TRAVIS PERKINS PLC

REPORT AND ACCOUNTS

31 DECEMBER 2002

COMPANY NUMBER 824821



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Registered office: Lodge Way House, Harlestone Road, Northampton, NN5 7UG

Financial highlights

For the year ended 31 December 2002

£m	**2002**	2001 Restated
Turnover	**1,417.5**	1,279.3
Operating profit before amortisation of goodwill	**158.2**	129.1
Profit on ordinary activities before taxation	**137.6**	110.5
Profit on ordinary activities after taxation	**91.8**	75.0
Total equity shareholders' funds	**395.4**	386.8
Earnings per ordinary share		
Basic	**81.9p**	67.3p
Adjusted (before amortisation of goodwill and *profit on sale of properties*)	**91.6p**	75.5p
Dividend per ordinary share	**19.5p**	17.2p

Turnover up 10.8%

Profit before taxation up 24.5%

Adjusted earnings per share up 21.3%

Dividend per share up 13.4%

Chairman's statement For the year ended 31 December 2002

RESULTS

I am pleased to report pre-tax profits for the year ended 31 December 2002 of £137.6 million, an increase of 24.5 per cent over the £110.5 million earned in 2001. Turnover at £1,417.5 million was 10.8 per cent ahead of the previous year. Operating profit before goodwill amortisation of £12.1 million (2001: £10.5 million) was £158.2 million, compared with £129.1 million in 2001, an increase of 22.5 per cent.

Basic earnings per share were up 21.7 per cent at 81.9 pence, compared with 67.3 pence in 2001. Adjusted earnings per share, (prior to amortisation of goodwill and excluding profit from the sale of surplus properties) rose 21.3 per cent to 91.6 pence from 75.5 pence.

DIVIDEND

The board is recommending a final dividend of 13.4 pence per share, an increase of 13.6 per cent on the final dividend of 11.8 pence for 2001. Together with the interim dividend of 6.1 pence, this would give a total annual dividend of 19.5 pence per share, up 13.4 per cent on the previous year.

BOARD OF DIRECTORS

Neil Clarke, our senior non-executive director, retired on 31 December 2002, having served on the board for 12 years. For most of that time he was Chairman of the Audit Committee and of the Remuneration and Nominations Committee.

On behalf of shareholders, I thank Neil for his significant contribution and wish him well in the future.

CORPORATE GOVERNANCE

The group board has maintained its active review of all the major areas of risk to the company.

Reports on these risks to the group board include recommendations where necessary for any improvements in the controls or the management of the risks. A more comprehensive explanation of these controls can be found under the corporate governance section of the annual report and accounts.

OUTLOOK

After what has been another very successful year for the company, customer confidence in 2003 is so far holding up against the current background of global uncertainty. We continue to make progress with the main drivers of growth remaining positive. The full year benefits of our aggressive acquisition programme in 2002 will provide a significant part of our earnings growth in 2003 as like for like volumes are likely to continue the flatter trend evident in the second half of the year. Against this background the priority this year will be to complement our many initiatives which stimulate organic growth by building further on our acquisition and greenfield site programmes.

T. E. P. STEVENSON

CHAIRMAN

Chief executive's review For the year ended 31 December 2002

RESULTS

The company experienced a further year of strong growth in 2002. Operating profit before amortisation of goodwill rose 22.5 per cent to £158.2 million from £129.1 million in 2001. Turnover increased by 10.8 per cent to £1,417.5 million from £1,279.3 million. Sales growth was driven by the acquisition of City Plumbing Supplies ("CPS") and of Commercial Ceiling Factors ("CCF") and by continued investment in the acquisition of independent merchants, new greenfield sites and the existing branch network.

A significant improvement in the overall operating margin (before goodwill amortisation) for the year to 11.2 per cent from 10.1 per cent in 2001, reflected continuing progress on a variety of ongoing improvement projects throughout the group. Excluding the newly acquired CPS and CCF, (whose contributions were for only part of the year), operating margins moved further ahead.

The 101 branches acquired in June 1999 with the acquisition of Keyline continued to perform well. Higher returns were obtained from both those re-branded Travis Perkins and those retaining the Keyline brand, resulting in the 8 per cent operating margin target for the Keyline business being achieved within the time set. The 38 original Sharpe & Fisher branches and the 9 Broombys branches in Cumbria have continued to improve and are performing ahead of the financial targets established when the businesses were first acquired.

Gross profit including rebates improved further on a like-for-like basis as a percentage of sales. Pressure on overheads continued, particularly in relation to employment costs.

DEVELOPMENTS

The major developments of the year were on the acquisition front. CPS, acquired on 1 July for £39.0 million enterprise value, brought a further 48 branches into the group and strengthened significantly our presence in the plumbing and heating sector. CPS is performing in line with expectations. It has added four more branches since being acquired and now operates from 52 outlets.

CCF, acquired in October for £45.9 million, enhances further our ability to service customers in the growing drylining and insulation sector. Added to the five Atkins' distribution centres already owned and the new Atkins' West London greenfield site opened during the year, CCF increases Travis Perkins' total number of specialist centres to 26. In addition, it enables us to supply ceilings and partitions, a move consistent with our strategy of investing in complementary distribution areas within carefully chosen markets. Integration is proceeding well with management responsibility for the Atkins' branches now transferred to CCF in order to maximise opportunities for improved sales logistics and customer service. CCF is also trading in line with expectations.

The acquisition of mixed merchant branches continued alongside the larger acquisitions and as a consequence a further 29 branches were added to the network of which 2 were branded Keyline. The total amount spent on acquisitions during the year was £113.5 million.

In addition, four full-product greenfield branches were opened, at Thornbury, Dover, Canvey, and Hungerford , and two TP Plumbing and Heating branches, at Epsom and Waltham Cross. A net three tool hire outlets were opened within our existing branches, bringing the total number of branches offering this facility to 148.

At the end of 2002 we were trading from a total of 610 branches, an increase of 108 on the number at the end of the previous year.

BRANCH IMPROVEMENTS

A programme of continuous investment in our branches is adding to the quality and level of facilities offered to our customers. Major redevelopments were carried out during the year at Mitcham, Crowthorne, Malton, East Kilbride, Maidenhead, Bromsgrove and Preston.

Refurbishment of Keyline branches continued, with the introduction of broader lightside, timber and forest product ranges.

The decision was taken to integrate the DW Archer branches into the Travis Perkins' network and re-brand them Travis Perkins. These branches, which are now managed by the Travis Perkins' regional management team, will enable us to offer an extended product range in advantageous geographic locations.

Landscaping centres have continued to perform well as have sales of own brand products, which have also benefited from further additions to the range.

Investment in our timber milling operations, including most recently in the South East, has improved efficiency, product availability and quality of supply to our branches.

INFORMATION TECHNOLOGY

Improvements to our information systems have produced particular benefits in the areas of improved stock turn, sales and purchase invoice processing. At the same time our strong first half performance on bad debt ratios was maintained throughout the second half of the year.

By the end of 2002 over 80 per cent of all purchase invoices and almost 40 per cent of purchase orders were handled electronically.

Internal intranet systems were upgraded significantly during the year with interactive management information increasingly replacing paper-based systems.

The central systems hardware was replaced creating valuable extra capacity enabling us to manage future growth. Additional benefits of this investment have been the speeding up of processing time and serving customers more quickly.

CUSTOMER SERVICE

A major new initiative in the area of continuous improvement in customer service will be introduced to all branches during the first half of 2003. The programme includes regular monitoring of a series of seven key performance indicators derived from data captured by our information systems. The data is analysed and presented monthly, ranking branches according to their overall performance. There is also a regular and rigorous customer feedback forum for each branch. Adherence to the programme will ensure that we maintain the highest standards of customer service across our branch network.

HEALTH AND SAFETY

Our continued focus on health and safety improvements demonstrated encouraging progress in both frequency and severity rates during 2002. All incidents are investigated, corrective action taken and lessons learned are shared throughout the company.

Improvements in risk assessment processes, health and safety training and data analysis have also been introduced.

ENVIRONMENT

Our Environmental Management System accreditation to ISO 14001 was maintained during the year. The impact of our business on the environment has been further reduced, in particular in the areas of vehicle emissions, volatile organic compound emissions and carbon dioxide emissions. Improvements in the latter have been achieved by moving a substantial proportion of our total electricity supply to carbon neutral sources – effective from October 2002. Further progress has also been made in reducing waste. Concurrently we are demanding improved performance from suppliers, particularly in timber and forest products, where we recognise the importance of increasing the percentage of our products supplied from certified sources.

FUTURE EXPANSION

The acquisitions during the last year of CPS and CCF provide us with excellent platforms for future growth in plumbing and heating, dry lining and insulation and ceilings and partitions. Growth in these targeted product lines is consistent with our strategic objectives of growing the business of Travis Perkins in areas complementary to our traditional strengths as a leading builders merchant offering a full range of products.

We will continue to focus on our strategy of expanding in the UK, not only through the acquisition of independent merchants, but also through the opening of additional greenfield sites and 2002 has been a year of further progress in this respect. We remain confident that the strategy we have adopted will continue to provide solid growth opportunities for the company.

STAFF

Once again, on behalf of the board, I would like to take this opportunity of thanking all employees for helping to make the past year one of further success and growth for the company.

F. J. McKAY

CHIEF EXECUTIVE

7 March 2003

Finance director's report For the year ended 31 December 2002

RESULTS

Pre-tax profits were £137.6 million (2001: £110.5 million) after charging goodwill amortisation of £12.1 million (2001: £10.5 million).

Pre-tax profits before goodwill amortisation of £12.1 million and property profits of £1.2 million were £148.5 million (2001: £119.6 million), an increase of 24.2 per cent. Earnings before interest, tax, depreciation and amortisation (EBITDA) and before property profits and other finance costs for 2002 were £180.1 million (2001: £148.1 million), an increase of 21.6 per cent.

Net interest payable for the year was £8.9 million compared with £10.7 million in 2001.

For 2002 the group has adopted Financial Reporting Standard 19 – Deferred Tax. This has resulted in a restatement of prior year figures to include deferred tax on a full provision basis.

The tax charge was £45.8 million (33.3 per cent) compared with £35.5 million (32.1 per cent) in 2001. The rate is higher than the UK corporation tax rate of 30 per cent because goodwill amortisation and certain expenditure do not qualify for tax relief and taxation on profits on sale of properties is deferred. The effective tax rate, after adjusting for property profits and goodwill amortisation, was 30.8 per cent (2001: 29.7 per cent).

PENSION FUND

During the year the Accounting Standards Board ("ASB") deferred full implementation of FRS 17 – Retirement Benefits. The company fully adopted FRS 17 in its 2001 financial statements and despite the ASB's decision continues to do so in its 2002 accounts.

A full actuarial valuation of the group pension scheme was conducted as at 30 November 2002, the first full valuation since merging the Keyline, Sharpe & Fisher and Broomby pension schemes into the Travis Perkins' scheme.

As with many other pension schemes the sustained falls in stock markets over the past year, combined with falling bond rates and greater longevity of pension scheme members, have contributed to a further deterioration in the overall funding position of the Travis Perkins' pension scheme. At 31 December the net deficit, after allowing for deferred taxation, was £85.8 million (31 December 2001: £22.7 million). The scheme Actuary has estimated that the total pension charge to the profit and loss account for 2003 will increase to approximately £14.5 million (2002: £7.9 million), an increase of £6.6 million. Cash contributions to the scheme will be increased by approximately £10 million.

With effect from 1 February 2003, the group established a defined contribution pension plan in which all future new employees below management grade will be invited to participate. It is anticipated that ongoing company contributions will be at a similar proportion of pensionable salaries to the defined benefit scheme.

CASH FLOW

Like-for-like free cash flow, as shown in note 31, for the year was £128.1 million (2001: £105.6 million). The free cash generated by the group was used substantially to fund capital expenditure on the existing business and new acquisitions, which in total cost £143.1 million (2001: £40.3 million).

As a result of continuing improvements in working capital management during 2002, operating cash flow was £12.9 million, 7.7% higher than for 2001, at £179.8 million

NET DEBT AND BORROWING FACILITIES

During the year the group repaid a further £25 million of facilities used to purchase Keyline in 1999 and rolled over a loan of £25 million used to purchase Sharpe & Fisher. New bank borrowings totalling £50 million were advanced to the group during 2002 partly to fund the acquisitions of City Plumbing Supplies and Commercial Ceiling Factors. Net debt at the year-end was £159.7 million (2001: £126.1 million), which represents a gearing level of 40.4 per cent (2001: 32.6 per cent). Borrowings include £14.1 million of unsecured loan notes issued to the shareholders of businesses acquired over the last four years. These borrowings are redeemable at six monthly intervals ending in June 2015.

The group has £225.0 million of committed facilities, comprising a £100 million term loan repayable over the period ending May 2004, a £50.0 million loan due for repayment in November 2005, a £25 million loan repayable by instalments between 2004 and 2007 and a £50.0 million revolving syndicated credit facility available until May 2004. It

has overdraft facilities of £25.0 million. At the year end the group had unutilised committed facilities of £50 million and unused overdraft facilities of £24.7 million.

Interest cover, as shown in note 5, is approximately 18 times (2001: 12 times), well within our borrowing covenants.

At 31 December 2002, £110 million of the group's borrowings were covered by an interest rate swap expiring in November 2003 with a fixed interest rate of 5.7 per cent. The negative market value of the swap at 31 December 2002 was (£1.8) million. All other borrowings are at floating rates linked to market rates.

SHAREHOLDERS' FUNDS

Total equity shareholders' funds before deducting the pension scheme deficit at 31 December 2002 were £481.2 million, an increase of £71.7 million on 31 December 2001. After deducting the £63.1 million increase in the pension scheme deficit during 2002, total equity shareholders' funds increased by £8.6 million to £395.4 million.

The return on equity shareholders' funds before taxation, as shown in note 32, increased to 29.0 per cent in 2002 from 27.3 per cent in 2001. This level of return, after tax, was substantially higher than the group's weighted average cost of capital.

At the year-end the share price was 1,005 pence (2001: 849 pence) and the market capitalisation £1,132 million (2001: £952 million), representing 2.9 times (2001: 2.4 times) shareholders' funds.

GOODWILL

The net book value of goodwill in the balance sheet is £249.9 million, which is being amortised over 20 years. Additions to goodwill in the year totalled £74.7 million.

TREASURY RISK MANAGEMENT

Treasury activities are managed centrally under a framework of policies and procedures approved and monitored by the board. The objectives are to protect the assets of the group and to identify and then manage financial risk. In applying its policies, the group will utilise derivative instruments, but only for risk management purposes.

The principal risk facing the group is an exposure to interest rate fluctuations. The group is not exposed to significant foreign exchange risk as most purchases are invoiced in sterling. These risks are described further below:

INTEREST RATE RISK

The group finances its operations through a mixture of retained profits, bank borrowings and loan notes. The group borrows at floating rates and uses interest rate swaps into fixed rates (see note 20) to generate the preferred interest rate profile and to manage its exposure to interest rate fluctuations.

CURRENCY RISK

The group usually buys currency at spot rates. While this was the situation during 2002, forward contracts may be purchased where appropriate.

LIQUIDITY RISK

The group's policy has been to ensure that it has committed borrowing facilities in place in excess of its peak forecast gross borrowings for at least the next twelve months.

P. N. HAMPDEN SMITH

FINANCE DIRECTOR

Corporate social responsibility statement

We recognise the relevance of the growing interest in how companies manage social, ethical and environmental issues and are pleased to make this first corporate social responsibility statement. The board takes account of the significance of social, environmental and ethical matters in its conduct of the company's business. We have reported for some years on environmental and health and safety matters, and separate detailed reports in these areas can be found at pages 11 to 13 and 14 respectively. The board has considered the Guidelines on Social Responsibility published by the Association of British Insurers in October 2002 and intends to work towards full compliance with these guidelines. The group already has in place a comprehensive system of internal control as described more fully on pages 18 and 19. This results in the submission to the board of regular detailed reports on specific areas of risk. The risk control procedures underlying this process have been reviewed to ensure that they take account of social, environmental and ethical issues.

EMPLOYEES

Our employment policies have been designed to meet the needs of our business, whilst complying with both current and anticipated legislation and following best practice. Applied consistently throughout the group they provide a fair framework within which our employees work:

- The group is firmly committed to ensuring that the manner in which it employs staff is fair and equitable. Our equal opportunities policy is designed to ensure that no person or groups of individuals will be treated less favourably because of their race, colour, ethnic origin, gender or sexual orientation, age or disability;

- We are establishing a system in which every employee takes part in an annual performance review process which enables:

    - A better understanding of what is expected of them;
    - Recognition of achievement;
    - The opportunity to discuss problems and seek improvement;
    - The opportunity for development and career progression;
    - Effective succession planning.

- We regularly consult with our workforce. Throughout our branch network staff meet with management on a formal basis to consult over matters such as health and safety and customer service. We also distribute a number of company newsletters and encourage wide use of our intranet, both providing valuable information and inviting feedback. Employees are regularly informed of the group's financial results and the market conditions in which it operates and are consulted regarding any changes in employment conditions. To encourage the involvement of employees in the company's performance, the company operates a Save As You Earn option scheme. In addition, the directors, managers, and many other employees are members of discretionary bonus schemes;

- Our commitment to training and development at all levels in the organisation gives our employees the opportunity to realise their full potential;

- We also monitor the employment practices of our UK and overseas suppliers through both sight of their employment policies and visits to their manufacturing premises.

DISABLED PERSONS

The group recognises its obligations towards disabled persons and endeavours to deal fairly with such persons in matters relating to their employment. Disabled applicants for employment are given full and fair consideration alongside all other applicants and due regard is given to their particular aptitudes and abilities. Where a person becomes disabled during the course of employment, the company endeavours to supply suitable training for that person's continued employment. Disabled persons have equal opportunity with other employees to undergo training appropriate to the development of their careers. Additionally, every effort is made to assist disabled employees to undergo training aimed specifically at mitigating the effect of disability on their employment.

COMMUNITY INVOLVEMENT

With over 600 branches in a wide variety of locations throughout Great Britain, we recognise our role in and responsibilities towards those local communities. Our branches are encouraged to support those communities through involvement in local affairs, such as by sponsoring organisations or donating materials to projects.

At national level, we support two particular charities, the NSPCC and MacMillan Cancer Relief. At least once a year we hold a charity fund raising day in which all staff, together with customers and suppliers, take part in a variety of activities to support our chosen charities. In 2002 this raised a total of £98,829. The company also made direct donations to these and other charities which, in the year, amounted to £95,932 (2001: £89,811). In addition, we operate a payroll giving scheme through which staff donated £31,923 to charity during the year.

PRODUCT QUALITY

We recognise our responsibilities for the quality of those building materials which we distribute. Suppliers are required to provide products of a specified standard, by reference, where applicable, to nationally or internationally recognised criteria, and accompanied, where appropriate, by guidance for their use.

BUSINESS CONDUCT

We require our staff, customers and suppliers to abide by high ethical standards. Procedures are in place designed to ensure the security of our premises and to prevent theft and fraud, and these are regularly monitored as part of the internal control process described on page 18 and 19. We also have strict rules governing the receipt of gifts by employees from suppliers or customers. The contracts of employment of all employees contain obligations of confidentiality in relation to the company's commercially sensitive information.

Environmental report For the year ended 31 December 2002

The group recognises its corporate responsibility to carry out its operations whilst minimising environmental impacts. We have maintained accreditation of our Environmental Management System to the ISO 14001 standard during 2002. A revised environmental policy was published in June 2002 and the full version is available on the corporate website at www.travisperkins.co.uk.

We intend to meet the above policy's objectives by implementing nine key commitments - we report below progress against each of these:

1. TO IMPLEMENT AND OPERATE A FORMAL ENVIRONMENTAL MANAGEMENT SYSTEM

   The system has been in operation since August 2001 and has been certified to ISO 14001 since November 2001.

2. TO ASSIGN ENVIRONMENTAL RESPONSIBILITY THROUGHOUT THE GROUP

   The detailed policy statement describes the structure of environmental responsibility, which mirrors our operational structure.

3. TO SET AND MONITOR ENVIRONMENTAL OBJECTIVES AND TARGETS IN ORDER TO REDUCE ENVIRONMENTAL IMPACTS

   We are now monitoring and have set improvement targets to be achieved principally by 2004 relating to the issues identified as being significant aspects by the ISO 14001 system, details of which are given below.

4. TO INTEGRATE ENVIRONMENTAL CONSIDERATIONS INTO BUSINESS DECISION MAKING AT ALL LEVELS

   We have maintained our internal audit programme, risk management audits and our focus on environmental issues at all formal review meetings.

5. TO CONSULT WITH STAKEHOLDERS ON ENVIRONMENTAL ISSUES

   We have engaged in dialogue through specific tailored meetings with several key shareholders, seeking their guidance on the issues we should be addressing. We continue to engage in open communication with neighbours, regulatory authorities and non-governmental organisations as particular issues arise.

6. TO DEVELOP PROCUREMENT POLICIES CONSISTENT WITH ISO 14001

   We have continued to challenge our suppliers to improve their performance on environmental issues, in particular by asking them to complete the management engagement section of the Business in the Environment questionnaire.

7. TO ADDRESS ENVIRONMENTAL ISSUES RELATING TO PRODUCTS THAT WE DISTRIBUTE

   We have set an internal target to increase the proportion of timber and forest products that are certified and have challenged suppliers to improve their performance in this area. A number of suppliers have now committed to improving the percentage of their supplies to us that are from certified sources.

   We have commenced a project to achieve chain of custody relating to FSC (Forest Stewardship Council) and PEFC (Pan European Forest Certification) certified products.

8. TO PROVIDE TRAINING

   A general environmental awareness video continues to be provided to all new employees.

   Updated guidance material has been prepared and provided to all branch managers during the year, and a presentation on best practice is now available on the corporate intranet.

9. TO FORMALLY REVIEW THE ENVIRONMENTAL POLICY AT REGULAR INTERVALS

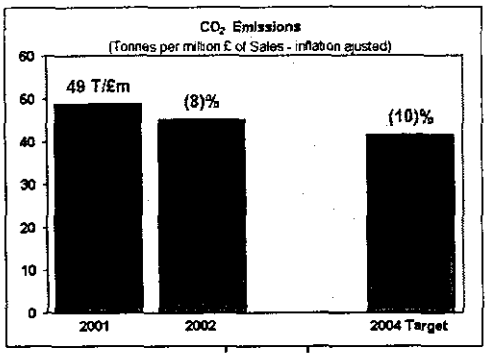
   The Policy continues to be reviewed annually as part of the corporate governance report on environmental issues provided to the PLC board.

ENVIRONMENTAL IMPROVEMENT PLAN

We have continued with the implementation of our Environmental Improvement Plan during 2002 and report below our progress to date. The data covers all operations except for City Plumbing Supplies and Commercial Ceiling Factors – these will be included from the beginning of 2003. Whilst the data is prepared from a combination of specific measurements and some estimates – we are continually refining the accuracy of the data - we believe that the information presents a fair representation of our environmental performance improvement.

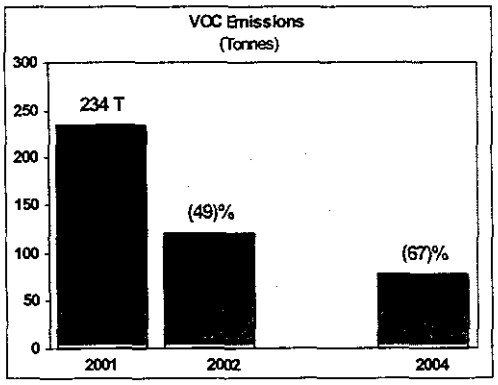
CARBON DIOXIDE EMISSIONS ("CO_2")

Our CO_2 emission data includes that arising from fuel use in commercial vehicles and forklift trucks, consumption of fuel oil for heating, and gas and electricity consumption. The figures currently exclude CO_2 generated from car drivers' business miles, though we will have systems to aggregate this data by the end of 2003. We estimate our total CO_2 emissions on this basis to have been approximately 62,500 tonnes (equivalent to 49 tonnes per £1 million of sales) in 2001. In October 2002 we transferred the electricity supply for our largest 17 consumption sites (including our head office buildings) and over 200 further branches to carbon neutral sources. On this basis we estimate that just over 50 per cent of our total electricity demand is satisfied from these carbon free sources - this has been the main reason for the reduction in CO_2 emissions shown in the adjacent chart. In 2002 we estimate that our total CO_2 emissions also fell in absolute terms to approximately 59,300 tonnes. With a full year of use of these sources we are confident that we will see a further significant fall in CO_2 emissions during 2003.



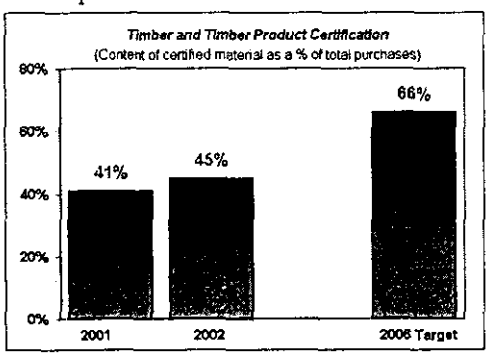
VOLATILE ORGANIC COMPOUND EMISSIONS ("VOC")

We have achieved a major reduction in emissions of volatile organic compounds through a programme of replacing organic solvent-based treatment fluids with aqueous based solutions. From a base of an estimated 234 tonnes of emissions in 2001, we have reduced this in absolute terms to approximately 120 tonnes in 2002. Six of nineteen plants remain with organic solvent-based treatment and several plants will be converted to aqueous during 2003. In addition we have converted all six of the copper chromated arsenate based treatment plants to solutions that avoid the use of chromium and arsenic based compounds. We have already met our 25 per cent reduction target set at the beginning of 2001, but will continue to convert as many additional plants as possible – however, there are some applications for which aqueous treatment may not be suitable. Our revised target for 2004 has been set at a reduction of 67 per cent.



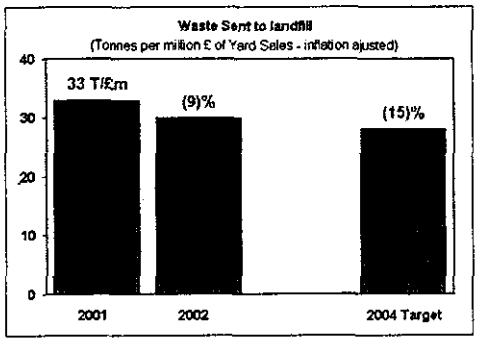
TIMBER CERTIFICATION

As shown in the chart, approximately 41 per cent of the raw material content of our purchases of timber and timber based products were from certified sources at the end of 2001. We made good progress in 2002 and this figure has moved up to 45 per cent at the end the year. We have completed a review programme with all major suppliers and have a wide range of commitments from them to improve the percentage of timber supplied to us that is from certified sources. We continue to challenge all suppliers who are not currently providing certified material to work towards certification and as a minimum we ask all suppliers to certify that timber supplied has been handled in accordance with all relevant legislation.



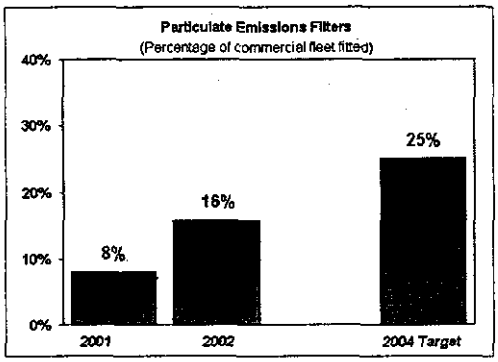
WASTE SENT TO LANDFILL

We have placed our main emphasis on the avoidance of waste, as well as the segregation of waste streams to reduce the cost of waste and enhance recycling opportunities. We now sell damaged blocks, bricks and pavers as hardcore from many branches rather than disposing of them as waste. Cardboard segregation is improving at our branches, though in some areas of the country recycling opportunities are limited and the waste cardboard still goes to landfill. Major timber machining centres continue to seek recycling opportunities, and large volumes of chippings and sawdust are collected and recycled. During the year we have set up a number of pallet collection arrangements with pallet recyclers across the country. In total we estimate our waste sent to landfill in 2001 at 33,400 tonnes. We have reduced this in absolute terms to approximately 31,000 tonnes in 2002.



FUEL CONSUMPTION AND VEHICLE EMISSIONS

More than 250 commercial vehicles amongst our fleet of over 1,600 are now fitted with particulate emissions filters, with a further tranche planned to be fitted during 2003. These filters reduce particulate emissions by more than 98 per cent and hence we estimate that our particulate emissions arising from the vehicle fleet have been reduced by over 15 per cent since the programme commenced. Our efforts to reduce overall fuel consumption continue and we have to this end recently upgraded our fuel consumption monitoring systems. In addition we are encouraging enhanced efficiency through a system of allowing orders to be delivered from the branch closest to the delivery address. Our fuel consumption during 2001 for commercial vehicles was 13.3 million litres. We have set a reduction target of 10 per cent in litres per pound of inflation adjusted delivered sales by the end of 2004. Consumption on this measure in 2002 was at the same level as 2001, but we are confident that enhanced efficiency monitoring will lead to savings in future.



OTHER

Further data covering packaging, water, electricity and gas is available on our website at www.travisperkins.co.uk.

COMPLAINTS AND NOTIFIABLE EVENTS

The total number of complaints received in respect of environmental matters is fairly limited with sixteen instances recorded during 2002; most related to local noise issues. This is a slightly lower figure than that for 2001. We investigate each complaint and endeavour to rectify these situations promptly. Our target is to have no complaints.

Our emergency procedures are written to ensure that even relatively minor events are reported to the Environment Agency and as a result we contacted them on seven occasions during 2002 (the same level as in 2001) all relating to minor events. Our target is to have zero notifiable events.

PROSECUTIONS

We are pleased to report that we had no prosecutions for environmental matters during 2002.

FURTHER INFORMATION

We welcome comments on this report and our policy statement. Please contact our group planning director on environment@travisperkins.co.uk.

Health and safety report For the year ended 31 December 2002

POLICY

The group continues to demonstrate its commitment to the achievement and maintenance of high standards in health and safety throughout our branch network and offices. Health and safety is an agenda item at board and executive meetings where key performance indicators ("KPIs") and lost time accidents ("LTAs") are reviewed with action taken to minimise health and safety risks. Health and safety reporting, monitoring, controlling and improvement continues to be 'front of mind' for all of our managers and staff as we strive to make our place of work and systems of work safe for employees, customers, suppliers and sub-contractors.

Our fundamental goals in health and safety are embodied in the group policy, which has been reviewed during 2002 and re-issued to all operating premises across the group.

MEASUREMENT AND REPORTING

In 2002 we continued to measure our health and safety performance with a focus on accident frequency rates and severity rates. Frequency rates are improving and severity rates have reduced by 50 per cent on the previous year. There were no fatalities during the year.

Our new computer based health and safety audit was successfully launched during 2002 enabling the business to capture data which not only helps our managers establish health and safety action plans, but also provides the opportunity to review year on year improvement and common health and safety challenges. Each audit was formally reviewed in September 2002 by operational management to ensure all proposed action was on target.

CONTINUOUS IMPROVEMENT

The need to ensure that health and safety is a constant priority for our workforce is fully recognised and the following initiatives not only support the achievement of this, but also have contributed to our improving safety record:

- Health and safety induction and manual handling training continues to be carried out for all new employees;
- A new risk assessment and planning process will be launched in early 2003 containing assessment procedures designed to involve managers and employees at all levels in implementing the most effective control measures;
- Standards for health and safety have been widely communicated throughout our company magazines and notice boards;
- Our health and safety and risk assessment seminars for managers were updated in 2002 and continue to be delivered to all new managers;
- Action plans following our audits have resulted in significant investment in our branch network and plant to minimise health and safety risk. For example, by the end of 2003 over 50 per cent of our forklift trucks will be fitted with speed restrictors;
- Traffic management systems continue to be introduced in our larger branches to reduce the risk of injury by customer vehicles and moving plant.

Our team of health and safety specialists continues to support management and the regulatory authorities in striving for ever-improving health and safety standards in our operating premises.

Directors and professional advisers

As of 31 December 2002

Chairman

Tim Stevenson (aged 54) joined the board in September 2001 and became chairman on 1 November 2001. He is a barrister and held a number of senior positions in Burmah Castrol plc between 1975 and 2000, including chief executive from 1998. He is also a non-executive director of National Express plc. He is a member of the Remuneration and Nominations Committee.

Chief executive

Frank McKay (aged 57) joined the board in November 1999 and was appointed chief executive on 1 January 2000. He was previously chief executive of the heating division of Blue Circle Industries plc and has held appointments with Siebe plc and Rockwell Inc. He is a non-executive director of Luxfer Holdings plc.

Finance director

Paul Hampden Smith (aged 42) qualified as a chartered accountant in 1985 and joined Sandell Perkins in 1988. Following the merger with Travis & Arnold, he was appointed regional finance director. In 1992, he became finance director of Travis Perkins Trading Company Limited and was appointed finance director of Travis Perkins plc in 1996.

Managing director, operations

John Carter (aged 41) joined Sandell Perkins as a management trainee in 1978. Having held posts as regional sales director and regional managing director for London, he was appointed as managing director, operations in 1996. He joined the group board in July 2001.

SECRETARY A. S. Pike

AUDIT COMMITTEE M. B. Dearden (member and chairman from 1 January 2003), E. C. Adams, P. J. Maydon

REMUNERATION AND NOMINATIONS COMMITTEE P. J. Maydon (chairman from 1 January 2003), M. B. Dearden, T. E. P. Stevenson (from 1 January 2003)

Non-executive director

Ted Adams (aged 62) retired as managing director of Travis Perkins on 31 December 1999. He became a non-executive director in July 2000 and is a member of the Audit Committee. He is a non–executive director of Peterhouse Group plc.

Non-executive director

Michael Dearden (aged 60) was appointed to the board as a non-executive director in November 2000. He held a number of senior posts with Burmah Castrol plc from 1980 until his retirement at the end of 2000. He was a member of the group board from 1995 most recently as chief executive of Castrol International. He is a non-executive director of Johnson Matthey plc. He is Chairman of the Audit Committee and is a member of the Remuneration and Nominations Committee.

Non-executive director

Charles Fisher (aged 53) joined the board in January 2000 as a non-executive director. He is chairman of John Mowlem and Company plc and of Country Homes and Gardens plc and a non-executive director of Delta plc and of Baggeridge Brick plc.

Non-executive director

Peter Maydon (aged 61) was appointed to the board as a non-executive director in 1998. He joined Reckitt & Colman in 1963 where he was appointed an executive director in 1980. On his retirement from that company in 1997, he was group director responsible for global supply. He is a non-executive director of MGM Assurance. He is Chairman of the Remuneration and Nominations Committee, a member of the Audit Committee and the senior non-executive director.

REGISTRARS Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU

MERCHANT BANKERS Dresdner Kleinwort Wasserstein

BANKERS The Royal Bank of Scotland plc; Barclays Bank plc; HSBC plc

SOLICITORS Clifford Chance, London; Hewitson Becke & Shaw, Northampton

AUDITORS Deloitte & Touche, Nottingham

CORPORATE GOVERNANCE

For the year ended 31 December 2002

COMBINED CODE

In June 1998, the Combined Code on Corporate Governance ("the Code") was issued by the London Stock Exchange. The Code is based on the report of the Hampel Committee and sets out principles of good corporate governance together with specific provisions. Section 1 of the Code is applicable to companies. A statement on how the company has applied the principles and a statement explaining the extent to which it has complied with the provisions in the Code appear below. The Code established fourteen principles of governance, which are divided into the following four areas.

1. DIRECTORS

The company is controlled through a board of directors, which presently comprises three executive and five non-executive directors. Mr. E. C. Adams and Mr. C. M. Fisher are not considered to be independent non-executive directors in view of their previous executive positions. Other non-executive directors, Mr. M. B. Dearden, Mr. P. J. Maydon and Mr. T. E. P. Stevenson are independent. Mr. T. E. P. Stevenson is chairman and Mr. F. J. McKay is chief executive. Appointments of new directors are made by the board on the recommendation of the Remuneration and Nominations Committee. As chairman, Mr. Stevenson ensures that all directors receive sufficient relevant information on financial, business and corporate issues prior to meetings. All directors are able to take independent professional advice in the furtherance of their duties if necessary.

The board has a formal schedule of matters reserved to it and meets at least ten times a year. It is responsible for overall group strategy, acquisition policy, approval of major capital expenditure and consideration of significant financial and operational matters. It monitors the exposure to key business risks and reviews the strategic direction of the trading subsidiaries, their annual budgets and progress towards the achievement of those budgets and their capital expenditure programmes. It also considers legislative, environmental, health and safety and employment issues.

The board ensures that all directors receive appropriate training on appointment and then subsequently as needed. All directors will submit themselves for re-election at least every three years in accordance with the Code.

The board has established two standing committees, the Audit Committee and the Remuneration and Nominations Committee, which operate within defined terms of reference. The trading subsidiary companies are managed by separate boards of directors, of which the group executive directors are generally members. The minutes of their meetings and of the standing committees are available to the group board of directors.

2. DIRECTORS' REMUNERATION

The Remuneration and Nominations Committee consists exclusively of the independent non-executive directors, and meets at least twice a year. Its responsibilities include the review of performance of executive directors and key members of senior management prior to determining their remuneration. The remuneration of the non-executive directors is recommended by the chairman and is then determined by the board of directors as a whole.

The Committee has access to professional advice from inside and outside the company. No director plays a part in the discussion about his own remuneration.

The relevant information on directors' remuneration for the year ended 31 December 2002 is included within the Remuneration Report, which is set out on pages 21 to 28.

3. RELATIONS WITH SHAREHOLDERS

The company encourages two-way communication with both its institutional and private investors and responds promptly to all enquiries received orally or in writing. The chairman, chief executive and the finance director, either separately or together, attended a number of meetings with analysts and institutional shareholders in the year ended 31 December 2002.

As well as sending annual and interim reports to shareholders, the company issues an annual trading statement in early January.

All 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. The numbers of proxy votes for and against each agenda item are available at the Meeting.

4. ACCOUNTABILITY AND AUDIT

A review of the performance of the group's trading subsidiaries and the financial position of the group is included in the chief executive's review and in the finance director's report set out on pages 4 to 8. The board uses this, together with the chairman's statement on page 3, to present a full assessment of the company's position and prospects. The directors' responsibilities for the financial statements are described on page 31.

INTERNAL CONTROL

The board of directors is responsible for the group's system of internal control and for reviewing its effectiveness. In designing the system of internal control, consideration is given to the significant risks to the business, the probability of these risks manifesting themselves and the overall cost of controlling them. The system is designed to manage rather than eliminate the risk of failing to achieve business objectives and therefore can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The implementation and day-to-day operation of the system of internal controls has been delegated to executive directors and senior management, but the effectiveness of the system is regularly reviewed by the board in a process that accords with the Turnbull Report. As part of its corporate governance procedures the board has received regular reports on specific areas of risk. If appropriate, these reports include recommendations for improvement in controls or for the management of those risks.

Furthermore, steps continue to be taken to integrate risk management procedures into the group's operations, to extend awareness of the importance of the management of risk and to ensure that recommended improvements brought to the attention of the board are implemented.

During 2002, the board reviewed its ongoing processes for identifying, evaluating and managing significant risks faced by the group, and for improving the system of internal control. The board has carried out an annual review of the overall effectiveness of the system of internal control and risk management procedures, during the year and up until the date of approval of the annual report. This comprised receiving a report from the chairman of the Audit Committee and an update on the monthly reports it had previously received. The following particular measures should be noted:

- The internal control procedures operate within a clearly defined organisational structure, with assigned responsibilities and authorities. Control procedures are regularly reviewed and are formally documented in group reference manuals;
- The group recognises the importance of the quality and integrity of its personnel; attention is paid to the experience and capabilities of staff and their training needs; a formal system of succession planning is in place;

- There are clear policies on health and safety, environmental compliance, security, fraud and other irregularities;
- Business processes at the group's branches and at its head office are monitored through regular visits by the internal audit department to ensure compliance with the policies and practices laid down by executive management. The frequency and detail of these visits is determined by the priorities assessed as part of the annual audit plan approved by the Audit Committee. The department also has responsibility for monitoring and maintaining the group business continuity plan. The head of the internal audit department reports to the Audit Committee twice a year;
- The group operates a comprehensive budgetary system with annual budgets being prepared within a three year plan. Both the three year plan and annual budgets are reviewed and approved by the board. The preparation of these plans and budgets incorporates a review of the commercial and other risks facing the group and results in financial targets being established for individual operating units and for the group as a whole. Actual performance against budget is monitored monthly at regional, subsidiary and group board meetings, using performance indicators and other exception reporting. Relevant financial and non-financial information is generated by the group's reporting systems and communicated to management to enable actual performance to be monitored on a daily, weekly or monthly basis, as appropriate;
- Bank facilities and other treasury functions are monitored by the finance director with any policy changes being reviewed and approved by the board;
- The development of the group's IT systems is monitored by a separate information technology committee, which reviews the group's IT continuity and disaster recovery plans, as well as the planning and implementation of any new systems;
- The group has a comprehensive system for controlling capital expenditure and assessing investment opportunities. Post investment appraisals are undertaken on all major projects after a suitable period of time has elapsed.

AUDIT COMMITTEE AND AUDITORS

The Audit Committee meets at least twice a year, with both the external and internal auditors and the finance director in attendance. The Audit Committee is responsible for agreeing external and internal audit plans and for reviewing and reporting to the board on accounting policy and financial control and reporting matters.

The company places great importance on the independence of its auditors and together with them is careful to ensure their objectivity is not compromised. Audit fees are negotiated by the finance director and approved by the Audit Committee. For other services that may be provided by the auditors, the company's policy is:

Audit related services - The auditors are invited by the company to undertake those services that they are required to and are most suited to perform. Such work would include certification in respect of borrowings, stock exchange related reporting and where appropriate, assistance with acquisitions.

Taxation services- The external auditors assist the group to meet general tax compliance requirements as well as providing advice on acquisitions and tax planning. Should opportunities arise for them to advise on special projects, their suitability is assessed at the time, with the work being tendered where appropriate.

Consulting services - The group's policy is not to employ its auditors for general consulting work.

FUTURE DEVELOPMENTS

The board has commenced a process to consider and take account of the recommendations and guidance contained in the Higgs review of non-executive directors and in the Smith report on audit committees, both published in January 2003.

GOING CONCERN

After making enquiries, the directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

CORPORATE GOVERNANCE COMPLIANCE STATEMENT

The company is pleased to report that it has complied throughout the year ended 31 December 2002 with the provisions set out in Section 1 of the Code.

REMUNERATON REPORT

For the year ended 31 December 2002

INTRODUCTION

This report has been prepared in accordance with the Directors' Remuneration Report Regulations 2002, ("the Regulations") which introduced new statutory requirements for the disclosures of directors' remuneration in respect of periods ended on or after 31 December 2002. The report also meets the relevant requirements of the Listing Rules of the Financial Services Authority and describes how the board has applied the principles of good governance relating to directors' remuneration. As required by the Regulations, a resolution to approve the report will be proposed at the Annual General Meeting of the company at which the financial statements are presented for approval.

The Regulations require the auditors to report to the company's members on the "auditable part" of the Remuneration report and to state whether in their opinion that part of the report has been properly prepared in accordance with the Companies Act 1985 (as amended by the Regulations). The report has therefore been divided into separate sections for audited and unaudited information.

UNAUDITED INFORMATION

REMUNERATION AND NOMINATIONS COMMITTEE

The Committee consists of Mr. P. J. Maydon as chairman (from 1 January 2003), together with Messrs. M. B. Dearden and T. E. P. Stevenson (from 1 January 2003). These directors are non-executive and have no day to day involvement in the running of the business, no financial interest in the business (except as shareholders) and no conflicts of interest arising from other directorships. Written terms of reference for the Committee have been approved by the board of directors. The Committee has been advised on directors' remuneration packages by three external consultants, namely, Mercer Human Resources Consulting, Hay Group and New Bridge Street Consultants. In addition, Mr. A. S. Pike, (the company secretary) and Mr. R. Tansey, (the group HR director) have advised the Committee from time to time as requested.

POLICY ON EXECUTIVE DIRECTORS' REMUNERATION

The company's policy on executive remuneration is to ensure that it has an appropriate mix of fixed and variable pay over the short and long term, to attract and retain high quality executives with an appropriate blend of skills and experience. It aims to reward executives in line with the median of the FTSE 250 companies and of a selected comparator group. The Committee believe this will enable the company to recruit and retain staff of high quality, contributing to the delivery of long-term shareholder value. As a consequence the company's focus is on the following elements of the remuneration package:

- Basic pay: to remain competitive in the labour market;
- Annual bonus payment: to provide additional 'short term' remuneration which directly reflects company and individual performance;
- Share options: through the regular grant of options to reward outstanding business performance over the longer term;
- Pension arrangements: to enable directors to make appropriate provision for retirement.

A significant proportion of a director's total remuneration package is variable being subject to the achievement of business and individual objectives. It is the Committee's intention to continue with this policy in the future.

BASIC SALARY

A director's basic salary is determined by the Remuneration and Nominations Committee annually and when an individual changes role. Salaries are reviewed in November each year, with increases taking effect from 1 January in the following year.

The review carried out in November 2002 showed that the salaries of the executive directors had become out of line with the policy of the Committee, as described above, due mainly to the rapid growth in the size and profitability of the company. It was considered important that this position be corrected. As a result their new salaries from 1 January 2003 are – J. P. Carter £200,000, P. N. Hampden Smith £250,000, and F. J. McKay £425,000.

ANNUAL BONUS PAYMENTS

The Committee establishes the objectives that must be met if a cash payment is to be made. It believes that any annual bonus award should be related to the interests of the company's shareholders and that the principal measure of those interests is shareholder value. Hence, bonus payments for all executive directors are based on a formula related to the level of net earnings per share achieved by the group. There is also an element within the payment dependant on the achievement of individual objectives. The maximum performance related bonus that can be paid is 55 per cent of basic annual salary. In order to determine whether the conditions for payment have been met, the Committee assess both business and individual performance against predetermined objectives.

SHARE OPTIONS

For many years, the company has further motivated directors and senior executives through granting them share options. The executive share option scheme adopted in 2001, which covers all executive directors and other senior executives, provides for the grant of options on an annual basis, with a value limit up to twice basic salary. Currently, for all eligible executives, options may only be exercised if the growth in the company's earnings per share as reported in the company's published accounts exceeds inflation by at least 9 per cent over a three year period. In the case of executive directors and certain other senior executives, achievement of this target will allow only 50 per cent of options to be exercised. For all options to be exercisable, earnings per share growth must exceed inflation by at least 15 per cent over the three year period. Between 9 per cent and 15 per cent the number of options exercisable is calculated on a straight line basis. The Committee believes that these performance conditions, which are kept under review, are closely linked to shareholder value and are, currently, sufficiently demanding.

Under the 1995 executive share option scheme, options granted prior to 1998 were not subject to performance conditions. Those granted between 1998 and 2000 are exercisable if the growth in the company's earnings per share exceeds inflation by at least 6 per cent over a 3 year period. The Committee considers these arrangements to be in line with market practice at the time the grants were made.

PENSION ARRANGEMENTS

The general policy is for executive directors to be members of the company's final salary pension scheme and to accrue benefits at a rate of $1/30^{th}$ of pensionable salary for each year's pensionable service after appointment as a director. Normal retirement age is 60. As with all other members, their dependants are eligible for dependants' pensions and a payment of a lump sum in the event of death in service. Except in the case of Mr. F. J. McKay, the pension arrangements provide for a pension in retirement based on the directors' length of service in the group pension scheme and the average of the best three of the last ten years of pensionable salary. Mr. F. J. McKay has been guaranteed, on retirement at age 60, a pension of thirty per cent of his final pensionable salary including the pension from a previous employment. This pension will be funded partly by the group scheme and by separate funded and unfunded arrangements established for him. In the event that a director's pension benefits are limited by the Inland Revenue

PENSION ARRANGEMENTS (continued)

"pensions cap", the general policy is to pay an age related annual salary supplement. Mr. P. N. Hampden Smith receives such a salary supplement.

For many years, bonus payments to executive directors and management formed a part of scheme members' pensionable emoluments and both the group and the employee contributed a proportion of any such bonus to the scheme funds. On 1 December 1995, the company changed its policy so that, from that date, for pension scheme members not then eligible for bonus payments and for all future entrants to the pension scheme, any such bonus payments that they may later become entitled to, would not form part of their pensionable salaries. This does not affect scheme members, including executive directors, eligible for bonus payments prior to 1 December 1995 who will continue to have such payments treated as part of their pensionable salaries.

There have been no changes in the basis of directors' pension entitlements during the year. Except as described above for Mr. F. J. McKay, there are no unfunded pension commitments or similar arrangements for directors.

SERVICE CONTRACTS

The company's policy for executive directors is to have contracts which are not for a fixed period, and which are terminable on 12 months notice from the company, and 6 months from the director. It is not the policy to specify what compensation would be payable on termination by the company. If such compensation was due, it would be calculated by reference to the unexpired part of the notice period, and the director's salary and other benefits, including pension rights, taking due account of the director's duty to mitigate his loss. Service contracts do not specify any particular level of compensation in the event of termination following change of control of the company.

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.

J. P. Carter 6 August 2001 P. N. Hampden Smith 8 October 1996 F. J. McKay 1 November 1999

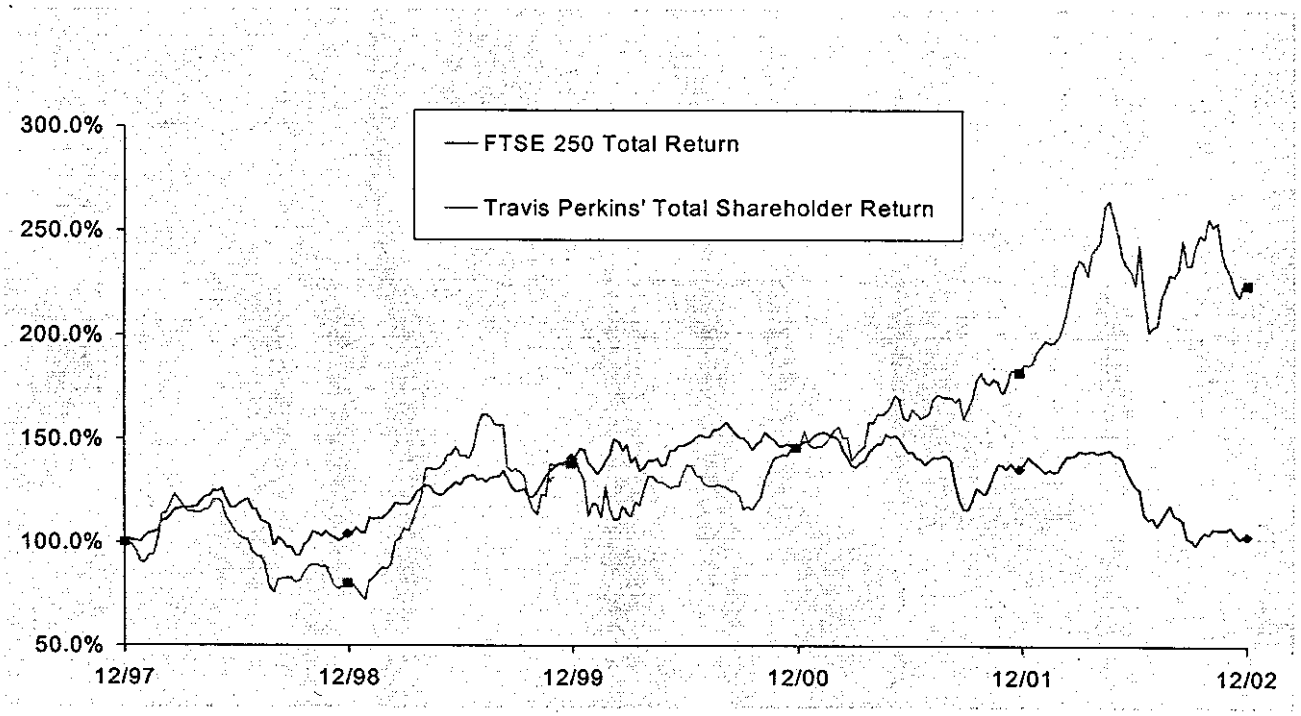
NON-EXECUTIVE DIRECTORS

The policy of the board is to recruit non-executive directors of the highest calibre, with a breadth of skills and experience appropriate for the company's business. Non-executive directors are appointed for a period of 3 years, at the end of which the appointment may be renewed by mutual agreement. It is the board's policy that non-executive directors will not serve for more than 9 years. The remuneration of the non-executive directors is determined by the board, and in 2002 the board received advice on this remuneration from Hay Group Limited. Each non-executive director receives an annual fee, and from January 2003, Mr. M. B. Dearden and Mr. P. J. Maydon will receive an additional fee for chairing the Audit Committee and the Remuneration and Nominations Committee, respectively. Mr. E. C. Adams will also receive an additional fee for chairing the company's pension trusts. Non-executive directors do not receive any other benefits and are not eligible to join a pension scheme. No compensation is payable on termination of their employment, which may be without notice from the company. They cannot participate in any of the company's share option schemes. Non-executive directors do not have a service contract, but each has received a letter of appointment expiring on the following dates:

E. C. Adams	December 2005	P. J. Maydon	May 2004
M. B. Dearden	November 2003	T. E. P. Stevenson	September 2004
C. M. Fisher	December 2005		

TOTAL SHAREHOLDER RETURN

The company considers itself distinctive in its sector, as there are no directly comparable competitors in terms of size, demographic spread or activities. The company measures the performance of its shares against the FTSE 250 Index which it considers the most appropriate comparator group. The graph below shows total shareholder return for Travis Perkins' shares over the last five years, relative to that index. Total shareholder return is defined as a combination of growth in the company's share price and dividends paid to shareholders.



DIRECTORS SHAREHOLDINGS

The directors' holdings of ordinary 10p shares of Travis Perkins plc at 31 December of each year were as follows:

Director	Interest	**2002** **No.**	2001 No.
T. E. P. Stevenson	Beneficial owner	**5,000**	-
E. C. Adams	Beneficial owner	**105,249**	105,249
J. P. Carter	Beneficial owner	**7,000**	7,000
M. B. Dearden	Beneficial owner	**1,000**	1,000
C. M. Fisher	Beneficial owner	**558,944**	620,444
P. N. Hampden Smith	Beneficial owner	**6,783**	6,783
F. J. McKay	Beneficial owner	**7,444**	7,444
P. J. Maydon	Beneficial owner	**1,000**	1,000

Details of directors' share options are given on page 28. In addition, as potential beneficiaries under the Sharesave Scheme, Messrs. J. P. Carter, P. N. Hampden Smith and F. J McKay are deemed to be interested in shares in the company held by Travis Perkins Quest Trustees Limited, which at 31 December 2002 totalled nil shares (2001:135,934 shares). In addition, Mr. C. M. Fisher has an interest in loan notes (as described in note26) with a value of £1,742,402 (1 January 2002: £1,772,402). There were no changes in the holdings of the directors between 31 December 2002 and the date of this report.

TRAVIS PERKINS' SHARE PRICE INFORMATION

	2002	2001
Mid-market price at 31 December	**1,005.0p**	849.0p
Highest mid-market price during the year	**1,200.0p**	849.0p
Average mid-market price during the year	**1,025.3p**	750.9p
Lowest mid-market price during the year	**847.5p**	648.5p

AUDITED INFORMATION

AMOUNT OF DIRECTORS' EMOLUMENTS

Details of directors' remuneration are set out in the table below.

	Basic salary		Annual bonus		Benefits in kind		Gains on share options		Total remuneration	
	2002	2001	**2002**	2001	**2002**	2001	**2002**	2001	**2002**	2001
	£'000	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000
Executive										
J. P. Carter[1]	**180**	85	**99**	41	**16**	6	**-**	40	**295**	172
P. N. Hampden Smith[2]	**230**	191	**105**	82	**8**	6	**-**	13	**343**	292
F. J. McKay[3]	**335**	300	**179**	144	**5**	17	**541**	-	**1,060**	461
Non-executive										
T. E. P. Stevenson[4]	**100**	32	**-**	-	**-**	-	**-**	-	**100**	32
E. C. Adams[5]	**30**	30	**-**	-	**-**	-	**-**	115	**30**	145
J. N. Clarke	**30**	30	**-**	-	**-**	-	**-**	-	**30**	30
M. B. Dearden	**30**	30	**-**	-	**-**	-	**-**	-	**30**	30
C. M. Fisher	**30**	30	**-**	-	**-**	-	**-**	-	**30**	30
P. J. Maydon	**30**	30	**-**	-	**-**	-	**-**	-	**30**	30
	995	758	**383**	267	**29**	29	**541**	168	**1,948**	1,222

Other amounts within directors' emoluments are:

	Total remuneration		Pension scheme contributions		Total emoluments	
	2002	2001	**2002**	2001	**2002**	2001
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
Executive						
J. P. Carter	**295**	172	**28**	9	**323**	181
P. N. Hampden Smith	**343**	292	**12**	9	**355**	301
F. J. McKay	**1,060**	461	**232**	108	**1,292**	569
Non-executive						
T. E. P. Stevenson	**100**	32	**-**	-	**100**	32
E. C. Adams	**30**	145	**-**	-	**30**	145
J. N. Clarke	**30**	30	**-**	-	**30**	30
M. B. Dearden	**30**	30	**-**	-	**30**	30
C. M. Fisher	**30**	30	**-**	-	**30**	30
P. J. Maydon	**30**	30	**-**	-	**30**	30
	1,948	1,222	**272**	126	**2,220**	1,348

[1] Appointed 1 July 2001. [2] Basic salary includes a £38,340 salary supplement (2001: £21,000) to enable Mr. P. N. Hampden Smith to arrange pension provision for that part of his salary which is above the Inland Revenue approved limit. It also includes £1,500 fuel allowance. [3] Highest paid director. Basic salary includes £9,135 car allowance and £1,096 fuel allowance. [4] Appointed 6 September 2001. [5] Executive director until 31 July 2000.

Part of each executive director's remuneration may consist of benefits in kind not payable in cash, such as the provision of a company car, a fuel card, and private healthcare insurance. No director receives an expense allowance which is chargeable to tax.

DIRECTORS' PENSION ENTITLEMENTS

Pension entitlements of the executive directors during the year were as follows:

		J. P. Carter	P. N. Hampden Smith	F. J. McKay
Age at 31 December 2002		41	42	57
Accrued pension at 31 December 2001	£'000	71	17	15
Accrued pension at 31 December 2002	£'000	83	20	28
Increase in accrued pension in 2002	£'000	12	3	13
Real increase in accrued pension in 2002	£'000	11	2	12
Value of increase in accrued benefit	£'000	72	16	219
Transfer value of the real increase in accrued pension net of member's contributions	£'000	62	11	204
Member's contributions towards pension	£'000	10	5	15
Increase in transfer value net of member's contributions	£'000	45	5	202
Transfer value of benefits accrued at 31 December 2001	£'000	501	122	197
Transfer value of benefits accrued at 31 December 2002	£'000	556	132	414

The transfer values disclosed above do not represent a sum paid or payable to the individual director. Instead, they represent a potential liability of the group pension scheme, and in the case of Mr. F. J. McKay, the separate arrangements previously described.

SHARE OPTIONS

The following options over ordinary shares have been granted under the 1984, the 1995 and the 2001 Executive Share Option Schemes and the Travis Perkins Sharesave Schemes 1992 and 2002 and remained outstanding at 31 December 2002:

	Note	Outstanding 1 January 2002 No.	Granted during year No.	Lapsed during year No.	Exercised during year No.	**Outstanding at 31 December 2002 No.**	Exercise price
Executive share options							
	1	992	-	-	-	**992**	318.0p
	2	992	-	-	-	**992**	348.5p
	3	140,500	-	-	(73,000)	**67,500**	307.0p
	4	496	-	-	-	**496**	364.5p
	5	496	-	-	-	**496**	470.5p
	6	259,506	-	-	(103,749)	**155,757**	571.5p
	7	248	-	-	-	**248**	458.0p
	8	992	-	-	-	**992**	385.5p
	9	20,000	-	-	-	**20,000**	696.0p
		20,000	-	-	(20,000)	-	668.5p
		100,000	-	-	(100,000)	-	594.0p
	10	20,000	-	-	-	**20,000**	563.5p
	11	25,000	-	-	-	**25,000**	602.5p
	12	20,000	-	-	-	**20,000**	550.0p
	13	2,063,449	-	(39,000)	(63,500)	**1,960,949**	756.0p
	14	-	335,122	-	-	**335,122**	1071.5p
		2,672,671	335,122	(39,000)	(360,249)	**2,608,544**	

Sharesave options	Note	Outstanding 1 January 2002 No.	Granted during year No.	Lapsed during year No.	Exercised during year No.	**Outstanding at 31 December 2002 No.**	Exercise price
		12,155	-	(98)	(12,057)	-	456.0p
		2,339	-	-	(2,339)	-	338.5p
	15	92,927	-	(8,227)	(73,863)	**10,837**	522.5p
	16	21,526	-	-	(18,706)	**2,820**	366.5p
	17	368,488	-	(7,063)	(7,001)	**354,424**	412.5p
		2,189	-	-	(2,189)	-	229.5p
	18	13,504	-	(821)	-	**12,683**	229.5p
	19	206,693	-	(13,888)	(177,955)	**14,850**	511.0p
	20	341,882	-	(29,607)	(3,584)	**308,691**	511.0p
	21	268,491	-	(32,385)	(1,028)	**235,078**	464.0p
	22	371,060	-	(29,810)	(573)	**340,677**	464.0p
	23	256,277	-	(30,607)	(437)	**225,233**	609.5p
	24	260,327	-	(18,874)	(80)	**241,373**	609.5p
	25	-	295,502	(2,382)	-	**293,120**	847.5p
	26	-	247,605	(1,084)	-	**246,521**	847.5p
		2,217,858	543,107	(174,846)	(299,812)	**2,286,307**	

DIRECTORS' SHARE OPTIONS INCLUDED WITHIN THE PREVIOUS TABLE

	Note	Outstanding at 1 January 2002 No.	Granted during year No.	Lapsed During Year No.	Exercised during year No.	**Outstanding at 31 December 2002 No.**	Exercise Price
J. P. Carter	13	39,351	-	-	-	**39,351**	756.0p
	14	-	29,398	-	-	**29,398**	1071.5p
	17	4,090	-	-	-	**4,090**	412.5p
P. N. Hampden Smith	6	30,000	-	-	-	**30,000**	571.5p
	13	39,351	-	-	-	**39,351**	756.0p
	14	-	31,031	-	-	**31,031**	1071.5p
	23	1,589	-	-	-	**1,589**	609.5p
F. J. McKay		100,000	-	-	(100,000)	-	594.0p
	13	79,365	-	-	-	**79,365**	756.0p
	14	-	60,662	-	-	**60,662**	1071.5p
		293,746	121,091	-	(100,000)	**314,837**	

Options may be exercised during the following periods (or earlier or later under certain circumstances):

Executive share options:

1 Any time until 17 April 2004
2 Any time until 3 May 2005
3 Any time until 12 June 2005
4 Any time until 14 May 2006
5 Any time until 6 May 2007
6 Any time until 26 April 2008
7 Any time until 5 May 2008
8 Any time until 25 April 2009
9 Any time until 15 July 2009
10 From 11 April 2003 until 10 April 2010
11 From 8 September 2003 until 7 September 2010
12 From 10 October 2003 until 9 October 2010
13 From 4 July 2004 until 3 July 2011
14 From 10 April 2005 until 9 April 2012

Sharesave options:

15	Any time until 31 May 2003	21	From 1 December 2003 until 31 May 2004
16	Any time until 31 May 2003	22	From 1 December 2005 until 31 May 2006
17	From 1 December 2003 until 31 May 2004	23	From 1 December 2004 until 31 May 2005
18	From 1 December 2003 until 31 May 2004	24	From 1 December 2006 until 31 May 2007
19	Any time until 31 May 2003	25	From 1 December 2005 until 31 May 2006
20	From 1 December 2004 until 31 May 2005	26	From 1 December 2007 until 31 May 2008

Mr. F J McKay exercised 5,050 executive share options on 11 November 2002 when the mid-market price of the company's shares was 1,141.5 pence and on 12 November 2002 he exercised 94,950 executive share options when the mid-market price was 1,140 pence.

At 31 December 2002, in addition to the directors, there were 201 employees (2001: 207) who had holdings of executive share options and 2,940 employees (2001: 2,688) who were participating in the Sharesave Scheme.

SHAREHOLDERS' APPROVAL

The shareholders will be invited to approve the remuneration policy set out in this Report at the Annual General Meeting, at which the chairman of the Committee will be available to answer any questions.

Approved by the board and signed on its behalf by:

P. J. Maydon
Chairman, Remuneration and Nominations Committee.

7 March 2003

DIRECTORS' REPORT

For the year ended 31 December 2002

The directors present their annual report and audited accounts for the year ended 31 December 2002.

ACTIVITIES

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

REVIEW OF GROUP'S POSITION, DEVELOPMENTS AND FUTURE PROSPECTS

These subjects are dealt with as part of the chairman's statement, the chief executive's review and the finance director's report on pages 3 to 8.

RESULTS AND DIVIDENDS

The group results and dividends for the year ended 31 December 2002 are set out on page 34. If approved, the final dividend will be paid on 16 May 2003 to those shareholders on the register on 22 April 2003.

DIRECTORS

The directors at 31 December 2002 were as listed on pages 15 and 16. Mr. J. N. Clarke served as a director throughout the year until his retirement on 31 December 2002.

In accordance with the company's Articles of Association, Mr. E. C. Adams, Mr. M. B. Dearden and Mr. P. J. Maydon retire by rotation and, being eligible, offer themselves for re-election. As non-executive directors, none of them has a service contract.

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 disclosable interests of directors at 31 December 2002, including holdings, if any, of wives and of children aged under 18, were as detailed in the Remuneration Report on pages 24 and 28.

SUBSTANTIAL INTERESTS

At 7 March 2003, the only substantial interests (that is, 3 per cent or more) in the company's share capital notified to the company were as follows:

Mr. E. R. A. Travis	9,228,070	Beneficial and non-beneficial 8.189 per cent

CLOSE COMPANY STATUS

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

EMPLOYEE PARTICIPATION , DISABLED PERSONS AND CHARITABLE DONATIONS

Statements on these matters are contained in the corporate social responsibility statement on pages 9 to 10.

SUPPLIER PAYMENT POLICY

The group's policy is to pay all of its suppliers in accordance with established terms. Group trade creditors at 31 December 2002 represent 46.1 days (2001: 45.3 days) of average purchases of goods and services. The company has no trade creditors.

ANNUAL GENERAL MEETING SPECIAL BUSINESS

The following items are to be proposed at the forthcoming Annual General Meeting as items of special business.

RESOLUTION 7: DIRECTORS' REMUNERATION REPORT

In accordance with the Directors' Remuneration Report Regulations 2002, this resolution seeks shareholders' approval of the directors' remuneration report set out on pages 21 to 28.

RESOLUTION 8: RENEWAL OF AUTHORITY TO ALLOT SHARES

Under the Companies Act 1985 the board is not able to allot shares except with the general or specific authority of shareholders. Resolution 8 renews the board's authority to issue share capital up to an aggregate nominal amount of £2,232,216 (being the lesser of the company's authorised but unissued share capital and one third of its issued capital). This represents 19.8 per cent of the issued ordinary share capital of the company as at 7 March 2003. The authority extends until the earlier of the conclusion of the next Annual General Meeting and the date fifteen months from the passing of this resolution. The board does not have any present intention of exercising this authority other than for the purposes of the company's employee share option schemes.

RESOLUTION 9: LIMITED AUTHORITY TO ALLOT SHARES FOR CASH

The Companies Act 1985 provides that, when equity securities are being issued for cash such securities must first be offered to existing shareholders unless the board is given a power to allot them without regard to that requirement. Resolution 9 therefore empowers the board to allot for cash, equity securities of a nominal amount not exceeding £563,389 (representing 5 per cent of the issued share capital) without first offering such securities to existing ordinary shareholders. The authority extends until the earlier of the conclusion of the next Annual General Meeting and the date fifteen months from the passing of this resolution. Any issue of shares for cash will, however, still be subject to the requirements of the UK Listing Authority.

RESOLUTION 10: AUTHORITY TO PURCHASE OWN SHARES

Your directors believe that it is in the best interests of shareholders that the company should have the flexibility to make market purchases of its own shares (up to 10 per cent of the issued share capital) for cancellation. The effect of any such purchases would be to reduce the number of shares in issue and the directors would only make such purchases after consideration of the effect on earnings per share and the longer term benefits for shareholders. The fact that such authority is being sought should not be taken to imply that shares would be purchased at any particular price or indeed at all. At 7 March 2003, there were options outstanding over 4,820,778 ordinary shares, representing 4.28 per cent of the company's issued ordinary share capital. This would rise to 4.75 per cent if the authority being sought were to be exercised in full.

AUDITORS

Deloitte & Touche are willing to continue in office and a resolution for their reappointment as auditors will be proposed at the forthcoming Annual General Meeting.

By order of the board

A. S. Pike *Secretary* 7 March 2003

STATEMENT OF DIRECTORS' RESPONSIBILITIES

For the year ended 31 December 2002

UK company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

(i) select suitable accounting policies and then apply them consistently;

(ii) make judgments and estimates that are reasonable and prudent; and

(iii) state whether applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TRAVIS PERKINS PLC

For the year ended 31 December 2002

We have audited the financial statements for Travis Perkins plc for the year ended 31 December 2002 which comprise the profit and loss account, the balance sheets, the cash flow statement, the statement of total recognised gains and losses, the reconciliation of movements in equity shareholders' funds, the analysis of actuarial gains and losses, accounting policies and the related notes 1 to 32. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the part of the directors' remuneration report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of financial statements in accordance with applicable United Kingdom law and accounting standards. They are also responsible for the preparation of the other information contained in the annual report including the directors' remuneration report. Our responsibility is to audit the financial statements and the part of the directors' remuneration report described as having been audited in accordance with relevant United Kingdom legal and regulatory requirements, auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the directors' remuneration report described as having been audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We review whether the corporate governance statement reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all the risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read the directors' report and the other information contained in the annual report, for the above year as described in the contents section, including the unaudited part of the directors' remuneration report, and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

BASIS OF OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the

financial statements and the part of the directors' remuneration report described as having been audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company and the group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the directors' remuneration report described as having been audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of presentation of information in the financial statements and the part of the directors' remuneration report described as having been audited.

OPINION

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 2002 and of the profit of the group for the year then ended; and
- the financial statements and the part of the directors' remuneration report described as having been audited, have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and Registered Auditors

Nottingham

7 March 2003

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2002

£m	Notes	Existing operations	Acquisitions	2002 Total	2001 Restated
Turnover	1	1,354.3	63.2	**1,417.5**	1,279.3
Operating profit before amortisation of goodwill		153.1	5.1	**158.2**	129.1
Amortisation of goodwill		(12.1)	-	**(12.1)**	(10.5)
Operating profit after amortisation of goodwill	2	141.0	5.1	**146.1**	118.6
Profit on sale of properties		1.2	-	**1.2**	1.4
Profit on ordinary activities before interest and taxation		142.2	5.1	**147.3**	120.0
Net interest payable	5			**(8.9)**	(10.7)
Other finance (cost)/income	6			**(0.8)**	1.2
Profit on ordinary activities before taxation				**137.6**	110.5
Tax on profit on ordinary activities	7			**(45.8)**	(35.5)
Profit on ordinary activities after taxation				**91.8**	75.0
Dividends paid and proposed	8			**(21.9)**	(19.3)
Retained profit transferred to reserves	22			**69.9**	55.7
Earnings per ordinary share					
Basic	9			**81.9p**	67.3p
Diluted	9			**80.7p**	66.7p
Adjusted	9			**91.6p**	75.5p
Dividend per ordinary share	8			**19.5p**	17.2p

All results relate to continuing activities. The results disclosed in the group profit and loss account are not materially different from the results on an unmodified historical cost basis.

Details of the restatement of the 2001 figures are given in note 22.

BALANCE SHEETS

As at 31 December 2002

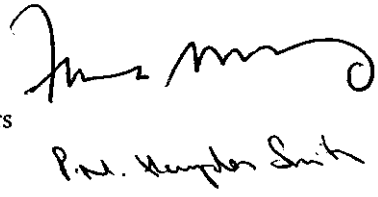
£m	Notes	The Group		The Company	
		2002	2001 Restated	**2002**	2001
Fixed assets					
Tangible assets	10	**258.2**	226.4	**0.1**	0.1
Intangible assets - goodwill	11	**249.9**	187.3	**-**	-
Investments	12	**4.6**	4.9	**493.0**	402.0
		512.7	418.6	**493.1**	402.1
Current assets					
Stocks	13	**152.1**	132.7	**-**	-
Debtors	14	**250.4**	215.7	**132.1**	76.2
Properties held for resale	15	**1.0**	1.8	**-**	-
Short term investments – cash deposits		**30.0**	-	**30.0**	-
Cash at bank and in hand	16	**-**	37.0	**-**	14.7
		433.5	387.2	**162.1**	90.9
Creditors: amounts falling due within one year	17	**(300.6)**	(287.4)	**(89.7)**	(77.8)
Net current assets		**132.9**	99.8	**72.4**	13.1
Total assets less current liabilities		**645.6**	518.4	**565.5**	415.2
Creditors: amounts falling due after more than one year	18	**(150.3)**	(100.0)	**(356.7)**	(225.0)
Provisions for liabilities and charges	19	**(14.1)**	(8.9)	**-**	-
Net assets excluding pension deficit		**481.2**	409.5	**208.8**	190.2
Pension deficit	3	**(85.8)**	(22.7)	**-**	-
Net assets including pension deficit		**395.4**	386.8	**208.8**	190.2
Capital and reserves					
Called up share capital	21	**11.3**	11.2	**11.2**	11.2
Share premium account	22	**65.7**	61.0	**64.6**	59.9
Revaluation reserves	22	**31.2**	31.5	**-**	-
Profit and loss account	22	**287.2**	283.1	**133.0**	119.1
Total equity shareholders' funds		**395.4**	386.8	**208.8**	190.2

The financial statements were approved by the board of directors on 7 March 2003.

Signed on behalf of the board of directors.

F. J. McKay

P. N. Hampden Smith } Directors



STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 December 2002

£m	2002	2001 Restated
Profit attributable to shareholders of the company	**91.8**	75.0
Actuarial gains/losses recognised in the pension schemes	**(91.2)**	(43.6)
Deferred tax on pension deficit	**27.0**	10.7
Revaluation of property transferred to current assets	**-**	(0.3)
Unrealised surplus on revaluation of investment properties	**0.1**	0.6
Total recognised gains and losses relating to the year	**27.7**	42.4
Prior period adjustment as a result of FRS 19	**(7.3)**	
Total gains recognised since last Annual Report	**20.4**	

ANALYSIS OF ACTUARIAL GAINS AND LOSSES INCLUDED IN THE STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 December 2002

£m	2002	2001
Difference between actual and expected return on scheme assets	**(43.1)**	(37.7)
Experience gains and losses arising on scheme liabilities	**(15.4)**	(1.5)
Effects of changes in assumptions underlying the present value of scheme liabilities	**(32.7)**	(4.4)
Total actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses	**(91.2)**	(43.6)

RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

For the year ended 31 December 2002

£m	2002	2001 Restated
Equity shareholders' funds at 1 January as previously stated	**394.1**	356.5
Prior period adjustment as a result of FRS 17	**-**	7.9
Prior period adjustment as a result of FRS 19	**(7.3)**	(5.6)
Equity shareholder's funds at 1 January as restated	**386.8**	358.8
Profit attributable to shareholders of the company	**91.8**	75.0
Dividends	**(21.9)**	(19.3)
Retained profit transferred to reserves	**69.9**	55.7
New share capital subscribed	**2.8**	4.9
Revaluation of property transferred to current assets	**-**	(0.3)
Unrealised surplus on revaluation of investment properties	**0.1**	0.6
Actuarial gains and losses (net of deferred tax)	**(64.2)**	(32.9)
Net increase in shareholders' funds	**8.6**	28.0
Equity shareholders' funds at 31 December	**395.4**	386.8

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2002

£m	Notes	2002	2001
Net cash inflow from operating activities	27	**179.8**	166.9
Returns on investments and servicing of finance			
Interest received		**0.7**	0.1
Interest paid		**(9.0)**	(13.5)
Dividends paid to minority interest		**-**	(0.3)
Net cash outflow for returns on investments and servicing of finance		**(8.3)**	(13.7)
Taxation			
UK corporation tax paid		**(42.7)**	(34.7)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		**(35.4)**	(29.1)
Receipts from sales of tangible fixed assets		**3.0**	4.4
Receipts from sale of own shares held		**0.8**	0.5
Net cash outflow for capital expenditure and financial investment		**(31.6)**	(24.2)
Acquisitions			
Purchase of business undertakings	30	**(103.3)**	(15.1)
Net (overdrafts)/cash acquired with business undertakings	30	**(8.2)**	0.1
Purchase of minority interest		**-**	(1.1)
Net cash outflow for acquisitions		**(111.5)**	(16.1)
Equity dividends paid		**(20.0)**	(17.8)
Cash (outflow)/inflow before use of liquid resources and financing		**(34.3)**	60.4
Management of liquid resources			
Cash outflow to short term deposits	29	**(30.0)**	-
Financing			
Issue of ordinary share capital		**2.8**	4.9
New bank loans		**50.0**	-
Repayment of bank loans		**(25.0)**	(25.0)
Repayment of unsecured loan notes	29	**(0.7)**	(3.3)
Capital element of finance lease rentals	29	**-**	(0.1)
Net cash inflow/(outflow) from financing		**27.1**	(23.5)
(Decrease)/increase in cash in the year		**(37.2)**	36.9

ACCOUNTING POLICIES

For the year ended 31 December 2002

The financial statements have been prepared in accordance with applicable accounting standards. FRS 19- Deferred Tax has become effective for the first time this year, and has been fully implemented in these financial statements, which has resulted in a prior period adjustment. Further details are given in note 22 on page 53.

Compliance with SSAP19 "Accounting for Investment Properties" requires departure from the requirements of the Companies Act 1985 relating to depreciation and an explanation of the departure is given in note (f) below.

The particular accounting policies adopted are:

(a) BASIS OF ACCOUNTING

The accounts have been prepared under the historical cost convention modified by the revaluation of certain freehold, leasehold and investment properties. The group has adopted the transitional rules within FRS 15, which allow it to maintain the carrying value of the revalued assets (excluding investment properties) at their modified cost.

(b) BASIS OF PREPARATION

The consolidated financial statements consolidate the accounts of the company and all its subsidiaries.

The cost of acquisition represents the cash value of the consideration and/or the market value of the shares issued on the date the offer became unconditional, plus expenses. At the date of the acquisition an assessment is made of the fair value of the net assets. It is this fair value, which is incorporated into the consolidated accounts.

Any excess cost over the fair value of net assets represents goodwill. Prior to 1 January 1998, goodwill was written off directly to reserves as a matter of accounting policy. From 1 January 1998, in accordance with FRS10, goodwill is capitalised and amortised over its estimated useful life, which the directors consider to be 20 years.

(c) DEPRECIATION

Depreciation is provided on tangible fixed assets on a straight line basis to write off the cost or valuation of those assets over their estimated useful lives. The principal rates of depreciation are:

Freehold buildings	Over the estimated useful life of the building
Leasehold property	Over the term of the lease
Fixed plant and equipment	10%-20% per annum
Mobile plant	12½% per annum
Motor vehicles	12½%-20% per annum
Computer installations	25% per annum
Tools and plant for hire	25% per annum

No depreciation is provided on freehold land or investment properties.

(d) PROPERTIES HELD FOR RESALE

Properties held for resale are surplus to the group's requirements and are transferred to current assets and shown at the lower of cost and net realisable value. The appropriate transfer from revaluation reserves is offset against the value transferred from fixed assets. Profits on the sale of properties are calculated by deducting the amounts at which they were stated in the balance sheet from sale proceeds net of expenses.

(e) INVESTMENTS

(i) In the balance sheet of the parent company, investments in subsidiaries are stated at cost less amounts written off.

(ii) Investments held as current assets are stated at the lower of cost and net realisable value.

(iii) Investments in own shares are held at cost, being the market value on the date the shares were issued by the parent company.

(f) INVESTMENT PROPERTIES

In accordance with SSAP19, investment properties are revalued at open market value annually by either independent professional third party valuers or the directors. The aggregate surplus or deficit is transferred to revaluation reserve, subject to individual impairments in value. No depreciation is provided in respect of investment properties.

However, the Companies Act 1985 requires that all properties should be depreciated. This requirement conflicts with the generally accepted accounting principle set out in SSAP 19.

The directors consider that these properties are not held for trading use but are held for their investment potential. It is therefore necessary to adopt SSAP 19 as to depreciate them would not give a true and fair view.

If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified because depreciation is only one of the many factors reflected in the annual valuation.

(g) LEASES

(i) Finance leases

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges, which are amortised over each lease term to give a constant rate of charge on the balance of the obligation.

(ii) Operating leases

Rental costs under operating leases are charged to the profit and loss account in equal annual instalments over the periods of the leases.

(h) STOCKS

Stocks are valued at the lower of cost and net realisable value, with allowance being made for obsolete and slow moving items.

(i) TAXATION

Current UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale had been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the standard tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

(j) PENSION COSTS

For defined benefit schemes, operating profit is charged with the cost of providing pension benefits earned by employees in the period. The expected return on pension scheme assets less the interest on pension scheme liabilities is shown as a finance cost within the profit and loss account.

Actuarial gains and losses arising in the period from the difference between actual and expected returns on pension scheme assets, experience gains and losses on pension scheme liabilities and the effects of changes in demographics and financial assumptions are included in the Statement of Total Recognised Gains and Losses.

Recoverable pension scheme surpluses and pension scheme deficits and the associated deferred tax balances are recognised in full and included in the balance sheet.

The pension costs in respect of defined contribution schemes are charged to the profit and loss account in the period in which they arise.

(k) FINANCIAL INSTRUMENTS

Derivative instruments utilised by the group are interest rate swaps and forward exchange contracts. The group does not enter into speculative derivative contracts. All such instruments are used for hedging purposes to alter the risk profile of an existing underlying exposure of the group in line with the group's risk management policies. Amounts payable or receivable in respect of interest rate swaps are recognised as adjustments to interest expense over the periods of the contracts.

Transactions denominated in foreign currencies are recorded at the rates ruling on the date of the transaction, unless matching forward foreign exchange contracts have been entered into, in which case the rate specified in the relevant contract is used. At the balance sheet date, unhedged monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at that date.

NOTES TO THE ACCOUNTS

For the year ended 31 December 2002

1. TURNOVER

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

2. OPERATING PROFIT AFTER AMORTISATION OF GOODWILL

£m	**Existing operations**	**Acquisitions**	**2002**	2001 Restated
Turnover	**1,354.3**	**63.2**	**1,417.5**	1,279.3
Cost of sales	**(930.4)**	**(45.3)**	**(975.7)**	(893.8)
Gross profit	**423.9**	**17.9**	**441.8**	385.5
Selling and distribution costs	**(220.4)**	**(8.7)**	**(229.1)**	(210.6)
Administrative expenses	**(63.6)**	**(4.1)**	**(67.7)**	(57.6)
Other operating income	**1.1**	**-**	**1.1**	1.3
Operating profit after amortisation of goodwill	**141.0**	**5.1**	**146.1**	118.6

Following a review of its accounts, the company has adopted the format 1 profit and loss disclosure for the first time in 2002. The directors are of the opinion that this provides a more useful analysis to readers of the accounts. The prior year figures have been restated.

	2002	2001
	£m	£m
Items included above but not disclosed elsewhere:		
Total depreciation and other amounts written off tangible and intangible fixed assets	**(34.0)**	(29.5)
(Loss)/profit on sale of plant and equipment	**(0.3)**	0.1
Rental income	**1.4**	1.3
Hire of vehicles, plant and machinery	**(9.7)**	(11.1)
Other leasing charges – property	**(14.9)**	(12.3)
Group audit fee (Company audit fee: £16,320; 2001 £16,000)	**(0.2)**	(0.1)
Other amounts paid to Auditors – taxation	**(0.2)**	(0.2)

Goodwill amortisation of £12.1 million (2001: £10.5 million) and depreciation of leased assets of £0.1 million (2001: £0.2 million) are included within total depreciation and other amounts written off tangible and intangible fixed assets.

3. PENSION ARRANGEMENTS

Defined benefit scheme

During the year, the group operated one final salary scheme: the Travis Perkins Pensions and Dependants' Benefit Scheme (the "Group Scheme"), the assets of which were held in a separate trustee administered fund, funded by contributions from the group companies and the employees.

Contributions are paid to the trustees on the basis of advice from an independent professionally qualified actuary who carries out a valuation of each scheme every three years.

A full actuarial valuation of the Group Scheme was carried out on 30 November 2002, then updated to 31 December 2002 by a qualified actuary.

(a) The major assumptions used by the actuary were (in nominal terms):

	At 31 December 2002	At 31 December 2001	At 31 December 2000
Rate of increase in salaries	**3.8%**	4.0%	4.0%
Rate of increase of pensions in payment	**2.3% (post 1997)**	2.5%(post 1997)	2.5%(post 1997)
	3.0%(pre 1997)	3.0%(pre 1997)	3.0%(pre 1997)
Discount rate	**5.5%**	5.9%	6.0%
Inflation assumption	**2.3%**	2.5%	2.5%

(b) The assets in the scheme and the expected rate of return (net of allowance for administration expenses) were:

	At 31 December 2002		At 31 December 2001		At 31 December 2000	
	Expected return	**£m**	Expected return	£m	Expected return	£m
Equities	**7.30%**	**126.0**	6.90%	152.9	6.65%	172.4
Bonds	**4.30%**	**14.6**	4.85%	22.5	4.63%	21.3
Corporate bonds	**5.30%**	**8.0**	-	-	-	-
Total fair value of assets		**148.6**		175.4		193.7
Actuarial value of liability		**(271.1)**		(207.8)		(190.4)
(Deficit)/surplus in the scheme		**(122.5)**		(32.4)		3.3
Related deferred tax asset/(liability)		**36.7**		9.7		(1.0)
Net pension (liability)/asset		**(85.8)**		(22.7)		2.3

Included in equities and bonds at 31 December 2001 were £6.6 million and £0.8 million respectively of cash held by investment managers, which were fully invested in equities and bonds in those amounts on 10 January 2002.

(c) Analysis of amount charged to operating profit	**2002**	2001
	£m	£m
Current service cost	**7.1**	6.1

(d) Movement in scheme (deficit)/surplus during year	**2002**	2001
	£m	£m
(Deficit)/surplus at 1 January	**(32.4)**	3.3
Current service cost	**(7.1)**	(6.1)
Contributions	**9.0**	12.8
Other finance (cost)/income	**(0.8)**	1.2
Actuarial loss	**(91.2)**	(43.6)
Deficit at 31 December	**(122.5)**	(32.4)

(e) Other pension costs	**2002**	2001
	£m	£m
Other pension costs per the profit and loss account	**7.1**	6.1
Amounts included as other finance cost/(income)	**0.8**	(1.2)
Total amount recognised in the Statement of Total Recognised Gains and Losses	**91.2**	43.6
Total pension costs	**99.1**	48.5

(f) History of experience gains and losses	**2002**	2001	2000
Difference between the expected and the actual return on scheme assets			
Amount	**£(43.1)m**	£(37.7)m	£(21.6)m
Percentage of scheme assets	**29.0%**	21.5%	11.2%
Experience gains and losses on scheme liabilities			
Amount	**£(15.4)m**	£(1.5)m	£1.8m
Percentage of the present value of scheme liabilities	**5.7%**	0.7%	0.9%
Effect of changes in assumptions underlying the present value of scheme liabilities			
Amount	**£(32.7)m**	£(4.4)m	£(5.3)m
Percentage of the present value of scheme liabilities	**12.1%**	2.1%	2.8%
Total amount recognised in the Statement of Total Recognised Gains and Losses			
Amount	**£(91.2)m**	£(43.6)m	£(25.1)m
Percentage of the present value of scheme liabilities	**33.6%**	21.0%	13.2%

(g) Change in assumptions

Of the change in assumptions loss of £32.7 million, £20 million reflects recognition of the impact on pension liabilities of the latest widely recognised life expectancy tables further adjusted to allow for projected improvements over the next 20 years.

Defined contribution scheme

In addition to the Group Scheme, there is also a small group personal pension plan for employees of a subsidiary. The scheme is a defined contribution scheme. Contributions in the year were £0.1 million.

4. INFORMATION REGARDING EMPLOYEES AND DIRECTORS	**2002**	2001
(a) Average number of persons employed	**No.**	No.
Sales	**6,378**	5,903
Distribution	**1,217**	1,130
Administration	**902**	859
	8,497	7,892
(b) Staff costs		
Wages and salaries	**(153.8)**	(138.7)
Social security costs	**(12.6)**	(11.3)
Other pension costs	**(7.2)**	(6.1)

Disclosures on directors' share options, remuneration, long-term incentive schemes, pension contributions and pension entitlements required by the Companies Act 1985 and those specified for audit by the Financial Services Authority are shown on pages 24 to 28 within the Remuneration Report on pages 21 to 28 and form part of these audited financial statements.

5. NET INTEREST PAYABLE	**2002**	2001
	£m	£m
Interest on overdrafts and short term loans repayable within 5 years	**(9.0)**	(10.0)
Interest on unsecured loans	**(0.6)**	(0.8)
Total interest payable	**(9.6)**	(10.8)
Interest receivable and similar income	**0.7**	0.1
Net interest payable	**(8.9)**	(10.7)

Interest cover is 18 times (2001: 12 times). It is calculated by dividing operating profit before goodwill amortisation by the net interest payable (excluding other finance costs/income).

6. OTHER FINANCE COST/ INCOME	2002	2001
	£m	£m
Expected return of scheme assets	11.5	12.7
Interest on pension liabilities	(12.3)	(11.5)
Net (cost)/income	(0.8)	1.2

7. TAX ON PROFIT ON ORDINARY ACTIVITIES	2002	2001 Restated
	£m	£m
(a) Tax charges		
Current tax		
UK corporation tax at 30% (2001: 30%) - current year	44.8	35.0
- prior year	-	(1.2)
Total current tax	44.8	33.8
Deferred tax at 30% (2001: 30%)		
Originations and reversal of timing differences	1.0	1.7
Total deferred tax	1.0	1.7
Total tax on profit on ordinary activities	45.8	35.5

(b) Tax reconciliation

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows.

	2002	2001
Group profit on ordinary activities before tax	137.6	110.5
Tax on group profit on ordinary activities at standard UK corporation tax rate of 30% (2001: 30%)	41.3	33.2
Effects of:		
Net expenses not deductible for tax purposes (principally goodwill amortisation)	5.4	3.9
Capital allowances in excess of depreciation	(1.8)	(2.4)
Rollover relief on profit on disposal of property	(0.3)	(0.4)
Adjustments to tax charge in respect of previous periods	-	(1.2)
Other timing differences	0.2	0.7
Group current tax charge for period	44.8	33.8

Deferred tax of £10.0 million (2001:£9.9 million) has not been provided on revalued fixed assets and fixed assets subject to rollover relief. At present, it is not envisaged that any tax will become payable in the foreseeable future.

The group's planned level of capital investment is expected to remain at similar levels. Therefore, it expects to be able to claim capital allowances in excess of depreciation in future years, at a similar level to the current year.

The taxation charge is based on profit before tax for the year of the UK standard rate. There is no tax charge on profits on disposal of properties due to claims for rollover relief for which no deferred taxation provision has been made, or a tax credit in respect of the amortisation of goodwill.

8. DIVIDENDS

	2002	2001
	£m	£m
Interim 6.1 pence per share (2001: 5.4 pence per share)	**6.8**	6.1
Proposed final 13.4 pence per share (2001: 11.8 pence per share)	**15.1**	13.2
	21.9	19.3

Travis Perkins Quest Trustees Limited has waived its right to the dividend payable other than 0.01 pence on each ordinary share it holds in the parent company.

9. EARNINGS PER ORDINARY SHARE

(a) Basic earnings per ordinary share

Basic earnings per ordinary share are calculated from the following ratio:

	2002	2001
Profit on ordinary activities after taxation	**£91.8m**	£75.0m
Average number of shares in issue	**112,177,252**	111,454,347

(b) Diluted earnings per ordinary share

Diluted earnings per ordinary share are calculated from the following ratio:

	2002	2001
Profit on ordinary activities after taxation	**£91.8m**	£75.0m
Average number of shares including outstanding options	**113,835,241**	112,381,453

The difference in the average number of shares in issue used as the denominator for the calculations of basic and diluted earnings per share is due to the premium element of share options still outstanding at the end of each financial period, based on the average mid-market price for that year. The adjustment to the number of shares is:

	2002	2001
	No.	No.
Premium element of share options based on average mid-market share price for the year	**1,657,989**	927,106

(c) Adjusted earnings per ordinary share

Adjusted earnings per ordinary share are calculated based upon earnings before amortisation of goodwill and profit on the sale of properties and are presented in addition to the basic earnings per share calculated in accordance with FRS 3 and FRS 14 since, in the opinion of the directors, this presents a better like-for-like comparison of the earnings of the group between the relevant periods.

Basic earnings per share may be reconciled to adjusted earnings per share (before amortisation of goodwill and profit on the sale of properties) as follows:

	2002	2001 Restated
Adjusted earnings per ordinary share	**91.6p**	75.5p
Amortisation of goodwill	**(10.8)p**	(9.4)p
Profit on sale of properties	**1.1p**	1.2p
Basic earnings per ordinary share	**81.9p**	67.3p

10. TANGIBLE FIXED ASSETS

	The Group					The Company
	Freehold	Long leases	Short leases	Plant and equipment	Total	Total[1]
	£m	£m	£m	£m	£m	£m
Cost or valuation						
At 1 January 2002	147.4	14.0	5.5	136.5	303.4	0.3
Additions	4.0	-	0.9	30.5	35.4	0.1
Additions from acquired businesses	8.8	0.3	1.2	9.7	20.0	-
Disposals	(0.3)	-	-	(13.9)	(14.2)	-
At 31 December 2002	**159.9**	**14.3**	**7.6**	**162.8**	**344.6**	**0.4**
Accumulated depreciation						
At 1 January 2002	6.0	0.7	0.8	69.5	77.0	0.2
Charged this year	2.7	0.3	0.4	18.5	21.9	0.1
Disposals	-	-	-	(12.5)	(12.5)	-
At 31 December 2002	8.7	1.0	1.2	75.5	86.4	0.3
Net book value						
At 31 December 2002	**151.2**	**13.3**	**6.4**	**87.3**	**258.2**	**0.1**
At 31 December 2001	141.4	13.3	4.7	67.0	226.4	0.1

[1] Total company fixed assets comprise plant and equipment only.

The cost element of the fixed assets carrying value is analysed as follows:

	The Group					The Company
	Freehold	Long leases	Short leases	Plant and equipment	Total	Total
	£m	£m	£m	£m	£m	£m
At valuation	**78.6**	**6.2**	**2.6**	**-**	**87.4**	**-**
At cost	**81.3**	**8.1**	**5.0**	**162.8**	**257.2**	**0.4**
	159.9	**14.3**	**7.6**	**162.8**	**344.6**	**0.4**

Those freehold and leasehold properties included at valuation in the consolidated balance sheet were revalued at their open market value on an existing use basis. The valuations were performed as at 31 December 1999 by an independent professional valuer, Lambert Smith Hampton, Consultant Surveyors and Valuers.

Included within freehold property is land with a value of £68.7 million (2001: £64.8 million) which is not depreciated.

The net book value of plant and equipment includes approximately £0.4 million (2001: £0.4 million) within the group figures and £nil (2001: £nil) within the company figures in respect of assets held under finance leases.

Comparable amounts determined according to the historical cost convention:

	The Group					The Company
	Freehold	Long leases	Short leases	Plant and equipment	Total	Total
	£m	£m	£m	£m	£m	£m
Cost	**150.9**	**13.3**	**12.4**	**162.8**	**339.4**	**0.4**
Accumulated depreciation	**(28.6)**	**(1.9)**	**(4.4)**	**(75.5)**	**(110.4)**	**(0.3)**
Net book value						
At 31 December 2002	**122.3**	**11.4**	**8.0**	**87.3**	**229.0**	**0.1**
At 31 December 2001	112.3	11.3	6.2	67.0	196.8	0.1

11. INTANGIBLE ASSETS - GOODWILL	The Group
Cost	£m
At 1 January 2002 as previously stated	213.6
Prior period adjustment arising from FRS 19 implementation	(1.1)
At 1 January 2002 as restated	212.5
Acquisitions in the current year	74.7
At 31 December 2002	**287.2**
Accumulated amortisation	
At 1 January 2002 as previously stated	25.3
Prior period adjustment arising from FRS 19 implementation	(0.1)
At 1 January 2002 as restated	25.2
Provided in the year	12.1
At 31 December 2002	**37.3**
Net book value	
At 31 December 2002	**249.9**
At 31 December 2001	187.3

12. FIXED ASSET INVESTMENTS	The Group		The Company	
	2002	2001	**2002**	2001
	£m	£m	**£m**	£m
Shares in group undertakings	**-**	-	**497.6**	406.6
Investment in own shares (note 16)	**-**	0.8	**-**	-
Investment properties	**4.6**	4.1	**-**	-
	4.6	4.9	**497.6**	406.6
Provision for impairment	**-**	-	**(4.6)**	(4.6)
	4.6	4.9	**493.0**	402.0

(a) The principal operating subsidiaries whose results and assets affect the results and assets of the group are:

Subsidiary	**Registered office**
Travis Perkins Trading Company Limited (Builders merchants)	Lodge Way House, Harlestone Road, Northampton, NN5 7UG.
Keyline Builders Merchants Limited (Builders merchants)	Southbank House, 1 Strathkelvin Place, Kirkintilloch, Glasgow G66 1HX.
Travis Perkins (Properties) Limited (Property management company)	Lodge Way House, Harlestone Road, Northampton, NN5 7UG.
City Plumbing Supplies Holdings Limited	47 Endless Street, Salisbury, SP1 3UH.
Commercial Ceiling Factors Limited	Lodge Way House, Harlestone Road, Northampton, NN5 7UG.

The directors have applied s231 of the Companies Act 1985 and therefore list only significant subsidiary companies.

All subsidiaries of the group are 100 per cent owned. Each company is registered and incorporated in England and Wales, other than Keyline Builders Merchants Limited, which is registered and incorporated in Scotland, and City Investments Limited, which is registered and incorporated in Guernsey.

(b) Additional information in respect of movements in fixed asset investments:

	The Group		The Company
	Investment properties	Investment in own shares	Shares in group undertakings
	£m	£m	£m
At 1 January 2002	4.1	0.8	402.0
Revaluation	0.1	-	-
Acquired during the year	-	-	91.0
Transferred from current assets	0.4	-	-
Disposals	-	(0.8)	-
At 31 December 2002	**4.6**	-	**493.0**

(c) At 31 December 2002, the directors revalued the investment properties at their open market value.

(d) The comparable net book value for investment properties determined according to the historical cost convention as at 31 December 2002 is £0.9 million (2001: £0.5 million). The amount of accumulated depreciation charged to arrive at these values is negligible.

13. STOCKS

Stocks consist of goods for resale.

14. DEBTORS

	The Group		The Company	
	2002	2001	**2002**	2001
	£m	£m	**£m**	£m
Trade debtors	**201.8**	171.7	**-**	-
Amounts owed by subsidiaries	**-**	-	**128.9**	76.0
Other debtors	**38.8**	36.0	**3.1**	-
Prepayments and accrued income	**9.8**	8.0	**0.1**	0.2
	250.4	215.7	**132.1**	76.2

15. PROPERTIES HELD FOR RESALE

	£m
At 1 January 2002	1.8
Transfer to investment properties	(0.4)
Disposals	(0.4)
At 31 December 2002	**1.0**

16. CASH AT BANK AND IN HAND

Included within cash at bank and in hand in 2001 was £0.7 million held by employee related trusts. These funds could only be used to purchase ordinary shares in the company in order to satisfy obligations under the executive share option schemes and employee sharesave schemes as set out on pages 26 to 28 or to provide other benefits to employees.

At 31 December 2002, Travis Perkins Quest Trustees Limited held nil (2001: 135,934) shares which had been issued to it to satisfy sharesave options, but which have not been exercised by some participants of the scheme. The market value of these shares at 31 December 2001 was £1.2 million. The administration costs of this company are borne by Travis Perkins plc.

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The Group		The Company	
	2002	2001	**2002**	2001
	£m	£m	**£m**	£m
Bank overdrafts	**0.3**	0.1	**33.2**	-
Bank loans	**25.0**	50.0	**25.0**	50.0
Obligations under finance leases	**-**	0.2	**-**	-
Unsecured loan notes	**14.1**	12.8	**14.1**	12.8
Trade creditors	**173.0**	156.1	**-**	-
Corporation tax	**25.3**	20.6	**-**	-
Other taxation and social security	**17.4**	15.2	**-**	-
Other creditors	**15.6**	9.6	**1.7**	1.3
Accruals and deferred income	**14.8**	9.6	**0.6**	0.5
Dividends proposed	**15.1**	13.2	**15.1**	13.2
	300.6	287.4	**89.7**	77.8

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	The Group		The Company	
	2002	2001	**2002**	2001
	£m	£m	**£m**	£m
Bank loans	**150.0**	100.0	**150.0**	100.0
Obligations under finance leases	**0.3**	-	**-**	-
Amounts due to subsidiaries	**-**	-	**206.7**	125.0
	150.3	100.0	**356.7**	225.0

19. PROVISIONS FOR LIABILITIES AND CHARGES

	The Group		
	Deferred tax	Other provisions	Total
	£m	£m	£m
At 1 January 2002 as previously stated	-	2.6	2.6
Prior period adjustment	6.3	-	6.3
At 1 January 2002 as restated	6.3	2.6	8.9
Subsidiaries acquired	0.6	-	0.6
Charged to profit and loss account	1.0	5.0	6.0
Applied during year	-	(1.4)	(1.4)
At 31 December 2002	**7.9**	**6.2**	**14.1**

Other provisions relate principally to insurance claims where the final settlement date is uncertain. The company has no provisions (2001: £nil).

The provided and unprovided amounts of deferred taxation are:	Provided		Unprovided	
	2002	2001	**2002**	2001
	£m	£m	**£m**	£m
(a) **The Group**				
Capital allowances in excess of depreciation	**10.3**	8.5	**-**	-
Sale of properties	**-**	-	**10.0**	9.9
Investment revaluation reserve	**-**	-	**0.4**	0.4
Other timing differences	**(2.4)**	(2.2)	**-**	-
Capital losses	**-**	-	**(0.4)**	(0.6)
	7.9	6.3	**10.0**	9.7

(b) **The Company**

The company has no liability to deferred taxation, either provided or unprovided.

20. FINANCIAL INSTRUMENTS

A summary of the group policies and strategies with regard to financial instruments can be found in the finance director's report on pages 7 and 8. The disclosures below exclude short term debtors, creditors and pension scheme surpluses and deficits.

(a) **Interest rate profile of financial assets and liabilities**

After taking into account interest rate swaps, all of which are denominated in sterling, the effective interest rate exposures of the group financial assets and liabilities as at 31 December 2002 were as follows:

	Floating		Fixed		Total	
	2002	2001	**2002**	2001	**2002**	2001
	£m	£m	**£m**	£m	**£m**	£m
Borrowings	**(79.7)**	(13.1)	**(110.0)**	(150.0)	**(189.7)**	(163.1)
Cash at bank, in hand and deposits	**30.0**	37.0	**-**	-	**30.0**	37.0
	(49.7)	23.9	**(110.0)**	(150.0)	**(159.7)**	(126.1)

Cash at bank, in hand and deposits earn interest at floating rates, based principally on short term inter-bank rates. Floating rate borrowings bear interest based on short term inter-bank rates, being LIBOR (applicable to periods of 6 months or less).

Some protection from the effective interest movements on floating rate loans is provided by swapping floating rates for fixed rates of interest of:

Swap 1 - £110 million to November 2003 5.7 per cent interest

The aggregate market value of the swap at 31 December 2002 was £1.8 million loss (2001: £1.8 million loss).

Loan notes of £8.4 million issued in 1999 remain outstanding at 31 December 2002. Interest on these loan notes is determined at 6 monthly intervals on 31 January and 31 July each year when interest is set at ½ per cent below LIBOR. The interest rate was 3.575 per cent during January 2003 and has been set at 3.38 per cent between 1 February and 31 July 2003.

Loan notes of £3.7 million issued as part of the consideration for the acquisition of the business of Broombys Limited, remain outstanding at 31 December 2002. Interest on these loan notes is determined at 6 monthly intervals on 31 January and 31 July each year when interest is set at base rate subject to a minimum of 6 per cent. The interest rate has been set at 6.0 per cent between 1 January 2003 and 30 June 2003.

£2.0 million of loan notes issued during the year in respect of the Joseph Sparks and Son Limited acquisition remain outstanding as of 31 December 2002. Interest is payable on 31 March each year at a rate of 0.5 per cent below base rates.

The weighted average fixed rate for 2003 is 5.7 per cent (2002: 5.7 per cent) and the weighted average period over which this rate applies is 11 months (2001: 1 year and 4 months).

(b) **Currency exposure**

As at 31 December 2002 and 31 December 2001, the group had no currency exposure, including hedging.

(c) **Maturity of financial liabilities**

	Bank loans and overdrafts		Other borrowings		Total	
	2002	2001	**2002**	2001	**2002**	2001
	£m	£m	**£m**	£m	**£m**	£m
(i) **The Group**						
Borrowings repayable:						
Within 1 year	**25.3**	50.1	**14.1**	13.0	**39.4**	63.1
More than 1 year but not more than 2 years	**80.0**	25.0	**0.3**	-	**80.3**	25.0
More than 2 years but not more than 5 years	**70.0**	75.0	-	-	**70.0**	75.0
Total borrowings	**175.3**	150.1	**14.4**	13.0	**189.7**	163.1

	Bank loans and overdrafts		Other borrowings		Total	
	2002	2001	**2002**	2001	**2002**	2001
	£m	£m	**£m**	£m	**£m**	£m
(ii) **The Company**						
Borrowings repayable:						
Within 1 year	**58.2**	50.0	**14.1**	12.8	**72.3**	62.8
More than 1 year but not more than 2 years	**80.0**	25.0	-	-	**80.0**	25.0
More than 2 years but not more than 5 years	**70.0**	75.0	-	-	**70.0**	75.0
Total borrowings	**208.2**	150.0	**14.1**	12.8	**222.3**	162.8

There are cross-guarantees on the overdrafts between group companies.

The loan notes of £8.4 million issued in 1999 can be redeemed on 1 January and 1 July each year, the final redemption date being 1 January 2010. The £3.7 million issued for the acquisition of the business of Broombys Limited are redeemable on 30 June and 31 December each year until the final redemption date of 30 June 2015. The loan notes of £2 million issued for the acquisition of Joseph Sparks and Son Limited are redeemable on 30 September each year with the final redemption date of 31 March 2005.

The principal bank loans, which are in the name of Travis Perkins plc, have been guaranteed by Travis Perkins Trading Company Limited, Travis Perkins (Properties) Limited and Keyline Builders Merchants Limited.

The finance leases are secured on the assets to which they relate.

(d) **Borrowing facilities**

The group has various undrawn borrowing facilities available at 31 December 2002 in respect of which all conditions had been met:

	Overdrafts	Committed	Total
Borrowings expiring:	£m	£m	£m
Within 1 year	**24.7**	**-**	**24.7**
More than 1 year and not more than 5 years	**-**	**50.0**	**50.0**
Total borrowings	**24.7**	**50.0**	**74.7**

The fair values of financial assets and financial liabilities are as follows :

	Book value		Fair value	
	2002	2001	**2002**	2001
	£m	£m	**£m**	£m
Cash at bank, in hand and deposits	**30.0**	37.0	**30.0**	37.0
Overdrafts	**(0.3)**	(0.1)	**(0.3)**	(0.1)
Loans (including finance leases)	**(175.3)**	(150.2)	**(175.3)**	(150.2)
Interest rate swaps	**-**	-	**(1.8)**	(1.8)
Loan notes	**(14.1)**	(12.8)	**(14.1)**	(12.8)
	(159.7)	(126.1)	**(161.5)**	(127.9)

Market value has been used to determine the fair value of the interest rate swaps.

The fair value of all other items has been calculated by discounting expected cash flows at prevailing rates at 31 December. There are no material differences between book and fair values on this basis.

21. CALLED UP SHARE CAPITAL	Authorised		Allotted	
Ordinary shares of 10p	No.	£m	No.	£m
At 1 January 2002	135,000,000	13.5	112,107,891	11.2
Allotted under share option schemes	-	-	524,127	0.1
At 31 December 2002	**135,000,000**	**13.5**	**112,632,018**	**11.3**

The net contribution received for the issue of shares during the year was £2.8 million.

Details of the share option schemes are given in the Remuneration Report on pages 22, 26 to 28.

22. RESERVES

(a) **The Group**

	Non-distributable revaluation reserve		Share premium account	Retained profits	Total reserves
	Investment property	Trading property			
	£m	£m	£m	£m	£m
At 1 January 2002 (as previously stated)	3.7	27.8	61.0	290.4	382.9
Prior period adjustment in respect of FRS 19	-	-	-	(7.3)	(7.3)
At 1 January 2002 as restated	3.7	27.8	61.0	283.1	375.6
Retained profit for the year	-	-	-	69.9	69.9
Actuarial loss recognised	-	-	-	(64.2)	(64.2)
Difference between depreciation of assets on a historical cost basis and on a revaluation basis	-	(0.4)	-	0.4	-
Revaluation of investment properties	0.1	-	-	-	0.1
Issue of shares	-	-	4.7	(2.0)	2.7
At 31 December 2002	**3.8**	**27.4**	**65.7**	**287.2**	**384.1**

	2002	2001 Restated
	£m	£m
Profit and loss account reserve excluding pension deficit	**373.0**	305.8
Pension deficit	**(85.8)**	(22.7)
Profit and loss account reserve including pension deficit	**287.2**	283.1

The prior period adjustment arose as a result of implementing FRS 19 – Deferred Tax for the first time. The principal effects have been to:

- decrease net assets at 1 January 2001 by £5.6 million;
- decrease net assets at 31 December 2001 by £7.3 million;
- decrease net assets at 31 December 2002 by £8.3 million;
- decrease profit after tax for 2001 by £1.7 million;
- decrease profit after tax for 2002 by £1.0 million.

The cumulative total of goodwill written off directly to reserves for acquisitions from 23 December 1989 to 31 December 1998 is £40.1 million. The aggregate information for the accounting periods prior to this period is not available.

(b) **The Company**

	Share premium account	Retained profits	Total reserves
	£m	£m	£m
At 1 January 2002	59.9	119.1	179.0
Retained profit for the year	-	13.9	13.9
Issue of shares	4.7	-	4.7
At 31 December 2002	**64.6**	**133.0**	**197.6**

23. PROFIT OF PARENT COMPANY

As permitted by s230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements.

	2002	2001
	£m	£m
Group profit dealt with in the parent company accounts:		
Trading loss	(7.3)	(7.1)
Group dividends receivable	43.1	50.8
	35.8	43.7
Dividends payable to shareholders	(21.9)	(19.3)
Retained profit for the year	13.9	24.4

24. OPERATING LEASE COMMITMENTS

At 31 December 2002, the group was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings		Other	
	2002	2001	2002	2001
Leases which expire:	£m	£m	£m	£m
Within 1 year	0.4	0.1	0.4	0.6
More than 1 year but not more than 2 years	0.2	0.5	0.4	1.0
More than 2 years but not more than 5 years	-	-	0.4	0.5
After 5 years	12.8	11.9	-	-
	13.4	12.5	1.2	2.1

25. CAPITAL COMMITMENTS

	The Group		The Company	
	2002	2001	2002	2001
	£m	£m	£m	£m
Contracted for but not provided in the accounts	7.9	2.6	-	-

26. RELATED PARTY TRANSACTIONS

Certain directors of the company have made purchases from group companies during the year. These transactions were on normal arms length terms at prices that were available to any member of staff. Total purchases did not exceed £1,500 for any individual director other than Mr. F. J. McKay (£4,095) and Mr. C. M. Fisher (£4,230) during the year ended 31 December 2002. The total balance outstanding at 31 December 2002 did not exceed £1,500 for any director, except for Mr. F. J. McKay (£1,895). The board of directors, excluding the relevant director in each case, are of the opinion that none of these transactions are material to either the company or the specific director in each case. In addition, interest of £47,326 was payable in respect of loan notes issued when Sharpe & Fisher plc was acquired, in which Mr. C. M. Fisher has an interest.

27. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2002	2001
	£m	£m
Operating profit after amortisation of goodwill	146.1	118.6
Depreciation charges	21.9	19.0
Amortisation of goodwill	12.1	10.5
Loss/(profit) on sale of fixed assets	0.3	(0.1)
(Increase)/decrease in stocks	(0.9)	10.8
Decrease/(increase) in debtors	4.2	(0.6)
(Decrease)/increase in creditors	(3.9)	8.7
Net cash inflow from operating activities	179.8	166.9

28. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2002 £m	2001 £m
(Decrease)/increase in cash in year	**(37.2)**	36.9
Cash (inflow from)/outflow to repay debt	**(24.3)**	28.4
Cash outflow to increase liquid resources	**30.0**	-
Change in net cash resulting from cash flows	**(31.5)**	65.3
Non-cash changes	**(2.1)**	-
Movement in net debt in year	**(33.6)**	65.3
Net debt at 1 January	**(126.1)**	(191.4)
Net debt at 31 December	**(159.7)**	(126.1)

29. ANALYSIS OF MOVEMENTS IN CASH, SHORT TERM DEPOSITS AND DEBT

	At 1 January 2001 £m	Cash flow £m	At 31 December 2001 £m	Cash flow £m	Other non-cash changes £m	**At 31 December 2002 £m**
Cash on call	9.8	27.2	37.0	(37.0)	-	-
Bank overdraft	(9.8)	9.7	(0.1)	(0.2)	-	**(0.3)**
	-	36.9	36.9	(37.2)	-	**(0.3)**
Short term deposits	-	-	-	30.0	-	**30.0**
Cash in balance sheet	-	36.9	36.9	(7.2)	-	**29.7**
Finance leases	(0.3)	0.1	(0.2)	-	(0.1)	**(0.3)**
Bank loan	(175.0)	25.0	(150.0)	(25.0)	-	**(175.0)**
Unsecured loan notes	(16.1)	3.3	(12.8)	0.7	(2.0)	**(14.1)**
Net (debt) / cash	(191.4)	65.3	(126.1)	(31.5)	(2.1)	**(159.7)**

Major non-cash changes in 2002 were in respect of loan notes issued, details of which can be found in note 30 and immaterial finance lease obligations owed by acquired businesses.

30. PURCHASE OF BUSINESS UNDERTAKINGS

During the year the group acquired 12 limited companies and the assets of 14 other businesses, details of which on an individual basis are not material to the financial statements.

All the acquisitions were accounted for using the acquisition method of accounting.

On acquisition, the value of the assets of each business have been reviewed and where appropriate, been revalued to their fair values based on either an independent valuation or a value based on group accounting policies. These fair value and accounting policy alignments that are included below are based on the best information available currently and as such are provisional for all businesses acquired during the year ended 31 December 2002. Further adjustments may be necessary during 2003 when additional information is available.

	2002			2001
Net assets acquired	**Book value acquired £m**	**Fair value adjustments £m**	**Fair value acquired £m**	Fair value acquired £m
Tangible fixed assets	**20.1**	**(0.1)**	**20.0**	3.6
Stock	**18.5**	**-**	**18.5**	2.9
Debtors	**38.9**	**-**	**38.9**	3.2
Cash	**1.4**	**-**	**1.4**	0.2
Creditors	**(36.3)**	**-**	**(36.3)**	(0.7)
Taxation	**(1.7)**	**-**	**(1.7)**	-
Bank overdrafts and loans	**(9.6)**	**-**	**(9.6)**	(0.1)
Deferred tax	**(0.4)**	**(0.2)**	**(0.6)**	-
	30.9	**(0.3)**	**30.6**	9.1
Goodwill			**74.7**	6.0
			105.3	15.1
Satisfied by:				
Cash			**103.3**	15.1
Loan notes			**2.0**	-
			105.3	15.1

	Fair value acquired	**Goodwill**	**Total consideration**	**Loan notes**	**Cash paid**
	£m	£m	£m	£m	£m
City Plumbing	7.0	31.6	38.6	-	38.6
CCF	10.9	27.7	38.6	-	38.6
Other	12.7	15.4	28.1	(2.0)	26.1
	30.6	**74.7**	**105.3**	**(2.0)**	**103.3**

With the exception of Commercial Ceiling Factors Limited ("CCF") and City Plumbing Supplies Holdings Limited ("City") which remain trading, on the day following completion, the trade and assets of each acquired company were transferred into Travis Perkins Trading Company Limited. The acquired subsidiary companies are now dormant.

The individual results and cash flow effects of these businesses are not sufficiently material to warrant separate disclosure. With the exception of CCF and City the acquired branches have now been fully integrated into Travis Perkins Trading Company Limited's accounting systems. As such, the directors are unable to calculate meaningful cash flow effects of each of the other acquired business' for the period of Travis Perkins' ownership without incurring undue expense and delay. The cashflow effects of CCF and City are not considered material.

For the year ended 31 August 2002 CCF's profit after tax was £3.1 million. For the period from 1 September 2002 to the date of acquisition on 2 October 2002, CCF's profit after tax was £0.2 million.

For the year ended 31 December 2001 City's profit after tax was £2.1 million. For the period from 1 January 2002 to the date of acquisition on 1 July 2002, City's profit after tax was £1.7 million.

31. FREE CASH FLOW	2002	2001
Like-for-like free cash flow as referred to in the finance director's report, is derived as follows:	**£m**	£m
Net debt at 1 January	**(126.1)**	(191.4)
Net debt at 31 December	**(159.7)**	(126.1)
Movement in net debt in year	**(33.6)**	65.3
Net cash outflow for capital expenditure	**31.6**	24.2
Net cash outflow for acquisitions	**111.5**	16.1
Loan notes issued for acquisitions	**2.0**	-
Free cash flow included in financial statements	**111.5**	105.6
Adjustment in respect of creditors paid in advance of their normal due payment date	**16.6**	-
Like-for-like free cash flow	**128.1**	105.6

32. RETURN ON EQUITY	2002	2002	2001	2001
Return on equity, as referred to in the finance director's is derived as follows:	**£m**	**£m**	£m	Restated £m
Profit on ordinary activities before taxation and goodwill amortisation		**149.7**		121.0
Closing net assets	**395.4**		386.8	
Pension deficit	**85.8**		22.7	
Closing goodwill written off	**77.4**		65.3	
	558.6		474.8	
Opening net assets	**386.8**		358.7	
Pension deficit/(surplus)	**22.7**		(2.3)	
Opening goodwill written off	**65.3**		54.8	
	474.8		411.2	
Average net assets		**516.7**		443.0
Return on equity		**29.0%**		27.3%

FIVE YEAR RECORD OF GROUP RESULTS

For the years ended 31 December

The profit and loss accounts for 2000 to 2002 reflect the effect of implementing FRS17 during 2001. The information for prior periods has not been restated. All years have been restated to reflect the effect of FRS 19.

PROFIT AND LOSS ACCOUNT	2002	2001	2000	1999	1998
	£m	£m	£m	£m	£m
Turnover	**1,417.5**	1,279.3	1,181.2	874.3	623.1
Operating profit before reorganisation and amortisation of goodwill	**158.2**	129.1	113.2	90.4	61.8
Reorganisation costs	-	-	(5.0)	(6.6)	(3.2)
Amortisation of goodwill	**(12.1)**	(10.5)	(10.0)	(4.2)	(0.5)
Operating profit after reorganisation costs and amortisation of goodwill	**146.1**	118.6	98.2	79.6	58.1
Profit on sale of properties	**1.2**	1.4	0.3	0.6	0.9
Net interest (payable) / receivable	**(8.9)**	(10.7)	(12.7)	(5.0)	1.5
Other finance (expenditure)/ income	**(0.8)**	1.2	1.6	-	-
Profit on ordinary activities before taxation	**137.6**	110.5	87.4	75.2	60.5
Tax on profit on ordinary activities	**(45.8)**	(35.5)	(27.8)	(22.8)	(18.8)
Profit on ordinary activities after taxation	**91.8**	75.0	59.6	52.4	41.7
Return on equity[1]	**29.0%**	27.3%	26.5%	27.6%	25.9%

[1] Return on equity is calculated as: profit on ordinary activities before amortisation of goodwill and before taxation, divided by the weighted average of net total assets excluding the pension scheme deficit/surplus together with cumulative goodwill previously written off. This is shown in note 32 to the financial statements.

CASH FLOW STATEMENT	2002	2001	2000	1999	1998
	£m	£m	£m	£m	£m
Net cash inflow from operating activities	**179.8**	166.9	104.7	106.6	66.4
Net cash (outflow) / inflow for returns on investments and servicing of finance	**(8.3)**	(13.7)	(10.2)	(3.9)	1.5
UK corporation tax paid	**(42.7)**	(34.7)	(26.3)	(24.6)	(14.7)
Net cash outflow for capital expenditure and financial investment	**(31.6)**	(24.2)	(32.7)	(15.6)	(10.7)
Net cash outflow for acquisitions	**(111.5)**	(16.1)	(23.8)	(251.8)	(29.4)
Equity dividends paid	**(20.0)**	(17.8)	(15.8)	(13.1)	(12.1)
Issue of ordinary share capital	**2.8**	4.9	1.1	1.5	0.5
Increase in finance leases	**(0.1)**	-	(0.3)	-	(0.6)
Increase in debt due to issue of loan notes	**(2.0)**	-	(6.5)	(11.8)	-
(Decrease)/increase in cash balances	**(33.6)**	65.3	(9.8)	(212.7)	0.9
Net (debt) / cash at 1 January	**(126.1)**	(191.4)	(181.6)	31.1	30.2
Net (debt) / cash at 31 December	**(159.7)**	(126.1)	(191.4)	(181.6)	31.1

The profit and loss accounts for 2000 to 2002 and the balance sheets for 2000 to 2002 reflect the effect of implementing FRS17 during 2001. The information for prior periods has not been restated. All years have been restated for the effects of implementing FRS19.

	2002	2001	2000	1999	1998
	£m	£m	£m	£m	£m
Number of branches at 31 December	**610**	502	473	454	289
Average number of employees	**8,497**	7,892	7,576	5,830	4,424
Earnings per ordinary share (pence)					
Basic	**81.9p**	67.3p	53.8p	49.8p	39.8p
Adjusted	**91.6p**	75.5p	65.7p	57.6p	41.6p
Dividend per ordinary share (pence)	**19.5p**	17.2p	15.3p	13.7p	12.1p

BALANCE SHEET	**2002**	2001	2000	1999	1998
	£m	£m	£m	£m	£m
Tangible fixed assets	**258.2**	226.4	215.8	194.2	96.3
Intangible fixed assets – goodwill	**249.9**	187.3	191.7	180.6	12.9
Investments	**4.6**	4.9	5.2	4.0	3.4
	512.7	418.6	412.7	378.8	112.6
Stocks	**152.1**	132.7	140.6	127.8	82.9
Debtors	**250.4**	215.7	211.9	205.5	111.3
Properties held for resale	**1.0**	1.8	1.5	0.3	0.6
Cash at bank, in hand and deposits	**30.0**	37.0	9.8	17.0	31.7
Creditors: amounts falling due within one year	**(300.6)**	(287.4)	(263.3)	(227.3)	(122.5)
Net current assets	**132.9**	99.8	100.5	123.3	104.0
Total assets less current liabilities	**645.6**	518.4	513.2	502.1	216.6
Creditors: amounts due after more than one year	**(150.3)**	(100.0)	(150.0)	(185.1)	(0.2)
Provisions for liabilities and charges	**(14.1)**	(8.9)	(5.7)	(7.7)	(6.5)
Pension (deficit)/asset	**(85.8)**	(22.7)	2.3	-	-
	395.4	386.8	359.8	309.3	209.9
Capital employed					
Called up share capital	**11.3**	11.2	11.1	11.1	10.5
Reserves	**384.1**	375.6	347.6	297.1	199.4
Total equity shareholders' funds	**395.4**	386.8	358.7	308.2	209.9
Minority interests - non equity	**-**	-	1.1	1.1	-
	395.4	386.8	359.8	309.3	209.9

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the thirty ninth Annual General Meeting of Travis Perkins plc will be held at Lord's Conference and Banqueting Centre, St. John's Wood Road, London NW8 8QN on Friday 2 May 2003 at 11.45 a.m. for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the financial statements for the year ended 31 December 2002 together with the directors' report, the directors' remuneration report, the auditors' report on those accounts and on the auditable part of the directors' remuneration report.
2. To declare a final dividend.
3. To re-elect, pursuant to Article 75 of the Company's Articles of Association, Mr. E. C. Adams who is retiring by rotation. Biographical details of Mr. Adams appear on page 16.
4. To re-elect, pursuant to Article 75 of the Company's Articles of Association, Mr. M. B. Dearden who is retiring by rotation. Biographical details of Mr. Dearden appear on page 16.
5. To re-elect, pursuant to Article 75 of the Company's Articles of Association, Mr. P. J. Maydon who is retiring by rotation. Biographical details of Mr. Maydon appear on page 16.
6. To re-appoint Deloitte & Touche, Chartered Accountants, as auditors of the Company to hold office until the conclusion of the next Annual General Meeting and to authorise the directors to determine their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, to pass resolutions 7 and 8 as Ordinary Resolutions and the remainder as Special Resolutions.

7. That the directors' remuneration report for the financial year ended 31 December 2002 set out on pages 21 to 28 be approved.
8. That the authority conferred on the directors by Article 4(B) of the Company's Articles of Association be renewed for the period expiring fifteen months after the date of the passing of this resolution or, if earlier, at the conclusion of the next Annual General Meeting and for that period the "section 80 amount" is £2,232,216.
9. That, subject to the passing of Resolution 8, the power conferred on the directors by Article 4(C) of the Company's Articles of Association be renewed for the period expiring fifteen months after the date of the passing of this resolution or, if earlier, at the conclusion of the next Annual General Meeting and for that period the "section 89 amount" is £563,389.
10. That the Company be and is hereby generally and unconditionally authorised to make one or more market purchases (within the meaning of section 163(3) of the Companies Act 1985) of ordinary shares of 10 pence each in the capital of the Company ("ordinary shares"), provided that:
    (a) the maximum aggregate number of ordinary shares authorised to be purchased is 11,267,784 (representing 10 per cent of the issued ordinary share capital of the Company as at 7 March 2003);
    (b) the minimum price which may be paid for an ordinary share is 10 pence, exclusive of expenses;
    (c) the maximum price which may be paid for an ordinary share is an amount equal to 105 per cent of the average of the middle market quotations for an ordinary share as derived from The London Stock Exchange Daily Official List for each of the five business days immediately preceding the day on which that ordinary share is purchased, exclusive of expenses;
    (d) this authority expires at the conclusion of the next Annual General Meeting of the Company or the date fifteen months from the date of passing of this resolution, whichever is the earlier; and
    (e) the Company may make a contract to purchase ordinary shares under this authority before the expiry of such authority, which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of ordinary shares pursuant to any such contract.

By order of the board,

A. S. Pike *Secretary*

Lodge Way House, Harlestone Road, Northampton, NN5 7UG

Registered in England No. 824821

7 March 2003

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

1. A Member entitled to attend and vote at the Annual General Meeting may appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a Member. The appointment of a proxy does not preclude a Member from attending the Meeting and voting in person, in which case any votes of the proxy will be superseded.

2. To be effective, the instrument appointing a proxy and (in the case of an instrument signed by an agent of a Member who is not a corporation) the authority under which such instrument is signed or an office copy or duly signed copy thereof must be deposited at the office of the Company's Registrar, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, not less than 48 hours before the time appointed for the above meeting or any adjournment thereof.

3. Pursuant to Regulation 41 of the Uncertified Securities Regulations 2001, the Company specifies that only those shareholders registered in the Register of Members of the Company at the close of business on Wednesday 30 April 2003 shall be entitled to attend or vote at the Meeting in respect of the number of shares registered in their names at that time. Changes to entries on the Register of Members after that time shall be disregarded in *determining the rights of any person to attend or vote at the Meeting.*

4. Copies of contracts of service of directors with the Company, or with any of its subsidiary companies, will be available for inspection at the Registered Office of the Company during usual business hours on any weekday (public holidays excluded) from the date of this Notice to the date of the Meeting and at Lord's Conference and Banqueting Centre from 11.15am on the day of the meeting until the conclusion of the Meeting.

5. The register of directors' shareholdings and transactions will be available for reference at Lord's Conference and Banqueting Centre from 11.15am on the day of the meeting until the conclusion of the Meeting.

OTHER SHAREHOLDER INFORMATION

FINANCIAL DIARY

Annual General Meeting	2 May 2003
Payment of final dividend	16 May 2003
Announcement of interim results	8 September 2003
Payment of interim dividend	1 November 2003
Announcement of 2003 annual results	March 2004

LOW COST POSTAL DEALING SERVICE

HSBC Stockbrokers offer a low cost dealing service for our shareholders, dedicated to the trading of shares in Travis Perkins plc. Further details may be obtained from the company secretary at the company's Registered Office (e-mail: cosec@travisperkins.co.uk).

INTERNET

There are sites on the internet that carry information about the principal brands of the company at the following addresses:

www.travisperkins.co.uk

www.keyline.co.uk

www.tpph.com

www.toolmart.co.uk

www.cityplumbing.co.uk

www.ccfltd.co.uk

www.gardendimensions.co.uk

www.buildthedream.co.uk

These sites include information about all branch locations and allow access to prices of the product range available. Customers are also able to construct their own price quotation that includes any special price arrangements that have been negotiated with the company.

REGISTRARS ON-LINE SERVICE:

By logging on to www.capitaregistrars.com and clicking 'shareholder help', shareholders can now view and amend various details of their account.