the Division. No changes are planned to the reporting line of the internal audit team.

Further enhancements to the work of internal audit were delivered through the implementation of a new system to record and monitor all active recommendations that management agreed to implement which:

- Enables management to track the ageing of actions and provide updates thereon
- The documentation of all audit findings
- Provides management with a single point of reference for all reviews completed by branch compliance teams

At each Committee meeting reports issued by internal audit were considered. The Committee continued to review the speed at which recommendations agreed by management were implemented during the year. All actions, which were considered to be of high or significant importance by internal audit were, for the first time, subject to further review by the internal audit team prior to being validated as complete by management.

The risk management framework was reviewed in the year and risk register updated by the Board. The updated risk register provided a key input into the internal audit plan for 2016 which was agreed by the Committee in November 2015.

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

Risk Management and Internal Controls

The Group's control framework has developed over many years and there are a significant number of systems replacements underway. Given the level of change the Audit Committee has tasked Internal Audit to take a more active role in reviewing these programmes. Furthermore, management have been undertaking work to improve the current control environment and this work will continue in 2016 with the Audit Committee appraised of progress through the year.

During the year the Board reviewed the risk management framework. The Committee reviewed the Group's internal financial controls and its internal control and risk management systems in February 2016.

External Auditor

KPMG LLP is a leading international audit partnership, and was first appointed at the 2015 AGM following a competitive tender exercise conducted during late 2014 and early 2015. 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 will change every 5 years.

During the year the Committee reviewed the arrangements for transitioning the audit to KPMG. It also undertook the following in respect of the external auditor:

- Reviewed 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 external auditor
- Reviewed 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
- Confirmed the effectiveness, independence, and objectivity of the external auditor, taking into account information and written assurances provided by KPMG LLP, on its quality and independence controls, and its ethical standards

The Committee specifically discussed the effectiveness of the external audit process at its meetings in February and November 2015 and again at its meeting in February 2016. In each case the Committee obtained input from the Company's finance team. In particular the Committee considered the audit plan for 2015 and the audit of the 2015 report and accounts, and their identification of risk areas. 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		Prohibited Work
AUDIT RELATED	NON-AUDIT RELATED	
Activities required by law or legislation to be undertaken by the Auditors Reviews of interim financial information Managed service reports to housing associations and local authorities	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	Book-keeping and work related to the preparation of accounting records Financial information system design or implementation Appraisal and valuation services Internal audit services Actuarial services Forensic work Recruitment services Secondment of staff to a supervisory or management position Provision of investment advice, broking or legal services

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 £520,000 (2014: £435,000 (previous auditors)) for audit-related work, and £129,000 (2014: £111,000 (previous auditors)) for non-audit work.

The principal items of non-audit fees relate to the interim review and the provision and maintenance of the Group's employee benefits system, MyPerks. In view of KPMG'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 KPMG to provide these services. In addition, £0.8m (2014: £1.4m) 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 KPMG in 2015 amount to less than 0.007% of KPMG'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 2015.

Ruth Anderson
Chairman, Audit Committee
18 March 2016

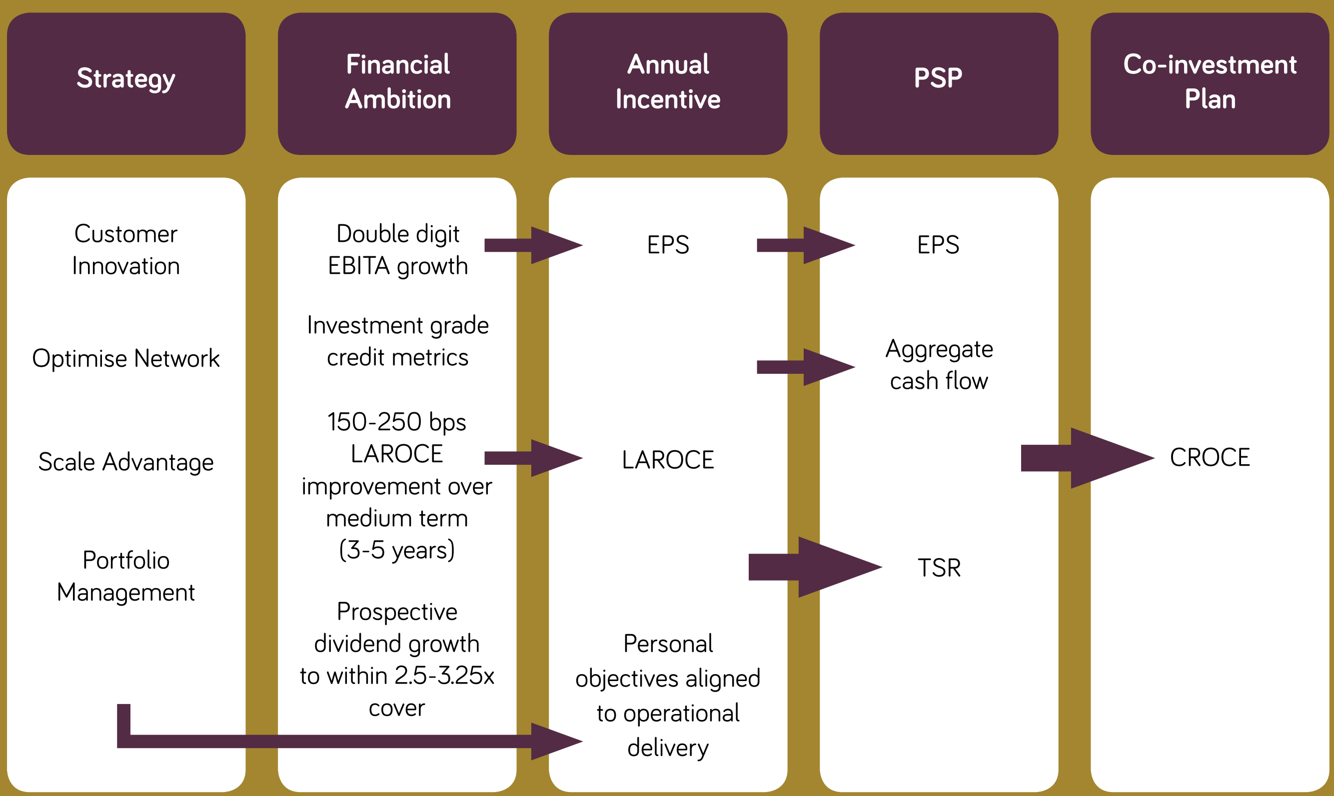
Stephen Bushby - F & P, Bedford

DIRECTORS' REMUNERATION REPORT

Dear Shareholders

I am very pleased to introduce the 2015 Directors' Remuneration Report, my first as Chairman of the Remuneration Committee.

The Group has a stated ambition to deliver long term sustainable value to shareholders. A fundamental aspect of this is the link between the Group's strategy and its approach to remuneration as outlined in the strategic report and shown again below.



Each part of the remuneration package plays a role in driving performance beyond the short and medium terms to deliver long term ambition and shareholder returns. Keeping this momentum and optimising the link between strategy and remuneration is of course the role of the remuneration committee and will be the key focus during my tenure.

2015 Remuneration Outcomes

The Group has delivered good results in 2015, particularly in the context of the challenges in the sector and in the wider market. We have delivered:

- Adjusted EBITA growth of 7.7% – excellent performance compared to our peers
- Increased LAROCE to 10.5%
- Increased adjusted EPS by 4.3%
- Improved total shareholder return by 8%.

The committee ensures that executive remuneration targets are stretching, aligned to the business strategy in order that they drive long term shareholder value. This is reflected in the financial measures and targets selected for incentives and also in the measures used in the strategic tracker which forms part of the short term incentive. The tracker measures are very closely aligned to the corporate plan and the levers of value creation described earlier in the report and provide an important bridge between short and long term incentives.

2015 Bonus Payout

Bonuses for Executive Directors are based on EPS (60%), LAROCE (20%) and performance against our strategic tracker (20%). Adjusted EPS grew 4.3% during the year resulting in 18% of maximum paying out for this element. Our LAROCE performance increased to 10.5% resulting in a payout of 15.3% of maximum for this element.

Performance against the strategic tracker during this period was very strong. Customer satisfaction has improved significantly, we are experiencing excellent sales growth driven by our multi-channel investment and our key IT deliverables are significantly ahead of plan. We have also made good progress against our Stay Safe objectives. Overall, the Committee considered that excellent performance had been delivered against our strategic tracker, positioning the company well for future growth. The Committee therefore concluded that 90% of the bonus based on the strategic tracker should be paid.

The overall bonus for 2015 was therefore 31.9% of maximum, resulting in a payment of 57.3% of salary for the CEO and 47.8% of salary for the CFO. Half of this bonus will be paid in cash following the year end. The remaining half will be deferred into shares, which vest after two years. In a mechanism which is unusually onerous in the FTSE, half of the deferred shares (so 25% of the bonus earned) will only vest if future share price performance conditions are met.

Deferred Share Bonus Awards in Respect of 2013 bonuses

The share price growth targets attached to the deferred share award relating to bonus earned in 2013 were achieved and accordingly these awards will vest in full in March 2016.

2013 PSP Vesting

PSP awards granted in 2013 were subject to adjusted EPS (40%), TSR (20%) and cash flow (40%) performance. Adjusted EPS grew by 37% over the three year period resulting in 95% of the EPS element vesting. The Company's TSR performance was ranked 27th against the comparator group of FTSE 50-150 companies resulting in 94.5% of the TSR element vesting. Aggregate cash flow over the three year period was £740m resulting in full vesting of the cash flow element.

Overall 96.8% of PSP awards granted in 2013 vested.

2013 Co-Investment Awards

The CEO invested the maximum amount possible under the Co-Investment plan in 2013. The Committee determined CROCE targets set for matching awards granted in 2013 have been partially met, taking into account the significantly increased investment in freehold property and IT systems during the period compared to plan when the targets were originally set, resulting in 44.2% of matching awards vesting.

2016 Remuneration Structure

For 2016 we are not making any changes to our remuneration structure and Directors will continue to be paid in accordance with the Policy.

Executive Director salaries were increased by 1.5% with effect from 1 January 2016. This increase reflects salary increases received by managers throughout the Group. Colleague salary increases were 2%. The CEO's current salary is therefore £683,298 and the CFO's salary is £528,003.

Non-executive Directors' fees were also increased by 1.5% from 1 January 2016.

2017 Remuneration Review

Our current Remuneration Policy and our share plans (performance share plan, co-investment plan and deferred share bonus plan) all expire in 2017.

During the second half of 2016 the Committee intends to undertake a detailed review of the Policy to ensure that it remains aligned with strategy and continues to support the delivery of future business performance and shareholder value. We intend to consult with shareholders later in the year in relation to any changes we propose to make to our policy and our share plans.

We will be submitting our remuneration report to the 2016 AGM where it will be subject to an advisory shareholder vote and I look forward to receiving your support for the report.

Coline McConville
Chairman, Remuneration Committee
18 March 2016

Mark Jackson - Keyline, Lincoln

ANNUAL REMUNERATION REPORT

The following sets out our Annual Remuneration Report for 2015 which includes details of how our policy was implemented in 2015 and how we intend to implement our policy in 2016. This report will be subject to an advisory shareholder vote at the AGM on 25 May 2016.

There are no changes proposed to the remuneration policy for 2016 from the Policy approved by shareholders at the 2014 AGM. Our remuneration policy is included on pages 103 – 110 of the 2014 Annual Report and Accounts which can be accessed via the following link:

www.travisperkinsplc.co.uk/~/media/Files/T/Travis-Perkins/reports-and-presentations/annual-report-2014.pdf

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 malus and claw-back 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

These principles apply across the Group. In addition to competitive base salary and bonus programmes, colleagues also have access to an extensive range of benefits under our MyPerks colleague benefit brand. This includes a wide range of flexible and voluntary benefits, retirement benefits, our ever popular all-colleague Sharesave Scheme and a range of recognition programmes.

Statement of Implementation of the Remuneration Policy in 2016

The following provides a summary of our Remuneration Policy and sets out how the Committee intends to implement the remuneration policy in 2016.

Plan	Individual Maximum Opportunity in 2016	Measures and Weighting	Operation
Base Salary	CEO - £683,298 (2015: £673,200) CFO - £528,003 (2015: £520,200)	n/a	Executive directors' salaries were increased by 1.5% with effect from 1 January 2016. This increase is in-line with the increase received by other managers (colleagues received a 2% increase).
Benefits	n/a	n/a	There is no change to benefit entitlement for 2016. Directors are entitled to: Private medical insurance Income protection Annual leave – up to 30 days Fully expensed company car (or cash alternative) Life assurance of up to 5 times salary Staff discount card
Pension	25% of salary allowance or contribution		Directors participate in a defined contribution arrangement or receive a cash allowance.
Annual Bonus	CEO - 180% max CFO - 150% max	The 2016 bonus will be based on the following measures: • EPS 60% • Lease Adjusted Return on Capital Employed (LAROCE) 20% • Business strategy 20%	Targets are determined in line with the Annual Operating Plan (AOP) for 2016. Threshold for EPS is set at 95% of AOP. 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. For the business strategy element of the bonus the Committee has agreed a number of objectives which are aligned with our short and medium term business strategy. For 2016 the strategic tracker includes measures related to our people, customers, network, multi-channel, cost of goods for sale and IT systems objectives. Half of bonus earned is paid in cash and the remainder is deferred as shares for two years.

Statement of Implementation of the Remuneration Policy in 2016 (Continued)

Plan	Individual Maximum Opportunity in 2016	Measures and Weighting	Operation
Deferred Share Bonus Plan			DEFERRED SHARES Half of the 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. These performance tested shares are split into 2 equal tranches. Tranche 1 vests in full if after one 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 in full 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. Half the total vested award may be exercised on vesting. The remainder does not become exercisable until twelve months after vesting. In determining achievement of target share prices dividends paid during the period are included. Dividend equivalents on vesting shares may be paid. The compounded equity rate of return used to determine targets for vesting of deferred bonus is set at December 2015 RPI (1.2%) plus 4%. Share price target for the first tranche is 2,131.3p and 2,231p for the second tranche. Malus and claw-back provisions apply.
Performance Share Plan	CEO - 150% CFO - 150%	The 2016 PSP award will be based on the following measures: • Adjusted EPS growth - 40% • Aggregate cash flow - 40% • Relative TSR - 20%	Awards are subject to performance over a three year performance period. Adjusted EPS - threshold target of 3% p.a. growth above RPI over three years with full vesting at 10% growth above RPI. The aggregate cash flow range is threshold £867m to maximum £959m. Relative TSR - relative position in FTSE 50-150. Threshold is median relative position. Maximum is upper quartile relative position. For each measure performance below the threshold target results in zero vesting. For achieving threshold performance 30% of the award vests. 100% vests for achieving the maximum target. Vesting is on a pro rata basis between threshold and maximum. Malus & claw-back provisions apply. Dividend equivalents may be paid on vesting.

Plan	Individual Maximum Opportunity in 2016	Measures and Weighting	Operation
Co-investment Plan (SMS)	Participants are invited to participate annually. Each participant purchases company shares from their own resources. Participants may invest up to 50% of their net salary. Maximum matching awards of twice the gross salary equivalent of the amount invested (i.e 100% of gross salary).	The 2016 Co-investment matching award will be based on the following measures: • Cash Return on Capital Employed (CROCE)	CROCE performance range is target 8.4% to 9.4%. Performance below threshold levels results in zero vesting. For achieving threshold performance 30% of the award vests. 100% vests for achieving maximum levels of performance. Vesting is on a pro-rata basis between threshold and maximum. Malus and claw-back provisions apply. Dividend equivalents may be paid on vesting.
All employee share plans	Executives may participate in HMRC approved Sharesave and BAYE plans on the same basis as other employees.		
Shareholding requirements	Executive directors are required to hold shares valued at two times salary within five years of being appointed to the board.		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 included.

Bonus targets are considered to be 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.

Malus and Claw-back

Malus and claw-back provisions are included in the executive bonus plan (the Deferred Share Bonus Plan - which applies to Executive Directors and the majority of Executive Committee members), the Co-investment Plan (the Share Matching Scheme - which applies to a wider group typically including business unit managing directors) and the Performance Share Plan ("PSP"). The circumstances in which malus and claw-back 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

For bonus, malus will apply up to the date bonus is determined and claw-back for three years thereafter. For the Performance Share and Co-investment Plans, malus will apply during the three year vesting period with claw-back applying for two years thereafter.

Remuneration for Non-Executive Directors

Fees and benefits	In line with our remuneration policy Non-Executive Directors' fees were reviewed and, with exception of the Chair of the Health & Safety Committee, increased by 1.5% in line with general increases across the Group with effect from 1 January 2016. The fees for the Chair of the Stay Safe Committee were increased from £4,080 to £8,000 to reflect the strategic importance and time commitment required to fulfil the role: Chairman - £279,531 (2015: £275,400) Non-executive Director basic fee - £56,942 (2015: £56,100) Chairs of Audit and Remuneration Committees - £12,424 (2015: £12,240) Senior Independent Director - £10,353 (2015: £10,200) Chair of Stay Safe Committee - £8,000 (2015: £4,080) 25% of Non-executive Director fees are paid in shares. Non-executive Directors do not receive any other benefits (other than a staff discount for purchasing products)

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 ensures that a significantly higher proportion of reward for this group is placed on variable incentive outcomes.

All colleagues are entitled to a competitive remuneration package that includes basic pay, bonus, pension and our comprehensive 'MyPerks' benefits offering. To provide our colleagues easy access to their benefits we operate an online benefits platform which can be accessed through work or home computers, mobile phones or tablets. The hub is open to all employees of the Group and it provides detailed information about all the rewards and benefits that are included in the MyPerks scheme as well as specific access to colleague rewards, 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), discounts, advice and guidance.

Over 22,000 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.

The Group's Sharesave scheme continues to be a great success. In 2015 6,740 colleagues took up the invitation to participate on either three or five year contracts committing to savings contracts of £27m. Nearly 11,000 colleagues are now active Sharesave plan participants. Plans maturing in 2015 delivered gains of approximately £17m shared across the 4,223 participating colleagues.

AUDITED INFORMATION

Annual Report on Remuneration

Single Total Figure of Remuneration

	Salary 2015 £000	Salary 2014 £000	Benefits 2015 £000	Benefits 2014 £000	Bonus 2015[6] £000	Bonus 2014 £000	LTI 2015 £000	LTI 2014[6] £000	Pension 2015 £000	Pension 2014 £000	Total 2015 £000	Total 2014 £000
EXECUTIVE DIRECTORS												
John Carter	673	660	44	41	289	793	1,389	975	168	165	2,563	2,634
Geoff Cooper[1]	-	119	-	1	-	-	-	862	-	30	-	1,012
Tony Buffin	520	510	24	21	186	511	1,696	527	128	128	2,554	1,697
NON-EXECUTIVE DIRECTORS												
Ruth Anderson	68	67	-	-	-	-	-	-	-	-	68	67
John Coleman[2]	-	53	-	-	-	-	-	-	-	-	-	53
Coline McConville[3]	53	-	-	-	-	-	-	-	-	-	53	-
Pete Redfern[4]	57	9	-	-	-	-	-	-	-	-	57	9
Chris Rogers	58	55	-	-	-	-	-	-	-	-	58	55
John Rogers[4]	56	9	-	-	-	-	-	-	-	-	56	9
Andrew Simon[5]	69	75	-	-	-	-	-	-	-	-	69	75
Robert Walker	275	270	-	-	-	-	-	-	-	-	275	270
Total	1,829	1,827	68	63	475	1,304	3,085	2,364	296	323	5,753	5,881

Notes:

1. Geoff Cooper stepped down as an Executive Director with effect from 6 March 2014
2. John Coleman retired 31 October 2014
3. Coline McConville was appointed a non-executive director on 1 February 2015
4. Peter Redfern and John Rogers were appointed as non-executive directors on 1 November 2014
5. Andrew Simon retired 31 October 2015
6. LTI reported for 2014 for Geoff Cooper and John Carter included PSP awards vesting in 2015. The value of the vesting PSP awards were reported on an estimated basis using the average share price of the final quarter of 2014. They are restated here reflecting the actual share price on vesting. For John Carter shares prices for PSP vesting were 2 March 2025p, 10 April 2009p and 4 December 2024p. For Geoff Cooper for PSP vesting 2 March the share price was 2025p.

Explaining the Single Figure Table

Benefits

Benefits for 2015 for John Carter and Tony Buffin include private medical insurance and the provision of a company car or car allowance.

Annual Bonus for 2015

The tables below provide a summary of the performance achieved under the annual bonus for 2015:

Director	Maximum bonus opportunity (% of salary)	Actual bonus (% of salary)	Actual bonus (£'000)
John Carter	180%	57.33%	£385,946
Tony Buffin	150%	47.78%	£248,552

75% of the bonus amount is included in the annual bonus column in the single figure table. This includes 50% paid as cash and 25% which is deferred but subject to no future performance conditions. The remaining 25% of the bonus is deferred subject to future performance conditions and will be reported on vesting.

Bonus earned is based upon achievement of the following Group financial targets:

Performance Measure	Weighting	Targets			Actual Performance	Pay-out (as a % of maximum)
		Threshold	Plan	Maximum		
EPS	60%	121.8p	128.2p	134.6p	124.1p	18.0%
LAROCE	20%	10.4%	10.8%	11.2%	10.5%	15.3%
Business Strategy	20%	The Committee assessed performance against a number of strategic targets which were set at the start of the year. A summary of performance is provided below.				90%

Measure	Summary of Performance	Committee's Assessment
Customer	Customer satisfaction improved in 2015 compared to 2014 and target performance of 8.2/10 was achieved	Met in Full
Multi-Channel	On-line sales growth (16.7%) was very strong in 2015 and significantly exceeded target	Met in Full
COGS/GNFR* savings	Annualised cost savings from both COGS and GNFR programmes significantly exceed budget	Met in Full
IT System	Over 180 initiatives successfully delivered in 2015, significantly exceeding target	Met in Full
People	Stay Safe performance slightly below target due to delayed adopting of new reporting system in some areas of the business. However significant progress has been made in relation to days lost (down 30%), frequency rate (down 22.6%) and severity rate (down 40.7%)	Good Progress

*Goods Not For Resale

Long Term Incentive Plans ('LTIP')

The long term incentive figure in the single figure table is made up of the following plans:

	Performance Share Plan	Co-investment Plan (SMS)	Total
John Carter	£1,065,924 (54,381 shares at £19.60/share)	£323,136 (16,486 shares at £19.60/share)	£1,389,060
Tony Buffin	£996,158 (50,822 shares at £19.60/share)	£699,826 (32,902 shares at £21.27/share)*	£1,695,984

*Vested in 2015 under the terms of special share match award granted in 2013. Tony Buffin did not participate in the 2013 Co-investment Plan as his employment commenced after the award.
Deferred share bonus vesting in March 2016 will be included in the 2016 single figure table.

Performance Share Plan

The following table sets out the performance targets, achievements and vesting levels for the Performance Share Award granted in 2013 and vesting in 2016 in respect of the performance period ending in 2015:

Measure	Weighting	Threshold	Maximum	Actual	Vesting
EPS Growth	40%	RPI +3%pa	RPI +10% pa	37.0%	37.9%
Relative TSR	20%	Median	Upper quartile	27th	18.9%
Aggregate cash flow	40%	£664m	£734m	£740m	40.0%
Total vesting					96.8%

Relative total shareholder return performance was measured against companies ranked 50 -150 in the FTSE index on the date of award.

Co-Investment Plan (SMS)

The following table sets out the performance targets, achievements and vesting levels for the matching awards granted in 2013 and vesting in 2016 in respect of the performance period ending in 2015:

Measure	Weighting	Threshold	Maximum	Actual	Vesting
Cash Return on Capital Employed	100%	7.51%	8.51%	7.71%	44.2%
Total vesting					44.2%

The Committee determined that CROCE targets set for matching awards granted in 2013 have been partially met, taking into account the increased investment in freehold property and IT systems during the period, compared to the plan in place when the targets were originally set.

Directors' Pension Entitlements

The Company's DB scheme is closed to new members. John Carter ceased DB accrual on 31 December 2010. The value of the pension under the DB 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 received 25% of salary paid as a mix of pension contributions to the DC scheme and a cash allowance.

	John Carter £000	Tony Buffin £000
Accrued DB pension at 31 December 2015 including revaluation if applicable	274	n/a
Normal Retirement Age	60 years	65 years
Additional value of pension on early retirement	0	n/a
Pension Value in the year from DB scheme (HMRC Method)	n/a	n/a
Pension Value in the year from company contributions to DC scheme	n/a	40
Pension value in year from cash allowance (Salary Supplement in place of Employer pension contributions)	168	88
Total pension benefit accrued in 2015	168	128

Share Interests Awarded During the Financial Year

Performance Share Plan

	Date of Award	Type of Award	Basis	Face Value	Performance Period
John Carter	26 March 2015	Performance Shares	150% of Salary	£1,004,642 (51,573 shares at 1,948p/share)	1 January 2015 to 31 December 2017
Tony Buffin	26 March 2015	Performance Shares	150% of Salary	£776,297 (39,851 shares at 1,948p/share)	1 January 2015 to 31 December 2017

Performance Share Plan awards are subject to the following performance measures:

Measure	Weighting	Target Range	Vesting Range
EPS Growth	40%	Threshold target - RPI + 3% per annum over the vesting period Maximum target - RPI + 10% per annum over the vesting period	No vesting below threshold target Threshold target - 30% Vests Maximum target - 100% Vests Pro-rata vesting between these points
Aggregate Cash Flow over three years up to 2017	40%	Threshold target £901m Maximum target £996m	
Company TSR Relative to FTSE 50-150 Index	20%	Threshold target - median performance (top 50%) Maximum target - upper quartile performance (top 25%)	

Co-Investment Plan (SMS)

	Date of Award	Type of Award	Basis	Face Value	Performance Period
John Carter	23 March 2015	Matching Shares	up to 2:1 matching of shares purchased	£665,261 (33,447 shares at 1,989p/share)	1 January 2015 to 31 December 2017
Tony Buffin	23 March 2015	Matching Shares	up to 2:1 matching of shares purchased	£514,097 (25,847 shares at 1,989p/share)	1 January 2015 to 31 December 2017

Co-Investment Plan matching awards are subject to the following performance measure:

Measure	Weighting	Target Detail	Matching Range
Cash Return on Capital Employed (CROCE)	100%	Threshold target 9.08%	0.6:1 matching at threshold target
		Maximum target 10.0%	2:1 matching at maximum target
			Pro-rata matching between these points

Deferred Share Bonus Plan

Half of the bonuses earned in 2015 will be issued as deferred shares as follows:

	Type of Award	Basis	Face Value
John Carter	Shares	50% of 2015 bonus	£192,973
Tony Buffin	Shares	50% of 2015 bonus	£124,276

Shares vest two years from grant, partly 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 will be 5.2% (RPI plus 4%, subject to a 6% cap) for this award.

No new grants were made to the Executive Directors under the all employee Sharesave (SAYE) plan during 2015.

Payments to Past Directors

No payments were made to past directors

Payments for Leaving Directors

No payments for loss of office were made during 2015.

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. As at 31 December 2015 John Carter shareholding was in excess of six times salary and Tony Buffin three times salary.

Directors' shareholdings and share interests as at 31 December 2015 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	Interests qualifying towards shareholder requirement
John Carter	231,537	289,495	26,717	0	547,749	231,537
Tony Buffin	81,600	201,864	16,570	0	300,034	81,600

1. Includes awards made under Deferred Share Bonus Plan, Performance Share Plan and Co-investment plan (SMS)
2. Includes awards made under Deferred Share Bonus Plan (which are not subject to a performance condition) and Sharesave

There were no changes in share ownership between 31 December 2015 and 29 February 2016.

During 2015 John Carter exercised 40,155 shares vested under the Performance share plan and 9,106 shares under the Deferred Share Bonus plan (at £19.65/share) and 6,523 shares vested under the Performance Share Plan (at £20.08/share). Tony Buffin exercised 32,902 shares vested under his special share matching award (at £21.36/share).

Non-Executive Director	Beneficial Shareholding (as at 31 December 2015)	Beneficial Shareholding (as at 29 February 2016)
Ruth Anderson	2,268	2,355
Coline McConville	334	421
Pete Redfern	434	514
Chris Rogers	1,964	2,051
John Rogers	433	504
Robert Walker	72,593	73,086

UNAUDITED INFORMATION

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 six 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

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
Coline McConville	May 2018
Pete Redfern	May 2018
Chris Rogers	August 2016
John Rogers	May 2018
Andrew Simon	Retired October 2015
Robert Walker	May 2018

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

Outside Appointments

Travis Perkins recognises that its Executive Directors may be invited to become Non-executive Directors of other companies. Such Non-executive duties can broaden a Director's experience and knowledge which can benefit Travis Perkins. Subject to approval by the Board, Executive Directors are allowed to accept Non-executive appointments, provided that these appointments will not lead to conflicts of interest, and they may retain the fees received. John Carter does not currently hold any non-executive appointments. Tony Buffin has been a non-executive director of the Dyson family businesses since 2014. Tony earned and retained fees of £40,000 during 2015 (2014: £40,000).

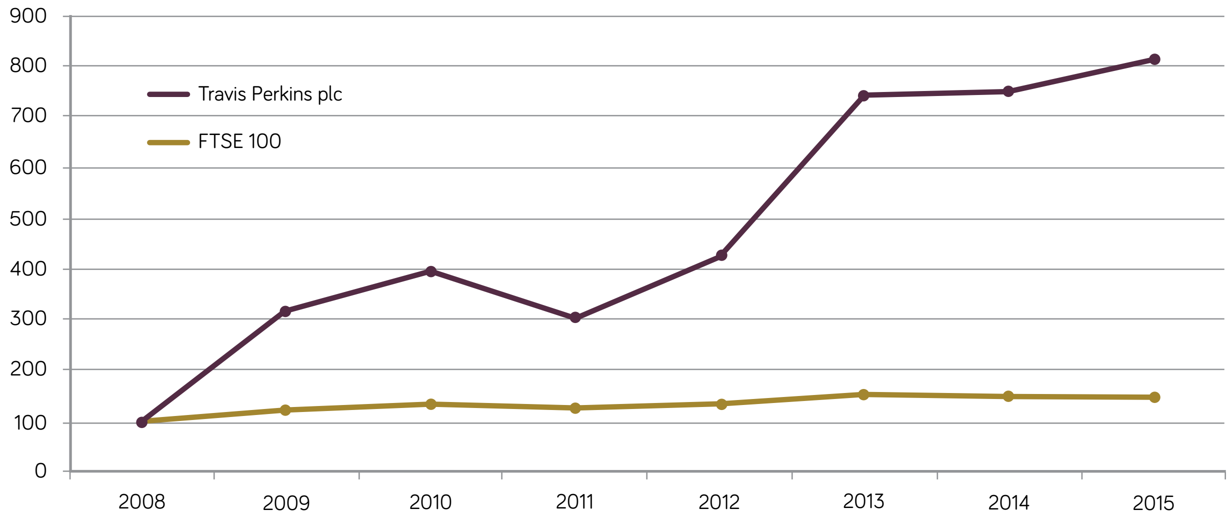
Funding of Equity Awards

Executive incentive arrangements are funded by shares purchased in the market. Entitlements under the HMRC approved all colleague Sharesave scheme are satisfied by newly issued shares. Where shares are newly issued, the Company complies with Investment Association dilution guidelines on their issue. The current dilution usage of discretionary plans is given in the 2015 AGM notice. Where shares are purchased in the market, these are held by a trust in which case the voting rights relating to the shares are exercisable by the Trustees in accordance with their fiduciary duties. At 31 December 2015 the Trust held 1,318,532 shares.

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.

Total Shareholder Return



Historical CEO Pay

	2009	2010	2011	2012	2013	2014	2015
Single Figure Remuneration (£000)	1,412	1,423	1,938	3,506	2,044	2,634	2,563
Annual Bonus Payout (% of maximum)	100.0%	100.0%	75.9%	27.0%	62.9%	89.0%	31.9%
Vesting of Share Options (% of maximum)	0%	-	-	-	-	-	-
Vesting of Performance Share Plan (% of maximum)	-	0%	0%	80.0%	37.4%	44.8%	96.8%
Vesting of Co-investment Plan (SMS) (% of maximum)	0%	0%	51.0%	100.0%	0%	0%	44.2%

Data for 2014-15 relates to John Carter, earlier data relates to the prior CEO, Geoff Cooper

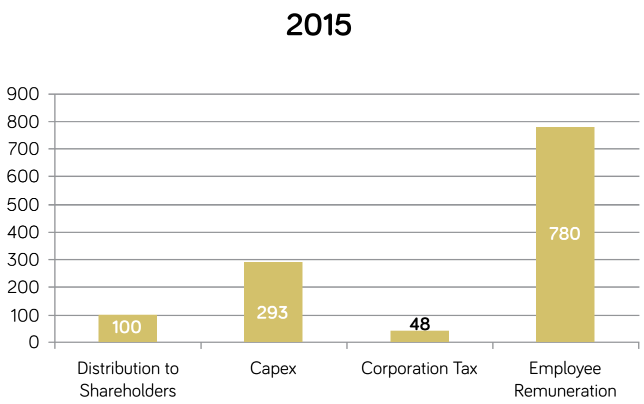
Change in Remuneration of Director undertaking the Role of CEO

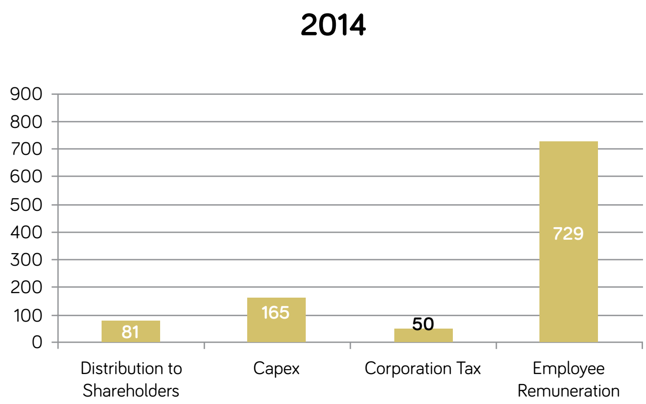
	Percentage Change in Salary Earned (2015 Full Year Compared to 2014 Full Year)	**Percentage Change in Bonus Opportunity Earned** (2015 Full Year Forecast Compared to 2014 Full Year)	**Percentage Change in Taxable Benefits Received** (2013/14 Tax Year Compared to 2014/15 Tax Year)
CEO	2.0%	-57.1%	24.9%**
Comparative Employee Group*	2.1%	-40.0%	5.3%

* Comparative group is all colleagues within the Travis Perkins Merchanting Division. This division is the largest division within the company, 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.

** Change in benefits relates to change in car following promotion to CEO combined with increased benefit in kind charges in relation to car and fuel benefit.

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.

Governance

Remuneration Committee and consideration by the directors of matters relating to directors' remuneration

During the year the committee comprised Andrew Simon (Chair, part year), Coline McConville (Chair, part year), Peter Redfern and John Rogers, all of whom are independent non-executive directors, and Robert Walker.

Deloitte was appointed by the Committee in December to provide independent advice on executive remuneration. Deloitte replaced PwC who provided advice to the committee up to this point. Deloitte was selected following an interview process.

Deloitte and PwC are both founding members of the Remuneration Consultants Code of Conduct and adhere to this Code in its dealings with the Committee. The Committee is satisfied that the advice provided by Deloitte and PwC is objective and independent. The Committee is comfortable that the Deloitte and PwC engagement partner and team that provides remuneration advice to the Committee do not have connections with the Company that may impair their independence. The Committee reviewed the potential for conflicts of interest and judged that there were appropriate safeguards against such conflicts.

Fees are determined on a time and materials basis at prevailing market rates. During the year PwC was paid £22,000 for advice provided to the Committee and Deloitte were paid £2,500.

PwC provided 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. Deloitte were the Company's auditors until the close of the 2014 accounts. Since this time, Deloitte have also provided corporate tax advisory and internal audit services.

In addition John Carter (CEO), Tony Buffin (CFO), Deborah Grimason (Company Secretary), Carol Kavanagh (Group Human Resources Director), 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 developing and implementing the remuneration policy 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. The committee 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 2015 Meetings

In 2015 the remuneration committee met three times. The committee discussed amongst others the following matters:

Month	Key Issues Considered
March	Bonuses • Review of achievement against 2014 targets • Bonus targets for 2015 LTIP Awards • Review of performance conditions and grants for 2015 • Review of awards vesting in 2015 Review of executive shareholding requirement Annual Directors' Remuneration Report
November	Review of Remuneration Committee Terms of Reference Salary Review 2016 Review of remuneration trends and issues Review of bonus 2015 performance Review of LTIP forecasts
December	Directors' pay review Review of bonus targets Bonus measures for 2016 Review of LTIP targets

Shareholder Voting

At the last AGM the following resolutions in relation to remuneration were put by the Company:

Resolution	Votes For	% For	Votes Against	% Against	Votes Withheld
To receive and approve the Directors' Remuneration Report	166,086,786	98%	3,387,091	2%	2,224,376

The Directors' Remuneration Report has been approved by the Board of Directors and is signed on its behalf.

Coline McConville
Chairman, Remuneration Committee
18 March 2016

NOMINATIONS COMMITTEE REPORT

Dear Fellow Shareholder

A few words of introduction to summarise the work of the Nominations Committee during the past year.

During 2015, the Nominations Committee held only one meeting. This was considerably fewer than in past years, when the Committee was heavily involved in planning and executing Board executive and non-executive succession. The final step in this process was the appointment to the Board of Coline McConville in February as a non-executive director and Chair of the Remuneration Committee; the latter to succeed Andrew Simon who retired from the Board in October 2015.

As a result, the Board is now fully fit for the future, with an appropriate blend of skills in terms of age, gender, past versus current experience and retail versus merchanting experience. We now have a settled Board.

The purpose of the Committee's meeting in 2015 was to review the pipeline of executive talent below the Board, future executive succession plans at that level, and the Group's provision of appropriate training and development programmes.

The Committee plans to hold at least three meetings during 2016. We will continue to put priority time against executive pipeline development, but also lay the groundwork and process for more long-term board succession planning.

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 re-election at the Group's 2016 AGM.

Activities in 2015

The Committee operates under formal terms of reference and met once during the year. The principal matter discussed at the meeting was a review of the senior talent below the Board and the organisation and succession plans for senior leadership roles.

Furthermore, a meeting of the Non-executive directors, without me being present, led by the Senior Independent Director Andrew Simon, was held to conduct a review of my performance as Chairman in connection with the renewal of my service contract at its sixth anniversary.

Board Succession

As mentioned in my introductory note (above), the recruitment of new non-executive directors was completed with the appointment of Coline McConville with effect from 1 February 2015, and Andrew Simon retired from the Board after over nine years service on 31 October 2015. Andrew was chairman of the Remuneration and Stay Safe Committees and (since August 2014) Senior Independent Director.

The Nominations Committee recommended and the Board agreed that Chris Rogers be appointed as Senior Independent Director with effect from 1 November 2015. Andrew was succeeded as Remuneration Committee chairman by Coline McConville and as Stay Safe Committee chairman by Pete Redfern.

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

2016 Objectives

To look further ahead to the future retirement of the current Chief Executive, and the current Chairman and to lay out a clear process for board and senior executive succession.

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, is actively considered, and will continue to be so. 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 (25%). The Group currently also has two women on its operating executive (16.66%). Further details of the Group's workforce diversity are set out in the "Capturing the way things are done around here" section on pages 70 to 77.

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

Robert Walker
Chairman
18 March 2016

DIRECTORS' REPORT

The Directors present their annual report and audited accounts for the year ended 31 December 2015.

The Corporate Governance statement on pages 98 to 103 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 5 to 91. 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 84 to 91.

Results and Dividends

The Group results for the year ended 31 December 2015 and dividends for the year ending 31 December 2015 are set out in the income statement and note 12 respectively on pages 140 and 165. If approved at the Annual General Meeting, the final dividend will be paid on 27 May 2016 to those shareholders on the register at the close of business on 29 April 2016.

Balance Sheet and Post Balance Sheet Events

The balance sheet on pages 142 and 143 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 65 to 69.

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 56 to 63. Specific quantitative information on borrowings and financial instruments is given in notes 23 and 24 on pages 175 to 183 of the annual financial statements.

Directors and their Interests

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 Ruth Anderson, Coline McConville, Pete Redfern, Chris Rogers, John Rogers and Robert Walker will all seek re-election at the Annual General Meeting. Andrew Simon retired from the Board on 31 October 2015.

The names of the Directors at 31 December 2015, together with their biographical details are set out on pages 94 to 96. All of these Directors held office throughout the year, except Coline McConville who was appointed with effect from 1 February 2015. 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 101, 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 2015, including holdings, if any, of spouses and of children aged under 18, were as detailed in the Directors' Remuneration Report on pages 121 and 122.

Substantial Shareholdings

As at 31 December 2015, 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	%
BlackRock Inc	13,308,320	5.33%
OppenheimerFunds Inc	10,642,484	4.26%
Sprucegrove Investment Management Ltd	10,303,711	4.12%
Majedie Asset Management Ltd	8,054,007	3.22%

Any notifications received by the Company after 31 December 2015 and up to 1 April 2016 (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 70 to 77.

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 127 and in the section of the annual report entitled "Capturing the way things are done around here" on pages 70 to 77. 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 candidate or incur any political expenditure during the year.

Auditor

KPMG LLP is the Company's auditor at the date of this report, having been appointed following the outcome of the tender for the role of external auditor conducted during late 2014 and early 2015. Resolutions will be proposed at the Annual General Meeting to re-appoint KPMG LLP as the Company's auditor, and to authorise the Audit Committee to fix the 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 2015 the Company had an allotted and fully paid share capital of 249,814,722 ordinary shares of 10 pence each, with an aggregate nominal value of £24,981,472 (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 2015 the Travis Perkins Employee Share Ownership Trust owned 1,318,532 shares in the Company (0.528%) 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 the Company's 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 122, 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
18 March 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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:

- Select suitable accounting policies and apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether the financial statements have been prepared in accordance with IFRSs as adopted by the EU
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume the Group and the Company will continue in business
- 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.

Under applicable law and regulations, the Directors are also responsible for preparing a strategic report, a directors' report, a directors' remuneration report and a corporate governance statement, which comply with that law and those regulations.

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;
- 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.
- The annual report and financial statements taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy

Declaration

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

By order of the Board

John Carter
Chief Executive

Tony Buffin
Chief Financial Officer

18 March 2016

Steve Fellows - Travis Perkins, Aylesbury

Wickes, Rugby

FINANCIAL STATEMENTS

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Paul Williams - Benchmarx, Shrewsbury

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TRAVIS PERKINS plc ONLY

OPINIONS AND CONCLUSIONS ARISING FROM OUR AUDIT

1. Our opinion on the financial statements is unmodified

We have audited the financial statements of Travis Perkins plc for the year ended 31 December 2015 set out on pages 140 to 205.

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 2015 and of the Group's and the Parent Company's profit for the year then ended;
- the financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU); and
- the financial statements 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.

2. Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements the risks of material misstatement that had the greatest effect on our audit were as follows:

Valuation of Goodwill and non-current assets (£2,983 million)

Refer to page 106 (Audit Committee Report), page 151 (Critical judgements and key sources of estimation and uncertainty) and pages 165 to 167, (note13) Financial disclosures.

The Risk – Loss of significant customers or changing consumer habits may lead to a risk that the business does not meet the growth projections necessary to support the carrying value of these assets.

A significant proportion of the market served by the PTS and F & P businesses is highly competitive, offers low margins and certain manufacturers exercise a degree of control over customer pricing. The re-segmentation of the P&H business has now been completed and the PTS business is clearly focused on the larger contract customers which operate in this competitive element of the market. In addition changing consumer habits are most significant in the consumer division and the Wickes business in particular.

During the year the Group has reassessed its cash flows in relation to PTS and F & P as a result of completion of the re-segmentation programme and risk adjusted these cash flows to account for the observed changes in the market. This has resulted in an impairment of £141 million being recorded in the financial statements.

Our Response - Our procedures included critically assessing the key assumptions applied by the Group in determining the recoverable amount of the above CGUs. In particular, we evaluated the appropriateness and consistency of underlying assumptions in determining the cash flows, specifically revenue growth, margin assumptions and capital expenditure. We considered historical forecasting accuracy, compared forecast cash flows to those currently being achieved by the CGUs and assessed if future cash flows reflect known or probable changes in the business environment. We used our own valuation specialists to challenge the key inputs used in the calculation of the discount rates used by the group, including comparisons with external data sources for comparable companies. We performed our own sensitivity analysis on these CGUs, including a reduction in assumed growth rates, increased capital expenditure and an increased discount rate. We assessed whether the Group's disclosures regarding the sensitivity of the impairment assessment, to changes in key assumptions, appropriately reflected the risks inherent in the valuation of goodwill and non-current assets.

Recognition of supplier rebate income

Refer to page 106 (Audit Committee Report), page 151 (Critical judgements and key sources of estimation and uncertainty) and page 173 (Note 18) Financial disclosures.

The Risk – As a result of the wide range of products and suppliers to the Group, there are a significant number of complex and varying purchase agreements within the business specifically involving fixed price discounts, volume rebates and customer sales support. We consider the risk to relate to the calculation and recoverability of the year end receivables from suppliers in respect of these agreements. The risk is driven by the complexity of this calculation across the range of products and divisions.

Our Response - Our audit procedures in this area included recalculating a sample of rebates receivable based on the terms of the purchase agreements. We compared post year end cash receipts and credit notes received to the year end recoverable balance to assess the validity and accuracy of the rebates receivable. For significant balances outstanding at the date of signing the audit report we considered the success of rebate collection in previous periods and agreed the amount accrued to contractual agreements.

Inventory valuation (£762 million)

Refer to page 106 (Audit Committee Report), page 151 (Critical judgements and key sources of estimation and uncertainty)

The Risk –The impact of rebate accounting and overheads allocations makes the inventory valuation complex in the various group businesses. In addition the competitive market and changes in consumer tastes may impact the saleability of the product. Both of these factors may lead to a risk of items not being recorded at the lower of cost and net realisable value.

Our Response - Our audit procedures in this area included evaluation of the appropriateness of the methodologies applied in determining product cost and critically assessing the calculation (including the allocation of rebates). We compared the amounts at which a sample of items is stated with the invoiced cost, adjusted for any subsequent rebates and compared that with sales prices achieved after the year-end. We critically assessed the assumptions used in deriving the required level of provisions by forming our own expectations based on historical sales levels and compared these to the Group's calculations. We also considered the adequacy of the Group's disclosures about the degree of estimation involved in arriving at the valuation.

3. Our application of materiality and an overview of the scope of our audit

The materiality for the group financial statements as a whole was set at £18 million, determined with reference to a benchmark of Group profit before taxation. Materiality represents 5% of Group profit before tax adjusted for impairment of intangible assets as disclosed on the face of the income statement.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.5 million in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 43 reporting components, 15 were subject to audit for group reporting purposes. These group procedures covered 93% of total group revenue; 95% of group profit before taxation; and 91% of total group assets. For the remaining components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The Group audit team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group audit team approved the component materialities, which ranged from £1.7 million to £10 million, having regard to the mix of size and risk profile of the Group across the components.

The Group audit team visited all the significant component locations (all UK based), to assess the audit risk and strategy and, subsequently, to discuss the findings reported to the Group audit team in more detail, and any further work required by the Group audit team was then performed by the component auditor.

4. Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- 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.

5. We have nothing to report on the disclosures of principal risks

Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to:

- the directors' statement of viability assessment on page 63, concerning the principal risks, their management, and, based on that, the directors' assessment and expectations of the group's continuing in operation over the 3 years from 28 February 2016; or
- the disclosures in note 1 of the financial statements concerning the use of the going concern basis of accounting.

6. We have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy; or
- the Audit Committee Report does not appropriately address matters communicated by us to the audit committee.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the directors' statements, set out on pages 102 and 63, in relation to going concern and longer-term viability; and
- the part of the Corporate Governance Statement on page 98 in The Corporate Governance Report relating to the company's compliance with the eleven provisions of the 2014 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope and responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on page 132, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Greg Watts (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
One Snowhill
Snowhill Queensway
Birmingham
B4 6GH

18 March 2016

Income Statements

FOR THE YEAR ENDED 31 DECEMBER 2015

		The Group					
		2015			2014		
	Notes	Pre-exceptional items £m	Exceptional items £m	Total £m	Pre-exceptional items £m	Exceptional items £m	Total £m
Revenue	4	**5,941.6**	**-**	**5,941.6**	5,580.7	-	5,580.7
Operating profit before amortisation and impairment		**412.6**	**-**	**412.6**	384.0	(23.3)	360.7
Amortisation of goodwill and acquired intangible assets		**(18.0)**	**-**	**(18.0)**	(17.6)	-	(17.6)
Impairment of goodwill and other intangible assets		**-**	**(140.6)**	**(140.6)**	-	-	-
Operating profit	5(a)	**394.6**	**(140.6)**	**254.0**	366.4	(23.3)	343.1
Finance income	9	**1.2**	**-**	**1.2**	5.6	-	5.6
Finance costs	9	**(31.7)**	**-**	**(31.7)**	(27.3)	-	(27.3)
Profit before tax		**364.1**	**(140.6)**	**223.5**	344.7	(23.3)	321.4
Tax	10(a)	**(71.8)**	**16.0**	**(55.8)**	(68.0)	5.3	(62.7)
Profit for the year		**292.3**	**(124.6)**	**167.7**	276.7	(18.0)	258.7
Attributable to:							
Owners of the Company		**292.2**	**(124.6)**	**167.6**	276.5	(18.0)	258.5
Non-controlling interests		**0.1**	**-**	**0.1**	0.2	-	0.2
		292.3	**(124.6)**	**167.7**	276.7	(18.0)	258.7
Earnings per ordinary share							
Basic	11(a)			**67.8p**			105.9p
Diluted	11(a)			**66.2p**			102.8p
Total dividend declared per ordinary share	12			**44.0p**			38.0p

All results relate to continuing operations. Details of exceptional items are given in notes 5 and 10.

		The Company	
	Notes	2015 £m	2014 £m
Revenue	4	**264.9**	205.4
Operating profit before exceptional items		**239.5**	178.5
Exceptional items	5	**-**	(6.4)
Operating profit		**239.5**	172.1
Finance income	9	**1.2**	5.9
Finance costs	9	**(47.5)**	(41.4)
Profit before tax		**193.2**	136.6
Tax	10	**10.8**	10.6
Profit for the year		**204.0**	147.2

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 2015

		The Group		The Company	
	Notes	2015 £m	2014 £m	2015 £m	2014 £m
Profit for the year		**167.7**	258.7	**204.0**	147.2
Items that will not be reclassified subsequently to profit and loss					
Actuarial gains / (losses) on defined benefit pension schemes	28(g)	**24.8**	(48.4)	**-**	-
Deferred tax rate change on actuarial movement	10(b)	**(1.4)**	-	**-**	-
Income tax relating to items not reclassified	10(b)	**(4.7)**	9.5	**-**	-
		18.7	(38.9)	**-**	-
Items that may be reclassified subsequently to profit and loss					
Cash flow hedges		**(0.3)**	0.2	**(0.3)**	0.2
Other comprehensive income / (loss) for the year net of tax		**18.4**	(38.7)	**(0.3)**	0.2
Total comprehensive income for the year		**186.1**	220.0	**203.7**	147.4

Balance Sheets

AS AT 31 DECEMBER 2015

		The Group		The Company	
	Notes	2015 £m	2014 £m	2015 £m	2014 Restated* £m
Assets					
Non-current assets					
Goodwill	13	**1,740.2**	1,816.8	**-**	-
Other intangible assets	14	**371.7**	406.8	**-**	-
Property, plant and equipment	15	**849.1**	689.3	**0.1**	0.1
Derivative financial instruments	24	**6.3**	18.7	**6.3**	18.7
Investment property	16	**0.4**	0.4	**-**	-
Interest in associates	17	**7.9**	1.7	**12.2**	1.3
Investment in subsidiaries	17	**-**	-	**3,683.5**	3,659.6
Investments	17	**7.8**	3.2	**3.3**	-
Deferred tax asset	26	**-**	-	**2.9**	3.7
Total non-current assets		**2,983.4**	2,936.9	**3,708.3**	3,683.4
Current assets					
Inventories		**761.8**	742.7	**-**	-
Trade and other receivables	18	**986.9**	931.8	**269.8**	167.4
Derivative financial instruments	24	**16.2**	2.5	**16.2**	2.5
Cash and cash equivalents	19	**83.8**	108.3	**32.8**	54.0
Total current assets		**1,848.7**	1,785.3	**318.8**	223.9
Total assets		**4,832.1**	4,722.2	**4,027.1**	3,907.3

*Information about the restatement is given in note 5.

	Notes	The Group 2015 £m	The Group 2014 £m	The Company 2015 £m	The Company 2014 Restated £m
Equity and Liabilities					
Capital and reserves					
Issued capital	20	**25.0**	24.9	**25.0**	24.9
Share premium account	22	**518.9**	510.5	**517.8**	509.4
Merger reserve	22	**326.5**	326.5	**326.5**	326.5
Revaluation reserve	22	**18.4**	18.1	**-**	-
Hedging reserve	22	**(0.1)**	0.2	**(0.1)**	0.2
Own shares	22	**(15.5)**	(28.5)	**(15.5)**	(28.5)
Other reserves	22	**(1.4)**	(1.5)	**-**	-
Accumulated profits	22	**1,918.1**	1,827.5	**421.5**	315.1
Equity attributable to owners of the Company		**2,789.9**	2,677.7	**1,275.2**	1,147.6
Non controlling interests		**5.9**	-	**-**	-
Total equity		**2,795.8**	2,677.7	**1,275.2**	1,147.6
Non-current liabilities					
Interest bearing loans and borrowings	23	**411.4**	440.0	**360.2**	385.4
Derivative financial instruments	24	**-**	0.5	**-**	0.5
Retirement benefit obligations	28	**52.2**	97.5	**-**	-
Long-term provisions	25	**7.4**	7.8	**-**	-
Amounts due to subsidiaries		**-**	-	**2,231.6**	2,303.9
Deferred tax liabilities	26	**61.3**	66.7	**-**	-
Total non-current liabilities		**532.3**	612.5	**2,591.8**	2,689.8
Current liabilities					
Interest bearing loans and borrowings	23	**139.8**	43.5	**137.0**	45.6
Trade and other payables	27	**1,235.5**	1,255.2	**23.1**	24.3
Tax liabilities		**90.2**	71.6	**-**	-
Short-term provisions	25	**38.5**	61.7	**-**	-
Total current liabilities		**1,504.0**	1,432.0	**160.1**	69.9
Total liabilities		**2,036.3**	2,044.5	**2,751.9**	2,759.7
Total equity and liabilities		**4,832.1**	4,722.2	**4,027.1**	3,907.3

The financial statements of Travis Perkins plc, registered number 824821, were approved by the Board of Directors on 18 March 2016 and signed on its behalf by:

John Carter
Director

Tony Buffin
Director

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2015

	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 before non-controlling interest £m	Non controlling interest £m	Total equity £m
At 1 January 2014	24.7	498.0	326.5	18.4	-	(40.6)	(1.7)	1,689.9	2,515.2	-	2,515.2
Profit for the year	-	-	-	-	-	-	0.2	258.5	258.7	-	258.7
Other comprehensive income for the period net of tax	-	-	-	-	0.2	-	-	(38.9)	(38.7)	-	(38.7)
Total comprehensive income for the year	-	-	-	-	0.2	-	0.2	219.6	220.0	-	220.0
Dividends	-	-	-	-	-	-	-	(81.1)	(81.1)	-	(81.1)
Issue of share capital	0.2	12.5	-	-	-	12.1	-	(10.5)	14.3	-	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 (note 10c)	-	-	-	-	-	-	-	(0.5)	(0.5)	-	(0.5)
Foreign exchange	-	-	-	-	-	-	-	(0.1)	(0.1)	-	(0.1)
Credit for equity-settled share based payments	-	-	-	-	-	-	-	9.9	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	-	2,677.7
Profit for the year	-	-	-	-	-	-	0.1	167.6	167.7	-	167.7
Other comprehensive income for the period net of tax	-	-	-	-	(0.3)	-	-	18.7	18.4	-	18.4
Total comprehensive income for the year	-	-	-	-	(0.3)	-	0.1	186.3	186.1	-	186.1
Dividends	-	-	-	-	-	-	-	(100.2)	(100.2)	-	(100.2)
Issue of share capital	0.1	8.4	-	-	-	13.0	-	(11.5)	10.0	-	10.0
Realisation of revaluation reserve in respect of property disposals	-	-	-	(0.5)	-	-	-	0.5	-	-	-
Difference between depreciation of assets on a historical basis and on a revaluation basis	-	-	-	(0.1)	-	-	-	0.1	-	-	-
Deferred tax rate change	-	-	-	0.9	-	-	-	-	0.9	-	0.9
Tax on share based payments (10c)	-	-	-	-	-	-	-	1.9	1.9	-	1.9
Arising on acquisition	-	-	-	-	-	-	-	-	-	5.9	5.9
Foreign exchange	-	-	-	-	-	-	-	(0.2)	(0.2)	-	(0.2)
Credit for equity-settled share based payments	-	-	-	-	-	-	-	13.7	13.7	-	13.7
At 31 December 2015	25.0	518.9	326.5	18.4	(0.1)	(15.5)	(1.4)	1,918.1	2,789.9	5.9	2,795.8

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2015

	The Company						
	Issued share capital £m	Share premium account £m	Merger reserve £m	Hedging reserve £m	Own shares £m	Retained earnings £m	Total equity £m
Previously reported at 1 January 2014	24.7	496.9	326.5	-	(40.6)	214.3	1,021.8
Prior period restatement (note 5e)	-	-	-	-	-	45.4	45.4
At 1 January 2014 (restated)	24.7	496.9	326.5	-	(40.6)	259.7	1,067.2
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 10c)	-	-	-	-	-	(10.1)	(10.1)
Credit for equity-settled share based payments	-	-	-	-	-	9.9	9.9
At 31 December 2014	24.9	509.4	326.5	0.2	(28.5)	315.1	1,147.6
Profit for the year	**-**	**-**	**-**	**-**	**-**	**204.0**	**204.0**
Other comprehensive income for the period net of tax	**-**	**-**	**-**	**(0.3)**	**-**	**-**	**(0.3)**
Total comprehensive income for the year	**-**	**-**	**-**	**(0.3)**	**-**	**204.0**	**203.7**
Dividends	**-**	**-**	**-**	**-**	**-**	**(100.2)**	**(100.2)**
Issue of share capital	**0.1**	**8.4**	**-**	**-**	**13.0**	**(11.5)**	**10.0**
Tax on share based payments (note 10c)	**-**	**-**	**-**	**-**	**-**	**0.4**	**0.4**
Credit for equity-settled share based payments	**-**	**-**	**-**	**-**	**-**	**13.7**	**13.7**
At 31 December 2015	**25.0**	**517.8**	**326.5**	**(0.1)**	**(15.5)**	**421.5**	**1,275.2**

Cash Flow Statements

FOR THE YEAR ENDED 31 DECEMBER 2015

	The Group		The Company	
	2015	2014	2015	2014
	£m	£m	£m	£m
Operating profit before amortisation and impairment of goodwill and other intangibles and exceptional items	**412.6**	384.0	**239.5**	178.5
Adjustments for:				
Depreciation of property, plant and equipment	**83.0**	74.9	**0.1**	0.1
Amortisation of internally generated intangibles	**3.1**	0.7	**-**	-
Other non cash movement – share based payments	**13.7**	9.9	**3.4**	1.2
Other	**0.7**	-	**-**	-
Losses of associates	**(2.7)**	3.3	**(7.5)**	-
Gain on disposal of property, plant and equipment	**(26.3)**	(26.8)	**-**	-
Operating cash flows before exceptional items	**484.1**	446.0	**235.5**	179.8
Increase in inventories	**(14.1)**	(48.5)	**-**	-
Increase in receivables	**(43.0)**	(107.7)	**(124.1)**	(19.3)
(Decrease) / increase in payables	**(38.8)**	48.9	**(49.4)**	(31.2)
Payments of exceptional items	**(14.6)**	(3.8)	**-**	(0.4)
Pension payments in excess of the charge to profits	**(23.3)**	(24.7)	**-**	-
Cash generated from operations	**350.3**	310.2	**62.0**	128.9
Interest paid	**(19.9)**	(15.2)	**(18.8)**	(12.9)
Income taxes paid	**(47.8)**	(49.9)	**-**	-
Net cash from operating activities	**282.6**	245.1	**43.2**	116.0
Cash flows from investing activities				
Interest received	**0.2**	0.2	**0.2**	0.5
Proceeds on disposal of property, plant and equipment	**50.8**	30.8	**-**	-
Development of computer software	**(23.9)**	(14.0)	**-**	-
Purchases of property, plant and equipment	**(268.7)**	(150.9)	**(0.1)**	(0.1)
Interest in associates	**(3.5)**	(2.1)	**(3.5)**	1.6
Investments	**(5.3)**	-	**(31.3)**	(16.7)
Acquisition of businesses net of cash acquired (note 29)	**(26.0)**	(15.7)	**-**	-
Net cash used in investing activities	**(276.4)**	(151.7)	**(34.7)**	(14.7)
Financing activities				
Net proceeds from the issue of share capital	**10.0**	14.3	**10.0**	14.3
Net movement in finance lease liabilities	**(2.7)**	(2.5)	**-**	-
Debt arrangement fees	**(3.9)**	(2.6)	**(3.9)**	(2.6)
Repayment of loan notes	**(40.8)**	-	**(40.8)**	-
Increase / (decrease) in loans and liabilities to pension scheme	**106.9**	(243.0)	**110.0**	(240.0)
Increase in sterling bond	**-**	250.0	**-**	250.0
Dividends paid	**(100.2)**	(81.1)	**(100.2)**	(81.1)
Net cash from financing activities	**(30.7)**	(64.9)	**(24.9)**	(59.4)
Net (decrease) / increase in cash and cash equivalents	**(24.5)**	28.5	**(16.4)**	41.9
Cash and cash equivalents at the beginning of the year	**108.3**	79.8	**49.2**	7.3
Cash and cash equivalents at the end of year (note 19)	**83.8**	108.3	**32.8**	49.2

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2015

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 210. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 5 to 91.

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
- 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.

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:

- FRS 9 - Financial Instruments
- IFRS 14 - Regulatory Deferral Accounts
- Annual improvements to IFRS 2010-2012 cycle
- Annual improvements to IFRS 2011-2013 cycle
- Annual improvements to IFRS 2012-2014 cycle
- Amendments to IFRS 11 - Accounting for Acquisitions of Interests in Joint Operations
- Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation
- IFRS 15 - Revenue Recognition

The Directors anticipate that adoption of these Standards and Interpretations in future periods will not have a material impact on the financial statements of the Group.

- IFRS 16 – In January 2016 the IASB issued IFRS 16 on accounting for leases which is yet to be endorsed by the European Union. This standard will have a material effect on the Group because of the value of operating leases it has entered into (see note 30). The Group is in the process of determining what the effect may be which given the complexity of the standard and volume of leases is expected to take a considerable time.

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 Annual Report on pages 102 and 65 to 69 respectively.

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 twelve months from the date of signing these accounts. 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 Group, services comprise tool hire and kitchen and bathroom installations. 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, material pension scheme curtailment gains and the effect of changes in corporation tax rates on deferred tax balances.

Supplier income

Supplier Income comprises fixed price discounts, volume rebates and customer sales support.

Fixed price discounts and volume rebates received and receivable in respect of goods which have been sold are initially deducted from the cost of inventory and therefore reduce cost of sales in the income statement when the goods are sold. Where goods on which the fixed price discount or volume rebate has been earned remain in inventory at the year-end, the cost of that inventory reflects those discounts and rebates (see inventory accounting policy).

2. SIGNIFICANT ACCOUNTING POLICIES continued

The Group receives customer sales support payments that are made entirely at the supplier's option, that are requested by the Group when a specific product is about to be sold to a specific customer and for which payment is only received after the sale has been completed. All customer sales support receipts received and receivable are deducted from cost of sales when the sale to the third party has been completed, i.e. when the customer sales support payment has been earned.

Supplier income receivable is netted off against trade payables when there is a legally binding arrangement in place and it is management's intention to do so, otherwise amounts are included in other receivables in the balance sheet.

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 is 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.

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.

Leases

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.

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, 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 transfer to a market participant 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES continued

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 to the net carrying amount on initial recognition.

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 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 taxable 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 based on tax laws and rates that have been enacted or substantially enacted at the balance sheet date. 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 to which the Group is unconditionally committed, discounted using the IAS 19 (revised 2011) discount rate.

Employee share incentive plans
The Group issues equity-settled share-based payments to 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 income

The overwhelming majority of Supplier Income, in excess of 85% by value is determined by reference to fixed price discounts on actual purchases with approximately 3% being volume rebates that are subject to stepped rebate targets, the rebate percentage increasing as values or volumes purchased reach pre-agreed targets. However, by the year-end the Group knows whether those targets were reached.

Approximately 80% of amounts receivable for Supplier Income are received during the year as they are earned and settled monthly, although some agreements may also stipulate quarterly, bi-annual or annual payments; with only two of the arrangements not being co-terminous with the Group's statutory year end. Therefore the key judgements relate to the total value of rebates and fixed price discounts still to be received at the year-end and the amount to be set against the gross value of inventory. These are determined using established methodologies and in the case of collectability management's knowledge of the parties involved and historical collection trends.

Other Supplier Income relates to customer sales support received in respect of sales of specific products to specific customers which is included in the income statement when the relevant sale occurs, i.e. when all conditions for it to be earned have been met.

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 liabilities, the Directors make a number of judgements and interpretations about the application and interaction of these laws to estimate the amount expected to be paid to (or recovered from) the tax authorities. 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, future tax expense may be affected as these uncertain matters are resolved.

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 corporate 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 other 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 other intangible assets and the impairment testing thereof, are given in note 13.

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.

Inventories

In determining the cost of inventories the Directors have to make judgements to arrive at cost and net realisable value.

The Group has entered into a large number of rebate and fixed price discount agreements, the effects of which have to be offset against the gross invoice price paid for goods. As explained above in the section setting out the judgements made in respect of Supplier Income, the calculation of the value deferred into stock is complicated due to the number, nature and structure of the agreements in place. However, the Group has a well tested methodology that is consistently applied and which the Directors believe recognises the appropriate deduction from the gross invoice cost of stock.

Furthermore, determining the net realisable value of the wider range of products held in many locations requires judgement to be applied to determine the likely saleability of the product and the potential price that can be achieved. In arriving at any provisions for net realisable value the Directors take into account the age, condition and quality of the product stocked and the recent trend in sales.

4. REVENUE

	The Group		The Company	
	2015 £m	2014 £m	2015 £m	2014 £m
Sale of goods	**5,793.2**	5,457.9	**-**	-
Sales of services	**148.4**	122.8	**-**	-
Management charges	**-**	-	**8.4**	8.3
Dividends from subsidiaries	**-**	-	**256.5**	197.1
	5,941.6	5,580.7	**264.9**	205.4
Other operating income	**5.0**	5.7	**7.5**	-
Finance income	**1.2**	5.6	**1.2**	5.9
	5,947.8	5,592.0	**273.6**	211.3

Like-for-like sales are a measure of underlying sales performance for two successive periods. Branches and stores 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

a. Operating profit

	The Group		The Company	
	2015 £m	2014 £m	2015 £m	2014 £m
Revenue	**5,941.6**	5,580.7	**264.9**	205.4
Cost of sales	**(4,172.6)**	(3,930.2)	**-**	-
Gross profit	**1,769.0**	1,650.5	**264.9**	205.4
Selling and distribution costs	**(1,066.2)**	(1,015.5)	**-**	-
Administrative expenses	**(480.4)**	(320.6)	**(32.9)**	(33.3)
Profit on disposal of properties	**23.9**	26.3	**-**	-
Other operating income	**5.0**	5.7	**7.5**	-
Share of results of associate	**2.7**	(3.3)	**-**	-
Operating profit	**254.0**	343.1	**239.5**	172.1
Add back exceptional items	**140.6**	23.3	**-**	6.4
Add back amortisation of acquired intangible assets	**18.0**	17.6	**-**	-
Adjusted operating profit	**412.6**	384.0	**239.5**	178.5

During the year the Group incurred the following costs for services provided by the Company's auditor:	The Group	
	2015	2014
	£000	£000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**130**	107
Fees payable to the Company's auditor for the audit of the Company's subsidiaries	**390**	328
Fees paid to the Company's auditor for other services:		
Audit related assurance services	**55**	89
Other services	**84**	22
	659	546

Audit related assurance services in 2014 include £12,000 which was paid to the auditor by the Travis Perkins Pension and Dependants' Benefit Scheme.

A description of the work of the Audit Committee is set out in the Audit Committee report on pages 104 to 108, and includes an explanation of how auditor objectivity and independence is safeguarded when the auditor provides non-audit services.

Operating profit has been arrived at after charging / (crediting):

	The Group		The Company	
	2015 £m	2014 £m	2015 £m	2014 £m
Movement of provisions against inventories	**(1.2)**	(1.5)	**-**	-
Cost of inventories recognised as an expense	**4,173.8**	3,931.7	**-**	-
Pension costs in administration expenses	**9.4**	7.5	**0.4**	0.5
Pension costs in selling and distribution costs	**21.5**	15.1	**-**	-
Depreciation of property, plant and equipment	**83.0**	74.9	**-**	-
Impairment of goodwill and acquired intangible assets	**140.6**	-	**-**	-
Impairment of investments	**-**	-	**14.3**	-
Amortisation of internally generated intangible assets	**3.1**	0.7	**-**	-
Staff costs	**748.8**	706.4	**11.8**	9.8
Gain on disposal of property, plant and equipment	**(26.3)**	(26.8)	**-**	-
Rental income	**(5.0)**	(5.7)	**-**	-
Hire of vehicles, plant and machinery	**47.3**	44.3	**-**	-
Other leasing charges – property	**185.4**	183.6	**-**	-
Amortisation of acquired intangible assets	**18.0**	17.6	**-**	-
Auditor's remuneration for audit services	**0.5**	0.4	**0.1**	0.1

5. PROFIT continued

b. Adjusted Operating Margin

	General Merchanting		Contracts		Consumer		Plumbing & Heating		Unallocated		Group	
	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m
Revenue	**1,971.5**	1,872.7	**1,213.6**	1,071.3	**1,385.8**	1,283.4	**1,370.7**	1,353.3	**-**	-	**5,941.6**	5,580.7
Segment result	**198.8**	183.4	**77.3**	65.9	**89.9**	82.4	**(102.1)**	29.4	**(9.9)**	(18.0)	**254.0**	343.1
Amortisation of intangible assets	**-**	-	**5.9**	5.7	**4.9**	4.9	**7.2**	7.0	**-**	-	**18.0**	17.6
Exceptional items	**-**	-	**-**	-	**-**	(10.0)	**140.6**	28.7	**-**	4.6	**140.6**	23.3
Adjusted segment result	**198.8**	183.4	**83.2**	71.6	**94.8**	77.3	**45.7**	65.1	**(9.9)**	(13.4)	**412.6**	384.0
Adjusted operating margin	**10.1%**	9.8%	**6.9%**	6.7%	**6.8%**	6.0%	**3.3%**	4.8%	**-**	-	**6.9%**	6.9%

Segmental information including the definition of segment result is shown in note 6.

c. Adjusted profit before and after tax

	The Group	
	2015 £m	2014 £m
Profit before tax	**223.5**	321.4
Exceptional items	**140.6**	23.3
Amortisation of acquired intangible assets	**18.0**	17.6
Adjusted profit before tax	**382.1**	362.3

	The Group	
	2015 £m	2014 £m
Profit after tax	**167.7**	258.7
Exceptional items	**140.6**	23.3
Amortisation of acquired intangible assets	**18.0**	17.6
Tax on amortisation of acquired intangible assets	**(3.4)**	(3.5)
Tax on exceptional items	**(7.5)**	(5.3)
Effect of reduction in corporation tax rate on deferred tax	**(8.5)**	-
Adjusted profit after tax	**306.9**	290.8

d. Exceptional items

	The Group		The Company	
	2015 £m	2014 £m	2015 £m	2014 £m
Impairment of goodwill and other intangible assets	**140.6**	-	**-**	-
Reconfiguration of the Plumbing and 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)	**-**	(0.8)
	140.6	23.3	**-**	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.

2015

Trading conditions in the wholesale and contract led Plumbing and Heating market have been challenging and as a consequence, following the annual impairment review of goodwill and other intangible assets, the Group has recognised an impairment charge in respect of PTS (£109.9m) and F&P (£30.7m) totalling £140.6m. Details of the allocation of the impairment charge are given in note 13.

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 that company 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.

e. Prior period restatement

The company operates Group wide equity settled share incentive schemes and in 2015 the directors reviewed the application of IFRS 2 share based payments. In prior periods, in the individual accounts of Travis Perkins plc, the credit to equity arising on equity settled share based payments has been incorrectly restricted to the value attributable to employees of Travis Perkins plc only. This has been restated to show the credit to equity as being the value of share based payments arising on all Group wide equity settled schemes. As subsidiaries are not recharged for the share based payment charge the amount is debited to cost of investment. The impact on the balance sheet in 2014 and 2013 is shown below.

	2014			2013		
	As previously stated £m	Prior period restatement £m	As restated £m	As previously stated £m	Prior period restatement £m	As restated £m
Property, plant and equipment	0.1	-	0.1	0.1	-	0.1
Derivative financial instruments	18.7	-	18.7	9.3	-	9.3
Interest in associates	1.3	-	1.3	7.7	-	7.7
Investments in subsidiaries	3,605.5	54.1	3,659.6	3,588.8	45.4	3,634.2
Deferred tax asset	3.7	-	3.7	18.2	-	18.2
Total non current assets	3,629.3	54.1	3,683.4	3,624.1	45.4	3,669.5
Trade and other receivables	167.4	-	167.4	133.1	-	133.1
Derivative financial instruments	2.5	-	2.5	-	-	-
Cash and cash equivalents	54.0	-	54.0	7.3	-	7.3
Total current assets	223.9	-	223.9	140.4	-	140.4
Total assets	3,853.3	54.1	3,907.3	3,764.5	45.4	3,809.9
Issued capital	24.9	-	24.9	24.7	-	24.7
Share premium account	509.4	-	509.4	496.9	-	496.9
Merger reserve	326.5	-	326.5	326.5	-	326.5
Hedging reserve	0.2	-	0.2	-	-	-
Own shares	(28.5)	-	(28.5)	(40.6)	-	(40.6)
Accumulated profits	261.0	54.1	315.1	214.3	45.4	259.7
Total equity	1,093.5	54.1	1,147.6	1,021.8	45.4	1,067.2
Interest bearing loans &borrowings	385.4	-	385.4	363.9	-	363.9
Derivative financial instruments	0.5	-	0.5	4.5	-	4.5
Long term other payables	-	-	-	1.9	-	1.9
Amounts due to subsidiaries	2,303.9	-	2,303.9	2,308.0	-	2,308.0
Total non current liabilities	2,689.8	-	2,689.8	2,678.3	-	2,678.3
Interest bearing loans &borrowings	45.6	-	45.6	3.2	-	3.2
Trade and other payables	24.3	-	24.3	59.4	-	59.4
Derivative financial instruments	-	-	-	1.8	-	1.8
Total current liabilities	69.9	-	69.9	64.4	-	64.4
Total liabilities	2,759.7	-	2,759.7	2.742.7	-	2.742.7
Total equity and liabilities	3,853.2	54.1	3,907.3	3,764.5	45.4	3,809.9

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 trading is eliminated. During 2015 an impairment loss was recognised in the Plumbing and Heating segment on goodwill and other intangible assets totalling £140.6m. In 2014 there were no impairment losses or reversals of impairment losses recognised in profit or loss or in equity in any of the reportable segments.

2015	General Merchanting £m	Contracts £m	Consumer £m	Plumbing & Heating £m	Unallocated £m	Consolidated £m
Revenue	**1,971.5**	**1,213.6**	**1,385.8**	**1,370.7**	**-**	**5,941.6**
Result						
Segment result	**198.8**	**77.3**	**89.9**	**(102.1)**	**(9.9)**	**254.0**
Finance income	**-**	**-**	**-**	**-**	**1.2**	**1.2**
Finance costs	**-**	**-**	**-**	**-**	**(31.7)**	**(31.7)**
Profit before taxation	**198.8**	**77.3**	**89.9**	**(102.1)**	**(40.4)**	**223.5**
Taxation	**-**	**-**	**-**	**-**	**(55.8)**	**(55.8)**
Profit for the year	**198.8**	**77.3**	**89.9**	**(102.1)**	**(96.2)**	**167.7**
Segment assets	**1,540.2**	**833.7**	**1,479.1**	**856.0**	**123.1**	**4,832.1**
Segment liabilities	**(437.8)**	**(244.8)**	**(283.8)**	**(293.4)**	**(776.5)**	**(2,036.3)**
Consolidated net assets	**1,102.4**	**588.9**	**1,195.3**	**562.6**	**(653.4)**	**2,795.8**
Capital expenditure	**169.8**	**31.6**	**44.3**	**20.0**	**-**	**265.7**
Amortisation of acquired intangibles	**-**	**5.9**	**4.9**	**7.2**	**-**	**18.0**
Impairment of goodwill and other intangibles	**-**	**-**	**-**	**140.6**	**-**	**140.6**
Depreciation	**47.8**	**9.2**	**17.6**	**8.4**	**-**	**83.0**

2014	General Merchanting £m	Contracts £m	Consumer £m	Plumbing & Heating £m	Unallocated £m	Consolidated £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	-	5.7	4.9	7.0	-	17.6
Depreciation	44.6	8.8	15.6	5.9	-	74.9

During 2014 14 branches were transferred from Keyline in the Contracts division to Travis Perkins in the General Merchanting division with 2 branches transferring in the opposite direction. As a result net assets with a net book value of £1m were transferred between the segments. There were no inter segment transfers in 2015.

Unallocated segment assets and liabilities comprise the following:

Assets	2015 £m	2014 £m
Interest in associates	**7.9**	1.7
Financial instruments	**22.5**	21.2
Investment properties	**0.4**	0.4
Investments	**7.8**	3.2
Cash and cash equivalents	**83.8**	108.3
Unallocated corporate assets	**0.7**	0.8
	123.1	135.6
Liabilities		
Financial instruments	**-**	(0.5)
Tax liabilities	**(90.2)**	(71.6)
Deferred tax liabilities	**(61.3)**	(66.7)
Retirement benefit obligations	**(52.2)**	(97.5)
Interest bearing loans, borrowings and loan notes	**(551.2)**	(483.5)
Unallocated corporate liabilities	**(21.6)**	(23.9)
	(776.5)	(743.7)

7. STAFF COSTS

a. The average monthly number of persons employed (including executive directors)

	The Group		The Company	
	2015 No.	2014 No.	2015 No.	2014 No.
Sales and distribution	**21,204**	20,320	**-**	-
Administration	**3,466**	3,160	**51**	48
	24,670	23,480	**51**	48

b. Aggregate remuneration

	The Group		The Company	
	2015 £m	2014 £m	2015 £m	2014 £m
Wages and salaries	**680.9**	646.8	**7.6**	7.7
Share based payments (note 8)	**13.7**	9.9	**3.4**	1.2
Social security costs	**54.2**	49.7	**0.8**	0.9
Other pension costs (note 28i)	**30.9**	22.6	**0.4**	0.5
	779.7	729.0	**12.2**	10.3

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:

	2015			2014		
	Executive Options	SAYE	Nil price options	Executive Options	SAYE	Nil price options
Share price at grant date (pence)	**1,948**	**2,022**	**1,964**	1,787	1,665	1,832
Option exercise price (pence)	**1,959**	**1,616**	**-**	1,796	1,390	-
Volatility (%)	**24.2%**	**23.4%**	**24.2%**	29.0%	28.2%	29.3%
Option life (years)	**3.0**	**3.3**	**2.9**	3.0	3.4	3.0
Risk-free interest rate (%)	**0.7%**	**0.9%**	**0.7%**	1.2%	1.4%	1.1%
Expected dividends as a dividend yield (%)	**2.2%**	**2.1%**	**2.2%**	1.9%	1.9%	1.9%

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 110 to 125.

SAYE options were granted on 25 September 2015. The estimated fair value of the shares under option at that date was £9.6m for the Group and £0.1m for the Company.

Shares were granted under the share-matching scheme on 18 March 2015. The estimated fair value of the shares under option at those dates was £6.2m for the Group and £2.2m for the Company.

Shares were granted under the performance share plan on 26 March 2015 and 24 August 2015. The estimated fair value of the shares under option at those dates was £9.4m for the Group and £3.1m for the Company.

Shares were granted under the deferred share bonus plan on 9 March 2015. The estimated fair value of the shares at that date was £2.7m for the Group and £1.4m for the Company.

Shares were granted under the Toolstation long-term incentive plan on 10 April 2015. The estimated fair value of the shares at that date was £0.1m for the Group and £nil for the Company.

The Group charged £13.7m (2014: £9.9m) and the Company charged £3.4m (2014: £1.2m) 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					
	2015			2014		
	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	p	No.	No.	p	No.	No.
Outstanding at the beginning of the year	**1,124**	**5,979**	**3,872**	856	6,222	4,771
Forfeited during the year	**1,226**	**(609)**	**(989)**	1,018	(552)	(958)
Exercised during the year	**791**	**(1,339)**	**(863)**	684	(2,111)	(841)
Granted during the year	**1,633**	**1,751**	**926**	1,407	2,420	900
Outstanding at the end of the year	**1,345**	**5,782**	**2,946**	1,124	5,979	3,872
Exercisable at the end of the year	**740**	**222**	**253**	700	434	743

Share options were exercised on a regular basis throughout the year. The weighted average share price for options exercised during the year was 2,000 pence (2014: 1,790 pence).

Details of the options outstanding at 31 December 2015 is as follows:

	The Group					
	2015			2014		
	Executive options	SAYE	Nil price options	Executive options	SAYE	Nil price options
Range of exercise prices (pence)	**201-2,018**	**657-1,616**	**-**	201-1,853	636-1,390	-
Weighted average exercise price (pence)	**1,503**	**1,335**	**-**	1,087	1,128	-
Number of shares (thousands)	**339**	**5,444**	**2,946**	590	5,389	3,872
Weighted average expected remaining life (years)	**1.9**	**2.1**	**1.1**	1.2	2.3	0.9
Weighted average contractual remaining life (years)	**7.5**	**2.6**	**7.9**	5.7	2.8	7.5

If all 0.3million outstanding executive options vest and then are exercised on the date of vesting, or in the case of SAYE all 5.5m shares are acquired on the first possible day 5.8m of shares will be issued for a consideration of £77.8m in the years ending 31 December:

31 December	2016		2017		2018		2019		2020	
	No. m	Value £m	No. m	Value £m	No. m	Value £m	No. m	Value £m	No. m	Value £m
Options	0.1	1.7	0.1	1.7	0.1	1.6	-	-	-	-
SAYE	1.4	13.5	1.8	24.0	1.6	25.4	0.4	5.2	0.3	4.5

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 Company					
	2015			2014		
	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	p	No.	No.	p	No.	No.
Outstanding at the beginning of the year	**892**	**121**	**1,631**	873	186	2,331
Forfeited during the year	**1,168**	**(7)**	**(402)**	1,064	(9)	(406)
Exercised during the year	**462**	**(67)**	**(374)**	1,065	(81)	(618)
Transferred to other group companies	**-**	**-**	**-**	1,507	(6)	(20)
Granted during the year	**1,722**	**17**	**340**	1,513	31	344
Outstanding at the end of the year	**1,481**	**64**	**1,195**	892	121	1,631
Exercisable at the end of the year	**913**	**2**	**169**	429	62	332

8. SHARE-BASED PAYMENTS continued

Details of the options outstanding at 31 December 2015 is as follows:

	The Company					
	2015			2014		
	Executive options	SAYE	Nil price options	Executive options	SAYE	Nil price options
Range of exercise prices (pence)	**1,020-1,958**	**657-1,616**	**-**	201-1,883	657-1,390	-
Weighted average exercise price (pence)	**1,713**	**1,335**	**-**	744	1,176	-
Number of shares (thousands)	**23**	**42**	**1,195**	83	43	1,651
Weighted average expected remaining life (years)	**2.2**	**2.3**	**0.9**	0.7	2.5	0.8
Weighted average contractual remaining life (years)	**8.2**	**2.8**	**7.7**	4.8	3.0	7.4

9. NET FINANCE COSTS

a. Finance costs and finance income

	The Group	
	2015 £m	2014 £m
Interest on bank loans and overdrafts*	**(14.0)**	(14.4)
Interest on sterling bond	**(7.4)**	(2.1)
Interest on obligations under finance leases	**(0.7)**	(1.2)
Unwinding of discounts - property provisions	**(0.3)**	(1.3)
Unwinding of discounts - SPV loan	**(2.5)**	(2.5)
Other interest	**(2.7)**	(3.4)
Other finance costs – pension scheme	**(2.9)**	(2.4)
Net loss on re-measurement of derivatives at fair value	**(1.2)**	-
Finance costs	**(31.7)**	(27.3)
Amortisation of cancellation receipt for swap accounted for as fair value hedge	**0.9**	1.0
Net gain on re-measurement of derivatives at fair value	**-**	4.1
Interest receivable	**0.3**	0.5
Finance income	**1.2**	5.6
Net finance costs	**(30.5)**	(21.7)

*Includes £3.8m (2014: £1.7m) of amortised finance charges..

b. Interest cover covenant

	The Group	
	2015 £m	2014 £m
Interest on bank loans and overdrafts*	**(14.0)**	(14.4)
Interest on sterling bond	**(7.4)**	(2.1)
Amortised bank finance charges	**3.8**	1.7
Other interest	**(2.7)**	(3.4)
Interest receivable	**0.3**	0.5
Interest for covenant purposes	**(20.0)**	(17.7)
Adjusted interest cover for covenant purposes	**20.6x**	21.6x

*Includes £3.8m (2014: £1.7m) of amortised finance charges.

Adjusted interest cover is calculated by dividing adjusted operating profit of £412.6m (2014: £384.0m) less £nil (2014: £1.3m) of specifically excluded IFRS adjustments, by the interest for covenant purposes. The calculation for 2015 is in accordance with the requirements of the £550m credit facility signed on 14 December 2015.

c. Fixed charge cover interest

	The Group	
	2015 £m	2014 £m
Interest on bank loans and overdrafts*	**(14.0)**	(14.4)
Interest on sterling bond	**(7.4)**	(2.1)
Interest on obligations under finance leases	**(0.7)**	(1.2)
Unwinding of discounts - SPV loan	**(2.5)**	(2.5)
Loan note interest (included in other interest)	**(0.3)**	(0.6)
Interest for fixed charge ratio purposes	**(24.9)**	(20.8)

*Includes £3.8m (2014: £1.7m) of amortised time charges.

The charge caused by the unwinding of the discounts relates principally to the property provisions created in 2008 and the liability to the pension scheme associated with the SPV (note 28).

d. The Company

	The Company	
	2015 £m	2014 £m
Interest on bank loans and overdrafts*	**(14.0)**	(14.4)
Interest on sterling bond	**(7.4)**	(2.1)
Interest payable to group companies	**(22.5)**	(22.5)
Other interest	**(2.4)**	(2.4)
Net loss on re-measurement of derivatives at fair value	**(1.2)**	-
Finance costs	**(47.5)**	(41.4)
Amortisation of cancellation receipt for swap accounted for as fair value hedge	**0.9**	1.0
Net gain on re-measurement of derivatives at fair value	**-**	4.1
Interest receivable from group companies	**0.1**	0.4
Interest receivable	**0.2**	0.4
Finance income	**1.2**	5.9
Net finance costs	**(46.3)**	(35.5)

* Includes £3.8m (2014: £1.7m) of amortised finance charges.

10. TAX

a. Tax charge in income statement

	The Group						The Company	
	2015			2014			2015	2014
	Pre-exceptional items £m	Exceptional items £m	Total £m	Pre-exceptional items £m	Exceptional items £m	Total £m	£m	£m
Current tax								
UK corporation tax								
- current year	**71.8**	**-**	**71.8**	70.2	(5.3)	64.9	**(11.1)**	(14.4)
- prior year	**(1.3)**	**-**	**(1.3)**	(11.1)	-	(11.1)	**0.2**	(0.6)
Total current tax	**70.5**	**-**	**70.5**	59.1	(5.3)	53.8	**(10.9)**	(15.0)
Deferred tax								
- current year	**(0.1)**	**(16.0)**	**(16.1)**	1.9	-	1.9	**(0.2)**	0.4
- prior year	**1.4**	**-**	**1.4**	7.0	-	7.0	**0.3**	4.0
Total deferred tax	**1.3**	**(16.0)**	**(14.7)**	8.9	-	8.9	**0.1**	4.4
Total tax charge	**71.8**	**(16.0)**	**55.8**	68.0	(5.3)	62.7	**(10.8)**	(10.6)

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 Group			
	2015		2014	
	£m	%	£m	%
Profit before tax	**223.5**		321.4	
Tax at the UK corporation tax rate	**45.3**	**20.3**	69.1	21.5
Tax effect of expenses / credits that are not deductible / taxable in determining taxable profit	**1.1**	**0.5**	1.7	0.6
Depreciation of non-qualifying property	**1.9**	**0.9**	1.9	0.6
Exceptional fair value movement not taxable	**-**	**-**	(0.2)	(0.1)
Impairment of goodwill	**20.0**	**8.9**	-	-
Impairment of intangibles	**0.9**	**0.4**	-	-
Deferred tax rate change	**(8.5)**	**(3.8)**	-	-
Property sales	**(5.0)**	**(2.2)**	(5.7)	(1.8)
Prior period adjustment	**0.1**	**-**	(4.1)	(1.3)
Tax expense and effective tax rate for the year	**55.8**	**25.0**	62.7	19.5

The standard rate of corporation rate for the year of 20.25% is a blended rate of 21% up to 1 April 2015 and 20% thereafter. The tax charge for 2015 includes an exceptional credit of £8.5m arising from the reduction in the rate of UK corporation tax from 20% to 19% on 1 April 2017 and a further reduction to 18% on 1 April 2020. In addition the tax charge includes an exceptional credit of £7.5m in respect of the exceptional impairment of other intangible assets.

	The Company			
	2015		2014	
	£m	%	£m	%
Profit before tax	**193.2**		136.6	
Intercompany dividends	**(256.5)**		(197.1)	
Loss before tax and dividends received	**(63.3)**		(60.5)	
Tax at the UK corporation tax rate	**(12.8)**	**20.2**	(13.0)	21.5
Tax effect of expenses / credits that are not deductible / taxable in determining taxable profit	**(1.5)**	**2.4**	(0.8)	1.3
Impairment of investments	**2.9**	**(4.6)**	-	-
Prior period adjustment	**0.5**	**(0.8)**	3.4	(5.6)
Deferred tax rate change	**0.1**	**(0.1)**	-	-
Exceptional fair value movement not taxable	**-**	**-**	(0.2)	0.3
Tax credit and effective tax rate for the year	**(10.8)**	**17.1**	(10.6)	17.5

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 Company	
Deferred tax	2015 £m	2014 £m	2015 £m	2014 £m
Items that may not be reclassified				
Deferred tax rate change on actuarial movement	**(1.4)**	-	**-**	-
Income tax relating to items not reclassified	**(4.7)**	9.5	**-**	-
	(6.1)	9.5	**-**	-

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	2015 £m	2014 £m	2015 £m	2014 £m
Excess tax deductions related to share based payments on exercised options	**4.8**	5.6	**1.1**	-
Deferred tax				
Share based payments	**(2.9)**	(6.1)	**(0.7)**	(10.1)
Tax rate change impact on revaluation reserve	**0.9**	-	**-**	-
	2.8	(0.5)	**0.4**	(10.1)

11. EARNINGS PER SHARE

a. Basic and diluted earnings per share

	2015 £m	2014 £m
Earnings		
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity holders of the Parent Company	**167.6**	258.5
Weighted average number of shares for the purposes of basic earnings per share	**247,302,865**	244,146,721
Dilutive effect of share options on potential ordinary shares	**5,681,972**	7,295,091
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**252,984,837**	251,441,812
Earnings per share	**67.8p**	105.9p
Diluted earnings per share	**66.2p**	102.8p

No share options (2014: 47,940) 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.

	2015 £m	2014 £m
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity holders of the Parent Company	**167.6**	258.5
Exceptional items	**140.6**	23.3
Amortisation of acquired intangible assets	**18.0**	17.6
Tax on amortisation of acquired intangible assets	**(3.4)**	(3.5)
Tax on exceptional items	**(7.5)**	(5.3)
Effect of reduction in corporation tax rate on deferred tax	**(8.5)**	-
Adjusted earnings	**306.8**	290.6
Adjusted earnings per share	**124.1p**	119.0p
Adjusted diluted earnings per share	**121.3p**	115.6p

12. DIVIDENDS

Amounts were recognised in the financial statements as distributions to equity shareholders as follows:

	2015 £m	2014 £m
Final dividend for the year ended 31 December 2014 of 25.75p (2013: 21.0p) per ordinary share	**63.7**	51.2
Interim dividend for the year ended 31 December 2015 of 14.75p (2014: 12.25p) per ordinary share	**36.5**	29.9
Total dividend recognised during the year	**100.2**	81.1

The Company is proposing a final dividend of 29.25p in respect of the year ended 31 December 2015.

Dividend cover of 2.8x (2014: 3.1x) is calculated by dividing adjusted earnings per share (note 11) of 124.1p (2014: 119.0p) by the total dividend for the year of 44.0p (2014: 38.0p).

There are no income tax consequences in respect of the dividends declared, but not recognised in the financial statements. The dividends for 2015 and for 2014 were as follows:

	2015 Pence	2014 Pence
Interim paid	**14.75**	12.25
Final proposed	**29.25**	25.75
Total dividend for the year	**44.0**	38.0

The anticipated cash payment in respect of the proposed final dividend is £72.7m (2014: £63.7m).

13. GOODWILL

	The Group				
	General Merchanting	Contracts	Consumer	P&H	Total
	£m	£m	£m	£m	£m
At 1 January 2014	466.4	172.9	829.5	345.1	1,813.9
Recognised on acquisitions during the year	-	-	-	2.9	2.9
At 1 January 2015	**466.4**	**172.9**	**829.5**	**348.0**	**1,816.8**
Recognised on acquisitions during the year (note 29)	**1.8**	**8.1**	**2.1**	**10.4**	**22.4**
Impairment charged to the income statement as an exceptional item	**-**	**-**	**-**	**(99.0)**	**(99.0)**
At 31 December 2015	**468.2**	**181.0**	**831.6**	**259.4**	**1,740.2**

The Company has no goodwill.

13. GOODWILL continued

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 CGU's within the same brand. The following analyses goodwill and intangible assets with indefinite useful lives by CGU grouping.

	2015			2014		
CGU Grouping	Intangibles (note 14) £m	Goodwill £m	Total £m	Intangibles (note 14) £m	Goodwill £m	Total £m
Contracts						
CCF	-	**43.6**	**43.6**	-	43.6	43.6
Keyline	-	**109.6**	**109.6**	-	101.5	101.5
BSS Industrial	**49.3**	**27.8**	**77.1**	49.3	27.8	77.1
General Merchanting						
Travis Perkins	-	**468.2**	**468.2**	-	466.4	466.4
Consumer						
Tile Giant	-	**24.6**	**24.6**	-	24.6	24.6
Bathrooms.com	-	**2.1**	**2.1**	-	-	-
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	**2.7**	-	**2.7**	40.9	68.7	109.6
City Plumbing Supplies	-	**240.4**	**240.4**	-	240.4	240.4
Plumbnation	-	**1.7**	**1.7**	-	1.7	1.7
Primaflow	-	**2.9**	**2.9**	-	2.9	2.9
Solfex	-	**4.0**	**4.0**	-	4.0	4.0
Underfloor Heating	-	**10.4**	**10.4**	-	-	-
F&P	**8.3**	-	**8.3**	8.5	30.3	38.8
Other	**3.9**	-	**3.9**	3.9	-	3.9
	226.7	**1,740.2**	**1,966.9**	265.1	1,816.8	2,081.9

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 and maintenance capital expenditure. 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 after the adjustment for impairment at 31 December 2015 outlined below. 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 other than detailed below. The key variables applied to the value in use calculations were:

- Cash flow forecasts, which were derived from the most recent board approved corporate plan

- 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 2015, the pre tax discount rate ranged between 9.0% and 9.8% (2014: 9.45% to 10.28%), 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 2015, cash flows beyond the corporate 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 (2014 growth rate: 2.1%)

Impairment

Following the annual impairment review of goodwill and intangible assets, the Group has recognised an impairment charge totalling £140.6m. Trading conditions in the wholesale and contract led Plumbing and Heating market have been challenging and as a consequence expectations of future profitability were reduced in the value in use calculations. The impairment charge has been allocated as follows.

CGU	Goodwill	Acquired Brands	Acquired Customer Relationships	Total
	£m	£m	£m	£m
F & P	**30.3**	**0.3**	**0.1**	**30.7**
PTS	**68.7**	**38.2**	**3.0**	**109.9**
	99.0	**38.5**	**3.1**	**140.6**

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
- 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 corporate plan 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 changes in key assumptions could result in discounted future cash flows being insufficient to allow full recovery of the carrying value of the CGU's goodwill and other intangible assets.

The Directors have conducted a sensitivity analysis to determine the specific value for each assumption, all other assumptions remaining the same, that would result in the carrying value of goodwill and other intangible assets equalling their recoverable amounts and these are shown in the tables below. The sole market value adjustment is the average annual change incorporated in the corporate plan of each CGU grouping.

31 December 2015

CGU Grouping	Headroom	Like-for-like Market Volume (Average per annum)		Discount Rate		Long-term Growth Rate	
		Assumption	Sensitivity	Assumption	Sensitivity	Assumption	Sensitivity
Wickes	**£137m**	**0.9%**	**(2.8%)**	**9.1%**	**10.1%**	**2.1%**	**0.8%**

An increase in maintenance capital expenditure of £1m per annum will reduce headroom by £15m.

31 December 2014

CGU Grouping	Headroom	Like-for-like market volume (Average per annum)		Discount rate		Long-term growth rate	
		Assumption	Sensitivity	Assumption	Sensitivity	Assumption	Sensitivity
Tile Giant	£10m	3.2%	(3.5%)	9.6%	12.5%	2.1%	(2.2%)
Wickes	£100m	-	(1.7%)	9.6%	10.3%	2.1%	1.1%
PTS	£44m	1.9%	(3.0%)	9.8%	12.5%	2.1%	(2.2%)

14. OTHER INTANGIBLE ASSETS

	The Group			
	Brand	Computer software	Customer relationships	Total
Cost or valuation	£m	£m	£m	£m
At 1 January 2014	301.1	17.1	147.6	465.8
Recognised on acquisitions in the year	1.3	-	-	1.3
Additions	-	14.0	-	14.0
At 31 December 2014	302.4	31.1	147.6	481.1
Recognised on acquisitions in the year (note 29)	**3.7**	**-**	**-**	**3.7**
Additions	**-**	**23.9**	**-**	**23.9**
At 31 December 2015	**306.1**	**55.0**	**147.6**	**508.7**
Amortisation				
At 1 January 2014	4.1	9.0	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
Charged to operating profit in the year on acquired intangibles	**2.5**	**0.9**	**14.6**	**18.0**
Charged to operating profit in the year on internally generated intangibles	**-**	**3.1**	**-**	**3.1**
Impairment charged to the income statement as an exceptional item	**38.5**	**-**	**3.1**	**41.6**
At 31 December 2015	**47.2**	**15.5**	**74.3**	**137.0**
Net book value				
At 31 December 2015	**258.9**	**39.5**	**73.3**	**371.7**
At 31 December 2014	296.2	19.6	91.0	406.8

	2015	2014
	£m	£m
Cost of brands with an indefinite useful life (note 13) (net of impairment losses)	**226.7**	265.1
Cost of brands being amortised (net of impairment losses)	**40.9**	37.3
	267.6	302.4

Where a brand, which is a leading brand in its sector and has significant growth prospects, but 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, Primaflow, Underfloor Heating, Bathrooms.com 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 range from 10 to 20 years while the remaining lives range from 4 to 14 years.

The Directors consider that the other brands excluding PTS and F & P (which have been impaired in 2015), 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. 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 10 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 deemed cost						
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 1 January 2015	377.7	37.0	147.2	605.8	1,167.7	0.7
Additions	**101.8**	**0.4**	**23.4**	**140.1**	**265.7**	**0.1**
Additions from acquired businesses	**1.9**	**-**	**-**	**0.6**	**2.5**	**-**
Disposals	**(27.6)**	**-**	**(8.1)**	**(40.1)**	**(75.8)**	**(0.1)**
At 31 December 2015	**453.8**	**37.4**	**162.5**	**706.4**	**1,360.1**	**0.7**
Accumulated depreciation						
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 1 January 2015	**51.6**	**12.9**	**64.3**	**349.6**	**478.4**	**0.6**
Charged this year	**4.6**	**0.8**	**11.1**	**66.5**	**83.0**	**0.1**
Disposals	**(8.5)**	**-**	**(5.8)**	**(36.1)**	**(50.4)**	**(0.1)**
At 31 December 2015	**47.7**	**13.7**	**69.6**	**380.0**	**511.0**	**0.6**
Net book value						
At 31 December 2015	**406.1**	**23.7**	**92.9**	**326.4**	**849.1**	**0.1**
At 31 December 2014	326.1	24.1	82.9	256.2	689.3	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 deemed cost	**32.0**	**6.1**	**-**	**-**	**38.1**	**-**
At cost	**421.8**	**31.3**	**162.5**	**706.4**	**1,322.0**	**0.7**
	453.8	**37.4**	**162.5**	**706.4**	**1,360.1**	**0.7**

Included within freehold property is land with a value of £157.0m (2014: £149.5m) which is not depreciated. No assets are pledged as security for the Group's liabilities.

15. PROPERTY, PLANT AND EQUIPMENT continued

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
2015	**0.8**	**6.0**	**4.3**	**11.1**	-
2014	0.8	7.2	5.2	13.2	-

16. INVESTMENT PROPERTY

	The Group £m
Deemed cost	
At 1 January 2014 and 1 January 2015 and 31 December 2015	**0.5**
Accumulated depreciation	
At 1 January 2014 and 1 January 2015 and 31 December 2015	**(0.1)**
Net book value	
At 31 December 2014 and 31 December 2015	**0.4**

Investment property rental income totalled £nil (2014: £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

a. Interest in associates

	The Group		The Company	
	2015	2014	2015	2014
	£m	£m	£m	£m
Equity investment	**1.2**	1.2	**1.2**	1.2
Loan facility	**11.0**	6.1	**11.0**	0.1
Share of losses	**(4.3)**	(5.6)	**-**	-
	7.9	1.7	**12.2**	1.3

Travis Perkins plc holds a 49% investment in The Mosaic Tile Company Limited, a 49% investment in Toriga Limited and a 49% investment in Toolstation Europe Limited. In 2014 the Company disposed of its 25% investment in Rinus Roofing Limited. There is no impairment in the carrying value of the investment in and loan to Toolstation Europe because the future profitability forecasts fully support the current carrying value.

The Groups share of associates' assets, liabilities, income and expenses are as follows:

	The Group	
	2015 £m	2014 £m
Current assets	**7.8**	7.3
Current liabilities	**(5.0)**	(5.4)
Non current assets	**1.1**	1.0
Non-current liabilities	**(0.7)**	(0.1)
Net assets / (liabilities)	**3.2**	2.8
Group share of net assets (49%)	**1.6**	1.4
Goodwill	**6.3**	0.3
Carrying amount of investment in associates	**7.9**	1.7
Income	**18.1**	18.5
Expense	**(21.3)**	(21.4)
Net expense of equity accounted investments	**(3.2)**	(2.9)
Group share of revenue (49%)	**8.9**	9.1
Group share of net expense (49%)	**(10.4)**	(10.5)

The reconciliation of investments in associates is given below.

	The Group	
	2015 £m	2014 £m
At 1 January	**1.7**	7.3
Additions of investments	**3.5**	4.9
Interest on loans	**-**	0.2
Disposals of Rinus sales proceeds	**-**	(2.8)
Exceptional loss on disposal of Rinus	**-**	(4.6)
Impairment of loans to Toolstation Europe	**-**	(1.9)
Reversal of impairment	**4.2**	-
Retained profit	**(1.5)**	(1.4)
At 31 December	**7.9**	1.7

17. INVESTMENTS continued

b. Investment in subsidiaries

Cost	The Company 2015 £m	The Company 2014 Restated £m
At 1 January as previously reported	**3,676.6**	3,605.8
Prior period restatement	**-**	45.4
At 1 January restated	**3,676.6**	3,651.2
Additions	**38.3**	25.4
At 31 December	**3,714.9**	3,676.6
Provision for impairment	**(31.4)**	(17.0)
Net book value at 31 December	**3,683.5**	3,659.6

In 2015 the company placed some dormant subsidiaries in members voluntary liquidation and consequently an impairment has been recognised on these investments. Investments in subsidiaries have been restated (Note 5e).

A full listing of all related undertakings is provided in note 38.

c. Investments

	The Group		The Company	
	2015	2014	2015	2014
Available for sale investments at fair value	£m	£m	£m	£m
Investments in property entities	**3.5**	3.2	**-**	-
Shares held in invested entities	**1.0**	-	**1.0**	-
Loans receivable at amortised cost				
Loans to property entities	**1.0**	-	**-**	-
Loans to invested entities	**2.3**	-	**2.3**	-
	7.8	3.2	**3.3**	-

The investments in property entities represent minority holdings in property owning entities that acquired properties from the Group in 2006 and 2015. These investments present the Group with an opportunity to generate returns through both income and capital gains. The Directors consider that the carrying amount of these investments approximates to their fair value. The Group provides loans to one of the property entities totalling £1.0m and charges interest at rates of between 10% and 12%.

On 20 February 2015 the Group acquired a strategic non controlling interest of 15% in Staircraft Limited, a major supplier of timber staircases to house builders for a consideration of £1.0m. These shares are not held for trading and accordingly are classified as available for sale. The Group provides a loan facility and charges interest at 3.0%.

18. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2015	2014	2015	2014
	£m	£m	£m	£m
Trade receivables	**690.4**	669.8	**-**	-
Allowance for doubtful debts	**(23.9)**	(25.3)	**-**	-
	666.5	644.5	**-**	-
Amounts owed by subsidiaries	**-**	-	**269.8**	167.4
Other receivables	**246.1**	208.3	**-**	-
Prepayments and accrued income	**74.3**	79.0	**-**	-
Trade and other receivables	**986.9**	931.8	**269.8**	167.4

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 (2014: 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 which have been outstanding for less than 90 days that are not considered recoverable 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 Group	
	2015	2014
	£m	£m
At 1 January	**25.3**	33.9
Amounts written off during the year	**(13.7)**	(21.7)
Increase in allowance recognised in the income statement	**12.3**	13.1
At 31 December	**23.9**	25.3

In determining the recoverability of 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 £66.8m (2014: £84.1m) 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 Group	
	2015	2014
	£m	£m
0 – 30 days	**45.3**	55.6
31 – 60 days	**10.2**	15.4
61 – 90 days	**11.3**	13.1
	66.8	84.1

Included in the allowance for doubtful debts are specific trade receivables with a balance of £3.9m (2014: £2.7m) 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.

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 2014	246,786,289	24.7
Allotted under share option schemes	1,916,699	0.2
At 1 January 2015	**248,702,988**	**24.9**
Allotted under share option schemes	**1,111,734**	**0.1**
At 31 December 2015	**249,814,722**	**25.0**

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	
	2015	2014
	No.	No.
At 1 January	**2,428,176**	3,459,161
Movement during the year	**(1,109,644)**	(1,030,985)
At 31 December	**1,318,532**	2,428,176
Allocated to grants of executive options	-	77,878
Not allocated to grants of executive options	**1,318,532**	2,350,298
	1,318,532	2,428,176

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 arose 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
- 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 Strategic Report on pages 5 to 91. At 31 December 2015 all borrowings were denominated in Sterling except for the unsecured senior notes which are denominated in US dollars.

a. Summary

	The Group		The Company	
	2015 £m	2014 £m	2015 £m	2014 £m
Unsecured senior notes	**137.0**	133.1	**137.0**	133.1
Liability to pension scheme (note 28)	**35.4**	36.0	**-**	-
Bank loans (note 23c)*	**110.0**	-	**110.0**	-
Sterling bond	**256.2**	258.0	**256.2**	258.0
Bank overdraft*	**-**	-	**-**	4.8
Finance leases (note 23d)	**18.6**	21.3	**-**	-
Loan notes (note 23e)	**-**	40.8	**-**	40.8
Finance charges netted off bank debt*	**(3.8)**	(3.2)	**(3.8)**	(3.2)
Finance charges netted off sterling bond	**(2.2)**	(2.5)	**(2.2)**	(2.5)
	551.2	483.5	**497.2**	431.0
Current liabilities	**139.8**	43.5	**137.0**	45.6
Non-current liabilities	**411.4**	440.0	**360.2**	385.4
	551.2	483.5	**497.2**	431.0

*These balances together total the amounts shown as bank loans in note 23(b).

b. Analysis of borrowings

	The Group			
	Bank loans and overdrafts		Other borrowings	
	2015 £m	2014 £m	2015 £m	2014 £m
Borrowings repayable				
On demand or within one year	**-**	-	**139.6**	43.5
More than one year, but not more than two years	**-**	-	**2.8**	135.9
More than two years, but not more than five years	**110.0**	-	**5.4**	7.5
More than five years	**-**	-	**299.4**	302.3
Gross borrowings	**110.0**	-	**447.2**	489.2
Unamortised fees	**(3.8)**	(3.2)	**(2.2)**	(2.5)
	106.2	(3.2)	**445.0**	486.7

	The Company			
	Bank loans and overdrafts		Other borrowings	
	2015 £m	2014 £m	2015 £m	2014 £m
Borrowings repayable				
On demand or within one year	**-**	4.8	**137.0**	40.8
More than one year, but not more than two years	**-**	-	**-**	133.1
More than two years, but not more than five years	**110.0**	-	**-**	-
More than five years	**-**	-	**256.2**	258.0
Gross borrowings	**110.0**	4.8	**393.2**	431.9
Unamortised fees	**(3.8)**	(3.2)	**(2.2)**	(2.5)
	106.2	1.6	**391.0**	429.4

23. BORROWINGS continued

C. Facilities

At 31 December 2015, the following facilities were available:

	The Group		The Company	
	2015 £m	2014 £m	2015 £m	2014 £m
Drawn facilities				
5 year committed revolving credit facility	**110.0**	-	**110.0**	-
Sterling bond	**254.0**	255.5	**256.2**	255.5
Unsecured senior notes	**137.0**	133.1	**137.0**	133.1
Bank overdrafts	**-**	-	**-**	4.8
	501.0	388.6	**503.2**	393.4
Undrawn facilities				
5 year committed revolving credit facility	**440.0**	550.0	**440.0**	550.0
Bank overdrafts	**30.0**	30.0	**30.0**	25.2
	470.0	580.0	**470.0**	575.2

On 14 December 2015, the Group signed a £550m banking agreement with a syndicate of banks, which runs until December 2020. The $200m of unsecured loan notes were repaid on 26 January 2016. On the 15 September 2014 the company issued a 7 year sterling bond with a principal amount of £250m. 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	
	2015 £m	2014 £m	2015 £m	2014 £m
Amounts payable under finance leases:				
Within one year	**3.6**	3.6	**2.8**	2.7
In the second to fifth years inclusive	**10.6**	12.8	**8.5**	10.2
After five years	**14.0**	15.4	**7.3**	8.4
	28.2	31.8	**18.6**	21.3
Less: future finance charges	**(9.6)**	(10.5)	**-**	-
Present value of lease obligations	**18.6**	21.3	**18.6**	21.3
Less: Amount due for settlement within one year (shown under current liabilities)			**(2.8)**	(2.7)
Amount due for settlement after one year			**15.8**	18.6

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.

e. Loan notes

Included in borrowings due within one year is £nil (2014: £3.2m) of loan notes issued as consideration for the acquisition of Broombys Limited in 1999. They were redeemed 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 were redeemed on 30 April 2015.

f. Interest

The weighted average interest rates paid were as follows:

	2015 %	2014 %
Unsecured senior notes	**5.9**	5.9
Sterling bond	**4.4**	4.4
Bank loans and overdraft	**2.0**	1.9
Other borrowings	**2.1**	2.0

The $200m unsecured senior notes were issued at fixed rates of interest and swapped into variable rates. As detailed in note 24, to manage risk the Group enters 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 2015 this had the effect of lowering the weighted average interest paid by 1.0%.

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			
	2015		2014	
	Effective interest rate	£m	Effective interest rate	£m
Unsecured senior notes	**5.9%**	**137.0**	5.9%	133.1
Unsecured variable rate bank facilities	**1.38%**	**110.0**	-	-
Sterling bond	**4.375%**	**256.2**	4.375%	255.5
Loan notes - Toolstation	-	-	1.5%	37.6
Loan notes - Broombys	-	-	6.0%	3.2
		503.2		429.4

	The Company			
	2015		2014	
	Effective interest rate	£m	Effective interest rate	£m
Unsecured senior notes	**5.9%**	**137.0**	5.9%	133.1
Unsecured variable rate bank facilities	**1.38%**	**110.0**	-	-
Sterling bond	**4.375%**	**256.2**	4.375%	255.5
Loan notes - Toolstation	-	-	1.5%	37.6
Loan notes - Broombys	-	-	6.0%	3.2
Bank overdraft	-	-	2.25%	4.8
		503.2		434.2

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.

Travis Perkins Trading Company Limited, Wickes Building Supplies Limited, Travis Perkins Properties Limited, Keyline Builders Merchants 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 £22.4m (2014: £62m).

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 Company	
	2015	2014	2015	2014
	£m	£m	£m	£m
Financial assets				
Derivative instruments in designated hedge accounting relationships	**21.2**	18.7	**21.2**	18.7
Designated as fair value through profit and loss (FVTPL)	**1.3**	2.5	**1.3**	2.5
Loans and receivables (including cash and cash equivalents)	**999.7**	961.1	**304.9**	221.4
Available-for-sale	**4.5**	3.2	**-**	-
	1,026.7	985.5	**327.4**	242.6
Financial liabilities				
Designated as fair value through profit and loss (FVTPL)	**1.2**	1.4	**1.2**	1.4
Derivative instruments in designated hedge accounting relationships	**-**	0.5	**-**	0.5
Borrowings (note 23a)	**551.2**	483.5	**497.2**	431.0
Trade and other payables at amortised cost (note 27)	**1,061.9**	1,033.8	**21.9**	22.9
	1,614.3	1,519.2	**520.3**	455.8

Loans and receivables exclude prepayments of £74.3m (2014: £79.0m). Trade and other payables exclude taxation and social security and accruals and deferred income totalling £172.4m (2014: £220.0m). Deferred consideration payable totalling £1.2m 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 high credit ratings 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)

24. FINANCIAL INSTRUMENTS continued

There were no transfers between levels during the year.

Included in assets	The Group		The Company	
Level 2	2015 £m	2014 £m	2015 £m	2014 £m
Interest rate swaps designated and effective as hedging instruments carried at fair value	**6.3**	8.0	**6.3**	8.0
Cross currency interest rate swaps designated and effective as hedging instruments carried at fair value	**11.7**	10.7	**11.7**	10.7
Foreign currency forward contracts designated and effective as hedging instruments carried at fair value	**3.2**	-	**3.2**	-
Foreign currency forward contracts at fair value through profit and loss	**1.3**	2.5	**1.3**	2.5
	22.5	21.2	**22.5**	21.2
Current assets	**16.2**	2.5	**16.2**	2.5
Non-current assets	**6.3**	18.7	**6.3**	18.7
	22.5	21.2	**22.5**	21.2
Included in liabilities				
Level 2				
Foreign currency forward contracts designated and effective as hedging instruments carried at fair value	**-**	0.5	**-**	0.5
Level 3				
Deferred consideration at fair value through profit and loss	**1.2**	1.4	**1.2**	1.4
	1.2	1.9	**1.2**	1.9
Current liabilities	**1.2**	1.4	**1.2**	1.4
Non-current liabilities	**-**	0.5	**-**	0.5
	1.2	1.9	**1.2**	1.9

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.

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 where necessary.

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.

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 2015 the fair value of the interest rate derivatives, all of which terminate more than five years from the balance sheet date, to which the Group and the Company were parties, was estimated at £6.3m (2014: £8.0). 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.

The following table details the notional principal amounts and remaining terms of interest rate swap contracts at the reporting date:

Interest rate swap contracts

	Average contract floating interest rate		Notional principal amount		Fair value	
	2015	2014	2015	2014	2015	2014
Fair value hedges - receive fixed / pay floating contracts	%	%	£m	£m	£m	£m
Over five years	**2.98**	2.95	**250.0**	250.0	**6.3**	8.0

The floating rate on the interest rate swaps outstanding at 31 December 2015 is six month LIBOR plus a basis point increment averaging 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 have 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 senior 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 and 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 £0.7m (2014: £1.3m), 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	
	2015	2014	2015	2014	2015	2014
	%	%	£m	£m	£m	£m
Less than 1 year	**1.6**	1.6	**52.0**	52.0	**11.7**	10.7
			52.0	52.0	**11.7**	10.7

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 2015 the fair value of these forward contracts was estimated at £3.2m (2014: £(0.5)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$72.4m (2014: US$75.0m). The fair value of these derivatives is £1.3m (2014: £2.5m). These contracts are not designated cash flow hedges and accordingly the fair value movement has been reflected in the income statement.

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.

	2015				
	0-1 year £m	1-2 years £m	2-5 years £m	5+ years £m	Total £m
Gross settled					
Interest rate swaps – receipts	**62.8**	-	-	-	**62.8**
Interest rate swaps – payments	**(52.4)**	-	-	-	**(52.4)**
	10.4	-	-	-	**10.4**
Foreign exchange forward contracts	**(47.6)**	-	-	-	**(47.6)**
Total gross settled	**(37.2)**	-	-	-	**(37.2)**
Net settled					
Interest rate swaps	**3.5**	**2.6**	**4.5**	**0.5**	**11.1**
Total derivative financial instruments	**(33.7)**	**2.6**	**4.5**	**0.5**	**(26.1)**
Borrowings	**(125.6)**	-	**(106.2)**	**(289.4)**	**(521.2)**
Deferred consideration	**(1.2)**	-	-	-	**(1.2)**
Other financial liabilities (note 27)	**(1,061.9)**	-	-	-	**(1,061.9)**
Finance leases (note 23d)	**(3.6)**	**(3.6)**	**(7.0)**	**(14.0)**	**(28.2)**
Total financial instruments	**(1,226.0)**	**(1.0)**	**(108.7)**	**(302.9)**	**(1,638.6)**

	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)	(1,033.8)	-	-	-	(1,033.8)
Finance leases (note 23d)	(3.6)	(3.6)	(9.2)	(15.4)	(31.8)
Total financial instruments	(1,126.6)	(127.4)	(2.7)	(303.3)	(1,560.0)

g. Interest rate sensitivity analysis

The sensitivity analysis 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 2015 would have decreased / increased by £4.1m (2014: increased / decreased by £3.1m)
- Net equity would have decreased / increased by £3.2m (2014: increased / decreased by £2.4m) 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 2014	36.5	29.9	-	2.5	68.9
Additional provision charged to the 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
Additional provision charged to income statement	**-**	**10.5**	**-**	**-**	**10.5**
Utilisation of provision	**(9.3)**	**(12.2)**	**(11.9)**	**(1.0)**	**(34.4)**
Unwinding of discount	**0.3**	**-**	**-**	**-**	**0.3**
At 31 December 2015	**13.1**	**28.4**	**4.2**	**0.2**	**45.9**
Included in current liabilities	**7.8**	**28.4**	**2.1**	**0.2**	**38.5**
Included in non-current liabilities	**5.3**	**-**	**2.1**	**-**	**7.4**
	13.1	**28.4**	**4.2**	**0.2**	**45.9**

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 recognised in 2014 an exceptional provision of £16.1m relating to the reconfiguration of the Plumbing and Heating division. The provision covered 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 claims against it where the final settlement date is uncertain.

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 outflows.

	0-1 year £m	1-2 years £m	2-5 years £m	5+ years £m	Total £m
2015					
Property	**8.0**	**1.6**	**2.8**	**2.4**	**14.8**
Plumbing and Heating reorganisation	**2.1**	**2.1**	**-**	**-**	**4.2**
Insurance	**28.4**	**-**	**-**	**-**	**28.4**
Other	**0.2**	**-**	**-**	**-**	**0.2**
	38.7	**3.7**	**2.8**	**2.4**	**47.6**
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

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 2015 £m	Arising on acquisition £m	Recognised in income £m	Recognised in equity £m	At 31 Dec 2015 £m
Capital allowances	**1.6**	**-**	**1.0**		**2.6**
Revaluation of property	**8.9**	**-**	**-**	**(0.9)**	**8.0**
Share-based payments	**(11.1)**	**-**	**(0.3)**	**2.9**	**(8.5)**
Provisions	**(0.6)**	**-**	**0.9**	**-**	**0.3**
Property assets acquired in business combinations	**8.8**	**0.4**	**(1.7)**	**-**	**7.5**
Brand	**78.3**	**0.8**	**(17.9)**	**-**	**61.2**
Pension scheme liability	**(19.2)**	**-**	**3.3**	**6.1**	**(9.8)**
Deferred tax	**66.7**	**1.2**	**(14.7)**	**8.1**	**61.3**

	The Group				
	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 of property	8.9	-	-	-	8.9
Share based payments	(17.6)	-	0.4	6.1	(11.1)
Provisions	(8.7)	-	8.1	-	(0.6)
Property assets acquired in 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

At the balance sheet date the Group had unused capital losses of £42.3m (2014: £45.8m) 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 because they arose prior to the Group acquiring Wickes and that business owns no assets that may generate a future capital gain against which the losses can be offset.

Other than disclosed above, no deferred tax assets and liabilities have been offset.

	The Company			
	At 1 Jan 2015 £m	Recognised in income £m	Recognised in equity £m	At 31 Dec 2015 £m
Share-based payments	**(3.3)**	**(0.2)**	**0.7**	**(2.8)**
Other timing differences	**(0.4)**	**0.3**	**-**	**(0.1)**
	(3.7)	**0.1**	**0.7**	**(2.9)**

	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)

27. OTHER FINANCIAL LIABILITIES

	The Group		The Company	
	2015	2014	2015	2014
	£m	£m	£m	£m
Trade payables	**904.6**	852.3	**-**	-
Other taxation and social security	**58.2**	64.5	**-**	-
Deferred consideration payable	**1.2**	1.4	**1.2**	1.4
Other payables	**157.3**	181.5	**21.9**	22.9
Accruals and deferred income	**114.2**	155.5	**-**	-
Trade and other payables	**1,235.5**	1,255.2	**23.1**	24.3

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.

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. The assets of the TP schemes are held separately from those of the Group under the control of the scheme's trustees. 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 2014. The IAS 19 valuation has been based upon the results of the 30 September 2014 valuation, and then updated to 31 December 2015 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 30 September 2014. 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 ("SPV"). 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.

2014 Restatement
The 2014 pension numbers in respect of the TP Scheme have been restated to reduce the return on plan assets in the year by £14.8m to exclude the contingent rentals from the value of the liability to the pension scheme with an equal and opposite reduction to the additional liability recognised in respect of the minimum funding requirement. There was no overall effect on the total pension liability.

The TP scheme and the BSS schemes expose the Group 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 below.

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 corporate bond yields will increase the schemes' liabilities, but the effect 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 schemes' liabilities.

a. Major assumptions used by the schemes' actuaries at the balance sheet date (in nominal terms)

	At 31 December 2015	At 31 December 2014
Rate of increase in pensionable salaries	**2.45%**	2.35%
Rate of increase of pensions in payment post 2006	**2.20%**	2.50%
Rate of increase of pensions in payment 1997 -2006	**3.10%**	3.40%
Discount rate	**3.85%**	3.70%
Inflation assumption - RPI	**3.20%**	3.10%
Inflation assumption - CPI	**2.20%**	2.10%

In respect of longevity, the valuation adopts the S2PA 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 2015:

	Male	Female
	Years	Years
Member age 65 (current life expectancy) - TP Scheme	**22.1**	**24.7**
Member age 45 (life expectancy on reaching age 65) - TP Scheme	**23.8**	**26.6**
Member age 65 (current life expectancy) - BSS Schemes	**22.1**	**24.7**
Member age 45 (life expectancy on reaching age 65) - BSS Schemes	**23.8**	**26.6**

b. Amounts recognised in income in respect of the defined benefit schemes

	2015			2014
	TP Scheme £m	BSS Schemes £m	Group £m	Group £m
Current service costs charged to operating profit in the income statement	**(15.9)**	**(2.9)**	**(18.8)**	(10.7)
Past service gains from settlements	**1.9**	**0.3**	**2.2**	-
Net interest income / (expense)	**(1.1)**	**(1.8)**	**(2.9)**	(2.4)
Total pension charge	**(15.1)**	**(4.4)**	**(19.5)**	(13.1)

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 £10.0m to the BSS schemes in 2016. In 2016, the excess of funding over the on-going service contributions will be £10.0m 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.

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

	2015			2014		
	TP Scheme £m	BSS Schemes £m	Group £m	TP Scheme £m	BSS Schemes £m	Group £m
Fair value of plan assets	**913.8**	**247.5**	**1,161.3**	908.9	230.9	1,139.8
Present value of defined benefit obligations	**(879.4)**	**(283.0)**	**(1.162.4)**	(947.8)	(287.6)	(1,235.4)
Actuarial surplus / (deficit)	**34.4**	**(35.5)**	**(1.1)**	(38.9)	(56.7)	(95.6)
Restriction an asset recognised	**(34.4)**	**-**	**(34.4)**	-	-	-
Additional liability recognised for minimum funding requirements	**(0.2)**	**(16.5)**	**(16.7)**	(1.9)	-	(1.9)
Gross pension liability at 31 December	**(0.2)**	**(52.0)**	**(52.2)**	(40.8)	(56.7)	(97.5)
Deferred tax asset			**9.8**			19.2
Net pension liability at 31 December			**(42.4)**			(78.3)

In finalising the 30 September 2014 actuarial valuations the Trustees of both schemes reached agreement with the Company that in order to eliminate the funding shortfalls at that date the Company would pay recovery plan contributions to each scheme. Amounts receivable by each scheme from 1 Janaury 2016 are as follows:

- TP Scheme – nil
- BSS Scheme - £10.0m p.a payable in monthly instalments until 1 September 2021

The Company has agreed to make voluntary recovery plan contributions of £0.2m per month to the TP Scheme until September 2023. These contributions are not contractual and can be stopped at any time with one months notice at the Company's sole discretion.

	2015			2014		
	TP Scheme £m	BSS Schemes £m	Group £m	TP Scheme £m	BSS Schemes £m	Group £m
At 1 January actuarial (deficit) / asset	**(38.9)**	**(56.7)**	**(95.6)**	41.1	(40.8)	0.3
Additional liability recognised for minimum funding requirements	**(1.9)**	**-**	**(1.9)**	(46.7)	(25.0)	(71.7)
	(40.8)	**(56.7)**	**(97.5)**	(5.6)	(65.8)	(71.4)
Current service costs and administration expenses charged to the income statement	**(15.9)**	**(2.9)**	**(18.8)**	(8.0)	(2.7)	(10.7)
Past service gains from settlements credited to the income statement	**1.9**	**0.3**	**2.2**	-	-	-
Net interest (expense) / income	**(1.1)**	**(1.8)**	**(2.9)**	0.4	(2.8)	(2.4)
Contributions from sponsoring companies	**27.4**	**12.5**	**39.9**	22.8	12.6	35.4
Foreign exchange	**-**	**0.1**	**0.1**	-	-	-
Return on plan assets (excluding amounts included in net interest)	**(25.8)**	**3.0**	**(22.8)**	46.5	8.9	55.4
Actuarial gain arising from changes in demographic assumptions	**39.6**	**8.2**	**47.8**	-	-	-
Actuarial gain / (loss) arising from changes in financial assumptions	**27.2**	**8.0**	**35.2**	(141.7)	(33.6)	(175.3)
Actuarial gain / (loss) arising from experience adjustments	**19.4**	**(6.2)**	**13.2**	-	1.7	1.7
(Increase) / reduction in minimum funding requirement liability	**(32.1)**	**(16.5)**	**(48.6)**	44.8	25.0	69.8
At 31 December actuarial deficit	**(0.2)**	**(52.0)**	**(52.2)**	(40.8)	(56.7)	(97.5)

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 December 2015		At 31 December 2014	
	TP Scheme £m	BSS Schemes £m	TP Scheme £m	BSS Schemes £m
Level 1				
Domestic equities	**218.8**	**16.6**	210.0	13.6
Overseas equities	**247.8**	**133.2**	253.9	126.2
Fixed interest government bonds	**-**	**-**	-	16.4
Corporate bonds	**116.6**	**20.7**	117.2	2.4
Diversified growth fund	**125.4**	**71.2**	127.9	69.8
Liability driven investment	**75.5**	**-**	131.8	-
Level 3				
Property	**44.8**	**0.4**	41.6	-
SPV asset	**21.7**	**-**	22.7	-
Cash and other	**63.2**	**5.4**	3.8	2.5
	913.8	**247.5**	908.9	230.9

Actual return on scheme assets	2015		2014	
	£m		£m	
TP Scheme	**8.2**	**0.9%**	85.2	9.4%
BSS Schemes	**11.5**	**4.6%**	18.4	8.0%

e. Movements in the fair value of scheme assets in the current period

	2015			2014		
	TP Scheme £m	BSS Schemes £m	Group £m	TP Scheme £m	BSS Schemes £m	Group £m
At 1 January	**908.9**	**230.9**	**1,139.8**	821.1	206.1	1,027.2
Interest on scheme assets	**34.0**	**8.5**	**42.5**	38.7	9.5	48.2
Return on scheme assets not included above	**(25.8)**	**3.0**	**(22.8)**	46.5	8.9	55.4
Foreign exchange	**-**	**(0.3)**	**(0.3)**	-	-	-
Administration expenses	**(0.6)**	**-**	**(0.6)**	-	-	-
Contributions from sponsoring companies	**27.4**	**12.5**	**39.9**	22.8	12.6	35.4
Contributions from members	**-**	**0.1**	**0.1**	5.0	0.1	5.1
Benefits paid	**(30.1)**	**(7.2)**	**(37.3)**	(25.2)	(6.3)	(31.5)
At 31 December	**913.8**	**247.5**	**1,161.3**	908.9	230.9	1,139.8

28. PENSION ARRANGEMENTS continued

f. Movements in the present value of defined benefit obligations in the current period

	2015			2014		
	TP Scheme £m	BSS Schemes £m	Group £m	TP Scheme £m	BSS Schemes £m	Group £m
At 1 January	**(947.8)**	**(287.6)**	**(1,235.4)**	(780.0)	(246.9)	(1,026.9)
Service cost	**(13.4)**	**(2.6)**	**(16.0)**	(8.0)	(2.7)	(10.7)
Interest cost	**(34.5)**	**(10.3)**	**(44.8)**	(38.3)	(12.3)	(50.6)
Foreign exchange	**-**	**0.4**	**0.4**	-	-	-
Contributions from members	**-**	**(0.1)**	**(0.1)**	(5.0)	(0.1)	(5.1)
Experience adjustments	**19.4**	**(6.2)**	**13.2**	-	1.7	1.7
Actuarial gain arising from changes in demographic assumptions	**39.6**	**8.2**	**47.8**	-	-	-
Actuarial gains / (loss) arising from changes in financial assumptions	**27.2**	**8.0**	**35.2**	(141.7)	(33.6)	(175.3)
Benefits paid	**30.1**	**7.2**	**37.3**	25.2	6.3	31.5
At 31 December	**(879.4)**	**(283.0)**	**(1,162.4)**	(947.8)	(287.6)	(1,235.4)

g. Amounts recognised in the statement of other comprehensive income are as follows

	2015			2014		
	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)	**(25.8)**	**3.0**	**(22.8)**	46.5	8.9	55.4
Actuarial gain arising from changes in demographic assumptions	**39.6**	**8.2**	**47.8**	-	-	-
Actuarial (gain) / losses arising from changes in financial assumptions	**27.2**	**8.0**	**35.2**	(141.7)	(33.6)	(175.3)
Actuarial gain arising from experience adjustments	**19.4**	**(6.2)**	**13.2**	-	1.7	1.7
(Increase) / decrease in minimum funding requirement liability	**(32.1)**	**(16.5)**	**(48.6)**	44.8	25.0	69.8
Re-measurement of net defined pension liability	**28.3**	**(3.5)**	**24.8**	(50.4)	2.0	(48.4)

h. Reconciliation of asset ceiling / additional liability

	2015			2014		
	TP Scheme £m	BSS Schemes £m	Group £m	TP Scheme £m	BSS Schemes £m	Group £m
At 1 January	**(1.9)**	**-**	**(1.9)**	(46.7)	(25.0)	(71.7)
Interest expense	**(0.6)**	**-**	**(0.6)**	-	-	-
Change in asset ceiling	**(32.1)**	**(16.5)**	**(48.6)**	44.8	25.0	69.8
At 31 December	**(34.6)**	**(16.5)**	**(51.1)**	(1.9)	-	(1.9)

i. Maturity profile of obligations

The weighted average duration of the scheme liabilities is:

TP Scheme – 18.3 years

BSS Scheme – 18.5 years

The maturity profile of the defined benefit obligations for the schemes are as follows:

	TP Scheme %	BSS Schemes %
2017 – 2026	**15.6**	**14.8**
2027 – 2036	**22.4**	**22.5**
2037 – 2046	**24.4**	**23.9**
2047 – 2056	**20.1**	**20.2**
2057 – 2066	**12.4**	**12.7**
2067 – 2076	**4.4**	**4.8**
2077 – 2086	**0.6**	**1.0**
2087 – 2096	**-**	**0.1**

j. 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 2015 is given below.

Assumption		TP Scheme	BSS Schemes
Discount rate	Increase of 0.1%	**15.9**	**4.8**
	Decrease of 0.1%	**(16.3)**	**(5.0)**
Inflation	Increase of 0.1%	**(8.9)**	**(4.0)**
	Decrease of 0.1%	**7.9**	**3.0**
Longevity	Increase of 1 year	**(29.9)**	**(9.1)**
	Decrease of 1 year	**31.7**	**9.6**

Defined contribution schemes

The Group operates two defined contribution schemes for all qualifying employees. The pension cost, which represents contributions payable by the Group, amounted to £14.3m (2014: £11.9m).

The total charge to the profit and loss account disclosed in note 7 of £30.9m (2014: £22.6m) comprises defined benefit scheme current and past service costs of £16.6m (2014: £10.7m) and £14.3m (2014 £11.9m) of contributions made to the defined contribution schemes.

29. ACQUISITION OF BUSINESSES

On 4 February 2015, the Group acquired 100% of the issued share capital of Rudridge Limited for a total consideration of £13.4m. Rudridge Limited is a leading supplier of groundwork, civil engineering and drainage materials.

On 6 July 2015, the Group acquired 100% of the issued share capital of IJM Enterprises Limited trading as Bathrooms.com, an online retailer of bathroom suites, for a total consideration of £3.1m.

On 24 July 2015, the Group acquired 100% of the issued share capital of Garratt Timber Supplies Limited, which trades as a timber merchant, for a total consideration of £4.1m.

On 18 August 2015, the Group acquired 55% of the issued share capital of The Underfloor Heating Store Limited, an online supplier of underfloor heating systems, for a total consideration of £7.3m.

For the period from acquisition the combined revenue and operating profit for all the above acquisitions total £54.4m and £2.3m respectively. If the acquisitions had been completed on the first day of the year group revenues would have been £5,959.7m and group operating profit before amortisation would have been £413.3m.

Goodwill recognised consists of the benefits from forecast growth and the assembled workforces. 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 2015 amounted to £0.5m. The fair value of the acquired trade receivables totalled £9.4m and all acquired receivables are expected to be collected in full.

All acquisitions were accounted for using the purchase method of accounting. Provisional fair values ascribed to identifiable assets as at the date of the acquisitions are shown in the table below:

	Fair value acquired £m
Net assets acquired:	
Property, plant and equipment	**2.5**
Identifiable intangible assets	**3.7**
Inventories	**5.0**
Trade and other receivables	**11.3**
Cash at bank	**2.1**
Trade and other payables	**(11.2)**
Corporation tax	**(0.8)**
Deferred tax	**(1.2)**
	11.4
Goodwill – addition during the period	**22.4**
	33.8
Satisfied by:	
Cash paid	**27.9**
Non controlling interest	**5.9**
	33.8

£0.2m of prior year contingent consideration was paid in respect of Solfex Limited.

30. OPERATING LEASE ARRANGEMENTS

The Group has entered into a significant number of property operating leases for its trading sites, the commercial terms for which tend to vary. The leases, at inception, are typically 25 years in duration, although some have lessee only break clauses of between 10 and 15 years. No leases place any commercial restriction on the Group's ability to conduct its business in the manner it sees fit (for instance restrictions on dividends, debt levels or further leases). No lease has clauses that link rental payments to performance, for instance turnover leases and no lease contains contingent rent clauses.

All leases include rent escalation clauses setting out the basis for future rent reviews. Typically these are based on open market conditions or are linked to RPI or CPI. The Group has a small number of leases that are subject to fixed reviews, but these are not material.

There are no significant pre-emption rights in any of the Group's leases.

The Group also leases certain items of plant and equipment. The Company has no operating lease arrangements.

a. The Group as lessee

	2015 £m	2014 £m
Minimum lease payments under equipment operating leases recognised in income for the year	**38.8**	36.0
Minimum lease payments under property operating leases recognised in income for the year	**185.4**	183.6

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases. The table below sets out the lease commitments of the Group as they fall due up until the end of the existing leases and do not include the effect of possible lease renewals:

	2015 £m	2014 £m
Within one year	**191.4**	174.8
In the second to fifth years inclusive	**662.2**	624.3
In the sixth to ten years inclusive	**524.8**	513.4
In the eleventh to fifteenth years inclusive	**377.8**	407.7
After fifteen years	**42.1**	44.3
	1,798.3	1,764.5

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 £5.0m (2014: £5.7m).

At the balance sheet date, the Group had contracts with tenants for the following future minimum lease payments:

	2015 £m	2014 £m
Within one year	**5.2**	5.4
In the second to fifth years inclusive	**16.7**	19.2
After five years	**17.9**	22.1
	39.8	46.7

31. CAPITAL COMMITMENTS

	The Group		The Company	
	2015 £m	2014 £m	2015 £m	2014 £m
Contracted for but not provided in the accounts	**39.2**	13.8	**-**	-

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 of the Directors, and the details of their interests in the share capital of the Company are provided in the audited part of the remuneration report on pages 117 to 122.

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.

	2015 £m	2014 £m
Short-term employee benefits	**10.7**	16.1
Post employee benefits	**0.4**	0.4
Share-based payments	**4.2**	2.9
	15.3	19.4

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 (2014: £22.5m)
- Levying an annual management charge to cover services provided to members of the Group of £8.4m (2014: £8.3m)
- Receiving annual dividends totalling £256.5m (2014: £197.1m)

Details of balances outstanding with subsidiary companies are shown in note 19 and in the Balance Sheet on pages 142 and 143.

Other than the payment of remuneration there have been no related party transactions with directors.

The Group advanced a total of £3.5m (2014: £4.9m) to all the Group's associate companies in 2015. 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 US$ Notes and Sterling Bond	Liability to pension scheme	Exchange and fair value adjustments on derivatives hedging net debt items	Total
	£m	£m	£m	£m	£m	£m	£m
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 amortised	-	-	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
At 1 January 2015	(108.3)	21.3	37.6	388.6	36.0	(17.1)	358.1
Cash flow	**24.5**	**(2.7)**	**65.2**	**-**	**(3.1)**	**-**	**83.9**
Exchange movement	**-**	**-**	**-**	**3.9**	**-**	**(3.9)**	**-**
Fair value movement	**-**	**-**	**-**	**(1.0)**	**-**	**1.0**	**-**
Finance charges movement	**-**	**-**	**3.4**	**0.4**	**-**	**-**	**3.8**
Amortisation of swap cancellation receipt	**-**	**-**	**-**	**(0.9)**	**-**	**-**	**(0.9)**
Discount unwind on liability to pension scheme	**-**	**-**	**-**	**-**	**2.5**	**-**	**2.5**
31 December 2015	**(83.8)**	**18.6**	**106.2**	**391.0**	**35.4**	**(20.0)**	**447.4**

Balances at 31 December comprise:	The Group	
	2015	2014
	£m	£m
Cash and cash equivalents	**83.8**	108.3
Non-current interest bearing loans and borrowings	**(411.4)**	(440.0)
Current interest bearing loans and borrowings	**(139.8)**	(43.5)
Exchange and fair value adjustments on derivatives hedging net debt items	**20.0**	17.1
Net debt	**(447.4)**	(358.1)

33. ANALYSIS OF CHANGES IN NET DEBT continued

	2015 £m	2014 £m
Net debt before exchange and fair value adjustments	**(467.4)**	(375.2)
Finance leases arising from the implementation of IAS 17	**14.3**	16.0
Unamortised swap cancellation receipt	**-**	0.9
Liability to pension scheme	**35.4**	36.0
Fair value adjustment to debt	**20.0**	17.1
Finance charges netted off borrowings	**(6.0)**	(5.7)
Net debt under covenant calculations	**(403.7)**	(310.9)

34. LEASE ADJUSTED GEARING

	The Group	
	2015 £m	2014 Restated (note 37) £m
Net debt before exchange and fair value adjustments	**467.4**	375.2
Exchange and fair value adjustments	**(20.0)**	(17.1)
Net debt	**447.4**	358.1
Property operating lease rentals x8	**1,443.2**	1,423.2
Lease adjusted net debt	**1,890.6**	1,781.3
Property operating lease rentals x8	**1.443.2**	1,423.2
Total equity	**2,795.8**	2,677.7
Lease adjusted equity	**4,239.0**	4,100.9
Gearing	**44.6%**	43.4%

35. FREE CASH FLOW

	The Group	
	2015 £m	2014 £m
Net debt before exchange and fair value adjustments at 1 January	**(375.2)**	(347.6)
Net debt before exchange and fair value adjustments at 31 December	**(467.4)**	(375.2)
Increase in net debt before exchange and fair value adjustments	**(92.2)**	(27.6)
Dividends paid	**100.2**	81.1
Net cash outflow for expansion capital expenditure	**237.6**	115.0
Net cash outflow for acquisitions	**26.0**	15.7
Net cash outflow for investments	**5.3**	
Amortisation of swap cancellation receipt	**(0.9)**	(1.0)
Discount unwind on liability to pension scheme	**2.5**	2.5
Cash impact of exceptional items	**14.6**	3.8
Issue of Toolstation loan notes	**-**	37.6
Interest in associate	**3.5**	2.1
Shares issued and sale of own shares	**(10.0)**	(14.3)
Increase in fair value of debt and exchange	**2.9**	13.4
Movement in finance charges netted off bank debt	**3.8**	1.7
Special pension contributions	**23.3**	24.7
Free cash flow	**316.6**	254.7

36. LEVERAGE RATIOS

The adjusted ratio of net debt to earnings before interest, tax and depreciation ("EBITDA") is derived as follows:

	The Group	
	2015 £m	2014 £m
Profit before tax	**223.5**	321.4
Net finance costs	**30.5**	21.7
Depreciation and amortisation	**104.1**	93.2
EBITDA	**358.1**	436.3
Exceptional operating items	**140.6**	23.3
Adjusted EBITDA	**498.7**	459.6
IFRS adjustments required for covenant calculations	**-**	(2.4)
Adjusted EBITDA under covenant calculations	**498.7**	457.2
Net debt under covenant calculations (note 33)	**403.7**	310.9
Adjusted net debt to EBITDA under covenant calculations	**0.81x**	0.68x

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 2015 £m	The Group 2014 Restated (note 37) £m
Adjusted EBITDA	**498.7**	459.6
Property operating lease rentals net of rent receivable	**180.4**	177.9
Adjusted EBITDAR	**679.1**	637.5
Net debt before exchange and fair value adjustments	**467.4**	375.2
Exchange and fair value adjustments	**(20.0)**	(17.1)
Net debt	**447.4**	358.1
Property operating lease rentals x8	**1,443.2**	1,423.2
Lease adjusted net debt	**1,890.6**	1,791.3
Lease adjusted net debt to adjusted EBITDAR	**2.8x**	2.8x

Fixed charge cover is derived as follows:

	The Group 2015 £m	The Group 2014 Restated (note 37) £m
Adjusted EBITDAR	**679.1**	637.5
Property operating lease rentals net of rent receivable	**180.4**	177.9
Interest for fixed charge calculation (note 9)	**24.9**	20.8
	205.3	198.7
Fixed charge cover net of rent receivable	**3.3x**	3.2x

37. RETURN ON CAPITAL RATIOS

Group return on capital employed is calculated as follows:

	2015 £m	2014 £m
Operating profit	**254.0**	343.1
Amortisation of acquired intangible assets	**18.0**	17.6
Exceptional items	**140.6**	23.3
Adjusted operating profit	**412.6**	384.0
Opening net assets	**2,677.7**	2,515.2
Net pension deficit	**78.3**	57.4
Net debt before exchange and fair value adjustments	**375.2**	347.6
Exchange and fair value adjustment	**(17.1)**	(3.7)
Opening capital employed	**3,114.1**	2,916.5
Closing net assets	**2,795.8**	2,677.7
Net pension deficit	**42.4**	78.3
Net debt before exchange and fair value adjustments	**467.4**	375.2
Exchange and fair value adjustment	**(20.0)**	(17.1)
Closing capital employed	**3,285.6**	3,114.1
Average capital employed	**3,199.9**	3,015.3
Adjusted pre-tax return on capital	**12.9%**	12.7%

Group lease adjusted return on capital employed is calculated as follows:

	2015 £m	2014 Restated* £m
Adjusted operating profit	**412.6**	384.0
50% of property operating lease rentals	**90.2**	89.0
Lease adjusted operating profit	**502.8**	473.0
Average capital employed	**3,199.9**	3,015.3
Property operating lease rentals x8	**1,443.2**	1,423.2
Lease adjusted capital employed	**4,643.1**	4,438.5
Lease adjusted return on capital employed	**10.8%**	10.7%

Group lease adjusted return on capital employed adjusted for goodwill written off and the impairment of goodwill and acquired intangible assets is shown below.

*The 2014 lease related numbers were restated to reflect a refinement to the calculations to include £5.7m of rental income receivable on leased property that is sublet.

37. RETURN ON CAPITAL RATIOS continued

	2015 £m	2014 Restated £m
Lease adjusted operating profit	**502.8**	473.0
Opening capital employed	**3,114.1**	2,916.5
Goodwill written off	**92.7**	92.7
Opening capital employed adjusted for goodwill written off	**3,206.8**	3,009.2
Closing capital employed	**3,285.6**	3,114.1
Goodwill and acquired intangibles written off	**233.3**	92.7
Closing capital employed adjusted for goodwill written off	**3,518.9**	3,206.8
Average capital employed	**3,362.9**	3,108.0
Property operating lease rentals x8	**1,443.2**	1,423.2
Lease adjusted capital employed	**4,806.1**	4,531.2
Lease adjusted return on capital employed	**10.5%**	10.4%

38. RELATED UNDERTAKINGS

Company Name	Registered	% Ownership	Status
Active subsidiary companies			
Benchmarx Kitchens and Joinery Limited	UK	100	Active
BSS (Ireland) Limited	Ireland	100	Active
CCF Limited	UK	100	Active
City Investments Limited	Jersey	100	Active
City Plumbing Supplies Holdings Limited	UK	100	Active
Connections (AML) Limited	UK	100	Active
Garratt Timber Supplies Limited	UK	100	Active
Hunter Estates Limited	UK	100	Active
IJM Enterprises Limited	UK	100	Active
IJM Holdings Limited	UK	75	Active
Keyline Builders Merchants Limited	UK	100	Active
Plumbnation Limited	UK	75	Active
Primaflow Limited	UK	100	Active
PTS Group Limited	UK	100	Active
Rudridge Limited	UK	100	Active
Solfex Limited	UK	100	Active
The BSS Group Limited	UK	100	Active
Tile Giant Limited	UK	100	Active
Toolstation Limited	UK	100	Active
TP General Partner (Scotland) Limited	UK	100	Active
Travis Perkins (Properties) Limited	UK	100	Active
Travis Perkins (PSL 2015) Limited	UK	100	Active
Travis Perkins Acquisitions Company Limited	UK	100	Active
Travis Perkins Bridge Properties LLP	UK	100	Active
Travis Perkins Finance Company Limited	UK	100	Active

Company Name	Registered	% Ownership	Status
Active subsidiary companies			
Travis Perkins Financing Company No. 2 Limited	UK	100	Active
Travis Perkins Financing Company No. 3 Limited	UK	100	Active
Travis Perkins Hong Kong Limited	Hong Kong	100	Active
Travis Perkins Leasing Company Limited	UK	100	Active
Travis Perkins P&H Partner Limited	UK	100	Active
Travis Perkins Plumbing & Heating LLP	UK	100	Active
Travis Perkins Sourcing (Shanghai) Ltd	China	100	Active
Travis Perkins Trading Company Limited	UK	100	Active
Underfloor Heating Store (The) Limited	UK	55	Active
Wickes Building Supplies Limited	UK	100	Active
Wickes Developments Limited	UK	100	Active
Wickes Limited	UK	100	Active
Wickes Properties Limited	UK	100	Active
Dormant & non-trading subsidiary companies			
A. Warren & Sons Limited	UK	100	Dormant
A.M. Supplies (Pumps And Controls) Limited	UK	100	Dormant
Actionbridge Limited	UK	100	Dormant
Ahed Limited	UK	100	Dormant
Angelery Limited	UK	100	Dormant
B. & G. (Heating & Plumbing) Limited	UK	100	Dormant
Baird Lindsay Limited	UK	100	Dormant
Basic Partition Systems Limited	UK	100	Dormant
Basildon Heating Services Limited	UK	100	Dormant
Birchwood Group Holdings Limited	UK	100	Dormant
Birchwood Products Limited	UK	100	Dormant
Blyth & Taylor (Hants) Limited	UK	100	Dormant
BMSS Limited	UK	100	Dormant
Bondco 909 Limited	UK	100	Dormant
Bonham Lilley Timber Limited	UK	100	Dormant
Border Building Supplies Limited	UK	100	Dormant
Boston (2011) Limited	UK	100	Dormant
Boxbrook Holdings Limited	UK	100	Dormant
Brasscapri Limited	UK	100	Dormant
Brassware Sales Limited	UK	100	Dormant
British Steam Specialties (International) Limited (The)	UK	100	Dormant
British Steam Specialties Limited (The)	UK	100	Dormant
Broombys Limited	UK	100	Dormant
Bss (UK) Limited	UK	100	Dormant
Builders Mate Limited	UK	100	Dormant
Builders Traders Limited	UK	100	Dormant
Bulwell Timber Company Limited	UK	100	Dormant
Burt Boulton (Timber) Limited	UK	100	Dormant
Buywell Building Supplies Limited	UK	100	Dormant
C & C Building Supplies (Marple) Limited	UK	100	Dormant

38. RELATED UNDERTAKINGS continued

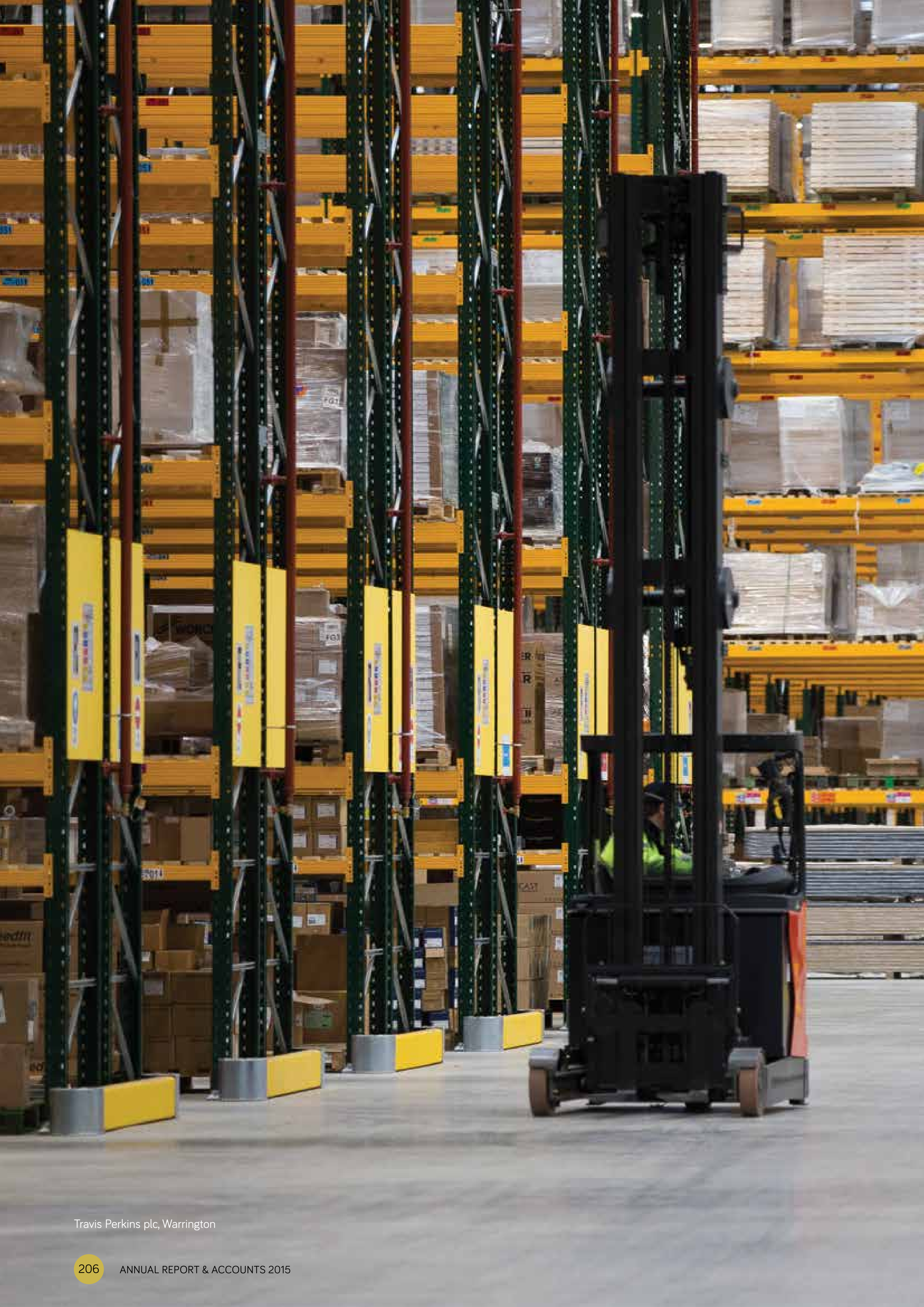
Company Name	Registered	% Ownership	Status
Dormant & non-trading subsidiary companies			
C & G Building Supplies Limited	UK	100	Dormant
C.H. Crees and Son Limited	UK	100	Dormant
Carmichael Browne Associates Limited	UK	100	Dormant
Central England Supplies Ltd	UK	100	Dormant
Chandler Forest Products Limited	UK	100	Dormant
Chinnor Plumbing Supplies Limited	UK	100	Dormant
Christie & Vesey Limited	UK	100	Dormant
City Plumbing Supplies (Poole) Limited	UK	100	Dormant
City Plumbing Supplies (Salisbury) Limited	UK	100	Dormant
City Plumbing Supplies (Scotland) Limited	UK	100	Dormant
City Plumbing Supplies Limited	UK	100	Dormant
Cobtree Nominees Limited	UK	100	Dormant
Commercial Ceiling Factors (Midlands) Limited	UK	100	Dormant
Commercial Ceiling Factors Limited	UK	100	Dormant
Contract Supplies (North East) Limited	UK	100	Dormant
Coppas Controls (Uk) Limited	UK	100	Dormant
County Hire Services (Wollaton) Limited	UK	100	Dormant
County Landscape Products Limited	UK	100	Dormant
Curran Sawmills Limited (The)	UK	100	Dormant
D.W. Archer Limited	UK	100	Dormant
Direct Building Supplies Truro Limited	UK	100	Dormant
Direct Heating Spares Limited	UK	100	Dormant
Domestic Heating Supplies (Warrington) Limited	UK	100	Dormant
Downpatrick Timber Slate & Coal Company Limited	UK	100	Dormant
Dyfed Building and Plastic Supplies Limited	UK	100	Dormant
E Fletcher (Timber) Limited	UK	100	Dormant
E. Salisbury Limited	UK	100	Dormant
Edwards & Company (Longfield) Limited	UK	100	Dormant
Elecnation Limited formerly Malden Timber Limited	UK	100	Dormant
Elias Wild & Sons Limited	UK	100	Dormant
F W Darby & Co (Tunbridge Wells) Limited	UK	100	Dormant
Fishguard Building Supplies Limited	UK	100	Dormant
Floorsystems Limited	UK	100	Dormant
Flortek Limited	UK	100	Dormant
Four Oaks Timber and Joinery Supplies Limited	UK	100	Dormant
Fry & Pollard Limited	UK	100	Dormant
Gisowatt Uk Limited	UK	100	Dormant
Graylin Limited	UK	100	Dormant
Greenwell Building Supplies Limited	UK	100	Dormant
Grundy & Pilling Limited	UK	100	Dormant
Hardleys Timber & Building Supplies Limited	UK	100	Dormant
Harris of Stirchley Limited	UK	100	Dormant
Harrison Trenery Limited	UK	100	Dormant
Harvey Building Supplies (Scotland) Limited	UK	100	Dormant

Company Name	Registered	% Ownership	Status
Dormant & non-trading subsidiary companies			
Heatek Labone Cadel Limited	UK	100	Dormant
Heatstall Limited	UK	75	Dorman
HT (1995) Limited	UK	100	Dormant
HTG (1996) Limited	UK	100	Dormant
Hunter Limited	UK	100	Dormant
Index Timber & Building Supplies Limited	UK	100	Dormant
Instox Limited	UK	100	Dormant
Ivco Process Valves Limited	UK	100	Dormant
J & B. Labone Limited	UK	100	Dormant
J T Stanton & Co., Limited	UK	100	Dormant
J.H. Walker & Co. (York) Limited	UK	100	Dormant
James Ladd & Sons Limited	UK	100	Dormant
Jayhard Holdings Limited	UK	100	Dormant
Jayhard Ltd	UK	100	Dormant
John Clements (Builders Merchants) Limited	UK	100	Dormant
John Dove & Co. Limited	UK	100	Dormant
John H. Turner & Lisney Limited	UK	100	Dormant
Joseph Spark & Son Limited	UK	100	Dormant
K X Company Limited	UK	100	Dormant
Kelmar (Plumbing & Heating Supplies) Limited	UK	100	Dormant
Keyline (CML) Limited	UK	100	Dormant
Kisling Limited	UK	100	Dormant
Lord Street Building Supplies (Leigh) Limited	UK	100	Dormant
M & H (North East) Limited	UK	100	Dormant
M G Bailey (Building Materials) Limited	UK	100	Dormant
Malden Timber (West) Limited	UK	100	Dormant
Manor Building & Plumbing Supplies Limited	UK	100	Dormant
Manor Copper Supplies Limited	UK	100	Dormant
May & Hassell (Cumbria) Limited	UK	100	Dormant
May & Hassell (Scotland) Limited	UK	100	Dormant
May & Hassell Limited	UK	100	Dormant
Mayalls Limited	UK	100	Dormant
MD (1995) Group Limited	UK	100	Dormant
MD (1995) Limited	UK	100	Dormant
MD (Park Street) Limited	UK	100	Dormant
MD-DOR3 Limited	UK	100	Dormant
MD-DOR4 Limited	UK	100	Dormant
Monteith Building Services Limited	UK	100	Dormant
NAGS Building Supplies Limited	UK	100	Dormant
Nailnole Limited	UK	100	Dormant
Neptronik Controls Ltd	UK	100	Dormant
Newcastle Tile Centre Limited	UK	100	Dormant
Norman Mackenzie (Building Supplies) Limited	UK	100	Dormant
O J Williams (Merchants) Limited	UK	100	Dormant

38. RELATED UNDERTAKINGS continued

Company Name	Registered	% Ownership	Status
Dormant & non-trading subsidiary companies			
P.C.P. Harris (Builders Merchants) Limited	UK	100	Dormant
P.C.P. Harris (Holdings) Limited	UK	100	Dormant
P.T.S. Plumbing Trade Supplies Limited	UK	100	Dormant
Passmore Drywall & Insulation Limited	UK	100	Dormant
Peck & Goodwin Limited	UK	100	Dormant
Peckham Timber and Builders Merchants Limited	UK	100	Dormant
Plasterers & Builders Merchants Limited	UK	100	Dormant
Plumbing Parts Limited	UK	100	Dormant
Plumbstall Limited	UK	75	Dorman
Price & Brown (Heating) Limited	UK	100	Dormant
Price Tool Sales Limited	UK	100	Dormant
Primaflow (Birmingham) Limited	UK	100	Dormant
Property Newco Two Limited	UK	100	Dormant
R A Thomas (Joinery) Limited	UK	100	Dormant
Renpye Limited	UK	100	Dormant
S & M Bathrooms Limited	UK	100	Dormant
S & M Builders Merchant (Batley) Limited	UK	100	Dormant
Sandell Perkins + Newmans Limited	UK	100	Dormant
Seales McLean Limited	UK	100	Dormant
Ses Southern Limited	UK	100	Dormant
Sharpe & Fisher (Properties) Limited	UK	100	Dormant
Sharpe & Fisher Limited	UK	100	Dormant
Shires Timber Co. Ltd	UK	100	Dormant
Simmons of Stoke-On-Trent Limited	UK	100	Dormant
SLBM Systems Limited	UK	100	Dormant
Smiths Building Supplies Limited	UK	100	Dormant
Spendlove C. Jebb	UK	100	Dormant
Spendlove C. Jebb Holdings Limited	UK	100	Dormant
Stearns (Shipton Green) Limited	UK	100	Dormant
T Butt & Son Limited	UK	100	Dormant
T J Willets (Timber) Limited	UK	100	Dormant
Tavistock Building Supplies Limited	UK	100	Dormant
Taylor Building Supplies Ltd	UK	100	Dormant
Terant Supplies Limited	UK	100	Dormant
The Cobtree Scottish Limited Partnership	UK	100	Dormant
The Yard Building Supplies Limited	UK	100	Dormant
Tile Beta Limited	UK	100	Dormant
Tile Delta Limited	UK	100	Dormant
Tile Giant Holdings Limited	UK	100	Dormant
Tile HQ Limited	UK	100	Dormant
Tile It All (UK) Limited	UK	100	Dormant
Tile Magic Holdings Limited	UK	100	Dormant
Tile Magic Limited	UK	100	Dormant
TP Directors Ltd	UK	100	Dormant

Company Name	Registered	% Ownership	Status
Dormant & non-trading subsidiary companies			
TPG Management Services Limited	UK	100	Dormant
Travis & Arnold Limited	UK	100	Dormant
Travis Perkins Capital Partner Limited	UK	100	Dormant
Travis Perkins Installation Services Limited	UK	100	Dormant
Travis Perkins Marketing Company Limited	UK	100	Dormant
Travis Perkins Quest Trustees Limited	UK	100	Dormant
Tricom Group Limited	UK	100	Dormant
Tricom Supplies Limited	UK	100	Dormant
UGS Limited	UK	100	Dormant
UGS South East Limited	UK	100	Dormant
Vaner Holdings Limited	UK	100	Dormant
W.A. Hawke & Son Limited	UK	100	Dormant
W.H. Newson & Sons Limited	UK	100	Dormant
W.H. Newson Holding Limited	UK	100	Dormant
W.S. Shuttleworth (Maidenhead) Limited	UK	100	Dormant
W.S. Shuttleworth (Slough) Limited	UK	100	Dormant
W.S. Shuttleworth (Timber) Limited	UK	100	Dormant
Water Street Home Improvements Limited	UK	100	Dormant
Whittaker & Co. (Builders Merchants) Limited	UK	100	Dormant
Wickes Group Trustees Limited	UK	100	Dormant
Wickes Holdings Limited	UK	100	Dormant
Wickes Retail Sourcing Limited	UK	100	Dormant
William Bird Holdings Limited	UK	100	Dormant
William Bloore & Son Limited	UK	100	Dormant
Zenith Plumbpoint Limited	UK	100	Dormant
Investments			
The Mosaic Tile Company Limited	UK	49	Active
Toriga Energy Limited	UK	49	Active
Toolexpert Benelux BV	Netherlands	49	Active
Toolstation Europe BV	Netherlands	49	Active
Toolstation Europe Limited	UK	49	Active
Toriga Limited	UK	49	Active
Independent Construction Technologies Limited	UK	15	Active
P H Properties Limited	UK	15	Active
Staircraft (Midlands) Limited	UK	15	Active
Staircraft Integrated Solutions Limited	UK	15	Active



Travis Perkins plc, Warrington

SHAREHOLDER INFORMATION

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Five-year summary

Consolidated income statement	2015 £m	2014 £m	2013 £m	2012 £m	2011 £m
Revenue	**5,941.6**	5,580.7	5,148.7	4,844.9	4,779.1
Operating profit before amortisation and exceptional items	**412.6**	384.0	347.6	325.7	313.2
Amortisation	**(18.0)**	(17.6)	(17.9)	(17.4)	(12.9)
Exceptional items	**(140.6)**	(23.3)	-	(8.7)	(9.8)
Operating profit	**254.0**	343.1	329.7	299.6	290.5
Exceptional investment income	**-**	-	9.4	39.5	-
Net finance costs	**(30.5)**	(21.7)	(26.5)	(39.9)	(20.9)
Profit before tax	**223.5**	321.4	312.6	299.2	269.6
Income tax expense	**(55.8)**	(62.7)	(47.9)	(50.5)	(57.2)
Net profit	**167.7**	258.7	264.7	248.7	212.4
Adjusted return on capital	**12.9%**	12.4%	11.8%	11.5%	11.3%
Basic earnings per share	**67.8p**	105.9p	109.9p	104.3p	90.3p
Adjusted earnings per share	**124.1p**	119.0p	103.6p	90.6p	93.1p
Dividend declared per ordinary share (pence)	**44.0p**	38.0p	31.0p	25.0p	20.0p
Number of branches at 31 December (Includes branches of associates)	**2,028**	1,975	1,939	1,896	1,868
Average number of employees (FTE)	**24,670**	23,480	21,937	21,632	21,423

Consolidated cash flow statement	2015 £m	2014 £m	2013 £m	2012 £m	2011 £m
Cash generated from operations	**350.3**	310.2	319.2	327.6	345.1
Net interest paid	**(19.7)**	(15.0)	(20.5)	(27.3)	(23.5)
Income taxes paid	**(47.8)**	(49.9)	(59.2)	(64.5)	(26.3)
Net purchases of investments, property and plant	**(247.1)**	(134.1)	(90.3)	(49.7)	(94.2)
Interest in associates	**(3.5)**	(2.1)	(2.9)	(2.9)	(2.3)
Disposal of businesses	**-**	-	-	-	26.9
Acquisition of businesses net of cash acquired	**(26.0)**	(15.7)	(9.3)	(24.5)	(9.9)
Proceeds from issuance of share capital	**10.0**	14.3	13.9	8.9	10.6
Dividends paid	**(100.2)**	(81.1)	(65.1)	(51.2)	(38.8)
Bank facility finance charges	**(3.9)**	(2.6)	-	-	(6.1)
Movement in finance lease liabilities	**(2.7)**	(2.5)	(2.1)	5.7	(1.6)
Repayment of unsecured loan notes	**(40.8)**	-	-	-	-
Increase / (decrease) in loans	**106.9**	7.0	(143.0)	(61.6)	(152.2)
Net (decrease) / increase in cash and cash equivalents	**(24.5)**	28.5	(59.3)	60.5	27.7
Net debt at 1 January	**(375.2)**	(347.6)	(452.2)	(583.2)	(773.6)
Non cash adjustment	**(8.3)**	(54.2)	18.8	14.6	8.9
Cash flow from debt and debt acquired	**(59.4)**	(1.9)	145.1	55.9	153.8
Net debt before exchange and fair value adjustments at 31 December	**(467.4)**	(375.2)	(347.6)	(452.2)	(583.2)
Free cash flow	**316.6**	254.7	239.6	241.8	293.5

Consolidated balance sheet	2015 £m	2014 £m	2013 £m	2012 £m	2011 £m
Assets					
Non-current assets					
Property, plant and equipment	**849.1**	689.3	609.9	578.4	562.6
Goodwill and other intangible assets	**2,111.9**	2,223.6	2,223.7	2,232.3	2,095.1
Derivative financial instruments	**22.5**	21.2	9.3	12.8	40.3
Interest in associates	**7.9**	1.7	7.3	6.7	51.3
Investment property and other investments	**8.2**	3.6	3.1	2.8	1.9
Current assets					
Inventories	**761.8**	742.7	687.7	637.1	596.0
Trade and other receivables	**986.9**	931.8	822.9	746.4	746.1
Cash and cash equivalents	**83.8**	108.3	79.8	139.1	78.6
Total assets	**4,832.1**	4,722.2	4,443.7	4,355.6	4,171.9
Capital and reserves					
Issued capital	**25.0**	24.9	24.7	24.5	24.4
Share premium account	**518.9**	510.5	498.0	487.2	480.8
Merger reserve	**326.5**	326.5	326.5	326.5	326.5
Own shares	**(15.5)**	(28.5)	(40.6)	(62.4)	(75.2)
Other reserves	**16.9**	16.8	16.7	18.5	15.7
Accumulated profits	**1,918.1**	1,827.5	1,689.9	1,461.3	1,277.2
Equity attributable to owners of the Company	**2,789.9**	2,677.7	2,515.2	2,255.6	2,049.4
Non-controlling interests	**5.9**	-	-	-	-
Total equity	**2,795.8**	2,677.7	2,515.2	2,255.6	2,049.4
Non-current liabilities					
Interest bearing loans and borrowings	**411.4**	440.0	421.6	195.2	598.2
Derivative financial instruments	**-**	0.5	4.5	4.9	5.9
Retirement benefit obligations	**52.2**	97.5	71.4	125.9	123.7
Long-term provisions and other payables	**7.4**	7.8	22.6	67.0	28.9
Deferred tax liabilities	**61.3**	66.7	61.3	69.1	77.8
Current liabilities					
Interest bearing loans and borrowings	**139.8**	43.5	5.8	396.1	63.6
Derivative financial instruments	**-**	-	1.8	2.6	-
Trade and other payables	**1,235.5**	1,255.2	1,218.1	1,107.6	1,088.3
Tax liabilities	**90.2**	71.6	73.2	74.8	75.9
Short-term provisions	**38.5**	61.7	48.2	56.8	60.2
Total liabilities	**2,036.3**	2,044.5	1,928.5	2,100.0	2,122.5
Total equity and liabilities	**4,832.1**	4,722.2	4,443.7	4,355.6	4,171.9

Other shareholder information

FINANCIAL DIARY

Ex-dividend date	28 April 2016
Record date	29 April 2016
Annual General Meeting	25 May 2016
Payment of final dividend	27 May 2016
Announcement of 2016 interim results	2 August 2016
Interim Management Statement	19 October 2016
Announcement of 2016 annual results	2 March 2017

ANNUAL GENERAL MEETING ("AGM")

The AGM will be held on Wednesday 25 May at 12 noon at Northampton Rugby Football Club, Franklins Gardens, Weedon Road, Northampton NN5 5BG. The notice and proxy card for the meeting is enclosed with this report.

It has always been the Company's custom to provide a light luncheon for shareholders following the AGM, and this year a hot luncheon will be available.

REGISTRARS

For Information about shareholdings, dividends and to report changes to personal details Shareholders should contact the Company's registrars:

Capita Asset Services,
The Registry,
34 Beckenham Road,
Beckenham,
Kent. BR3 4TU

email: **shareholderenquiries@capita.co.uk**

Telephone: 0371 664 0300

Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate; lines are open 9.00am to 5.30pm, Monday – Friday.

Please do not forget to tell Capita if you move house or change bank or if there is any other change to your account information. You can view and manage your shareholder account online via the shareholder portal at www.travisperkins-shares.com. 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.

Having your dividends paid directly into your bank accounts is a more secure method of payment than payment by cheque. If you do not already have your dividends paid directly into your account and would like to do so, please contact Capita at the address above.

SHAREHOLDER COMMUNICATIONS

Company Website

Travis Perkins plc Annual and Interim Reports, results announcements and presentations are available in the Investor Relations section of our website at **www.travisperkinsplc.co.uk**. This website also carries a range of information about the Group and its principal brands, products and services which can be accessed via the "Our Businesses" section.

Annual Report

The Annual Report and Financial Statements 2015 is published on our website at **http://www.travisperkinsplc.co.uk/investor-relations** and a hard copy has been sent by post only to those shareholders who have requested it in paper copy format. Other shareholders have been notified of its availability on the website, either in writing or by email.

A paper copy is available by writing to the Company Secretary at the Company's registered office Lodge Way House, Lodge Way, Harlestone Road, Northampton NN5 7UG or you can email your request to cosec@travisperkins.co.uk.

Electronic Shareholder Communications

The Company strongly prefers shareholders to receive their shareholder communications electronically since this not only results in cost savings to the Company but also reduces the impact that the unnecessary printing and distribution of reports has on the environment.

If you received a hard copy of this report, or received notification of its availability in the post and would like to receive fully electronic communication, you should register on the shareholder portal at www.travisperkins-shares.com, and follow the instructions. Terms and conditions apply. Please telephone Capita Asset Services on the number given above if you have any queries.

SHAREHOLDER SERVICES

The Company's registrars, Capita Asset Services ("Capita"), provide a number of other services that, as a shareholder, might be useful to you:

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.

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. Full details are available from Capita on 0371 664 0381 (Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate); lines are open from 9.00 am to 5.30 pm Monday – Friday. If Non-UK +44 208 639 3402. E-mail shares@capitaregistrars.com

Alternatively, you can sign up for this service on the Share Portal or visit **www.travisperkins-shares.com**. (by clicking on 'reinvest your dividends' and following the on screen instructions).

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.

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: 0371 664 0300 (Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate). From overseas: +44 203 728 5000. 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 0371 664 0445 (Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate; 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 £34.50, maximum £161.50) and for the telephone service, Capita's commission rates are 1.50% of the value of the deal (minimum £44.50 maximum £205.50); all charges include a £5.00 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. These services are only available to private shareholders resient in the EEA, the Channel Islands and the Isle of Man.
- Stocktrade offer a telephone share dealing service which is available by telephoning +44 131 240 0414 and quoting reference 'Travis Perkins Dial and Deal'. Stocktrade's commission will be 1.0%, to deals subject to minimum of £25.00. Minimum commission will apply to amounts up to £2,500. 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.

SHARE FRAUD - WARNING TO SHAREHOLDERS

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.

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