

## Financial statements

### Financial statements

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# Independent Auditor's report

to the members of Travis Perkins plc

## 1. Our opinion is unmodified

We have audited the financial statements of Travis Perkins plc ("the Company") for the year ended 31 December 2023 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statements of Changes in Equity, the Consolidated Cash Flow Statement, and the related notes, including the accounting policies.

### In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the shareholders on 28 May 2015. The period of total uninterrupted engagement is for the nine financial years ended 31 December 2023. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

### Overview

<b>Materiality:</b> group financial statements as a whole	£10.0m (2022: £11.5m) 4.4% (2022: 4.7%) of normalised Group profit before tax from continuing operations*
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<b>Coverage</b>	88% (2022: 89%) of normalised Group profit before tax from continuing operations*
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### Key audit matters vs 2022

<b>Recurring risks</b>	Accounting for inventory	◀▶
	Gross defined benefit obligations	◀▶
	<b>Parent Company's key audit matter:</b> Recoverability of parent Company's investment in subsidiaries	◀▶

\* In 2022 our materiality was based on Group profit before tax

## 2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters (unchanged from 2022), in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

The Risk	Our response
<p><b>Accounting for inventory</b> (£728 million; 2022: £728 million)</p> <p>Refer to page 101 (Audit Committee Report) and page 164 (accounting policy and financial disclosures).</p>	<p><b>Accounting for inventory (quantities, cost and deferral of rebates into inventory)</b></p> <p>The Group holds a significant amount of inventory across its large branch network and a number of warehouses. The Group's inventory is comprised of a very large number of products, typically held in large quantities, with high inventory turns. The Group conducts periodic inventory counts and updates its inventory records to reflect the results of the counts, recognising a shrinkage provision to cater for an estimate of inventory losses between the count dates and the year-end. Cost is based on a weighted average purchase price, net of applicable rebates, plus attributable overhead.</p> <p>The determination of cost is made more difficult by the ageing accounting systems. Whilst inventory is not considered to represent a significant risk of material misstatement, it is one of the matters that has the greatest effect on our overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team in order to conclude.</p>
<p><b>Gross defined benefit obligations</b> (£996 million; 2022: £962 million)</p> <p>Refer to page 101 (Audit Committee Report) and page 169 (accounting policy and financial disclosures).</p>	<p><b>Subjective valuation:</b></p> <p>Small changes in the assumptions and estimates used to value the Group's defined benefit obligations (before deducting scheme assets) would have a significant effect on the Group's net pension position. The effect of these matters is that, as part of our risk assessment, we determined that the valuation of the gross defined benefit obligations has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (note 17) disclose the sensitivity estimated by the Group.</p>
	<p>We performed the detailed tests below rather than seeking to rely on any of the Group's controls because our knowledge of the design and implementation of these controls indicated that we would not be able to obtain the required evidence to support reliance on controls.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• <b>Tests of detail:</b> We counted a sample of inventory lines across a sample of the Group's branches and warehouses and compared the results of our counts to the Group's inventory records. Where our counts were performed prior to or just after the year-end date, we obtained evidence for any significant movements in inventory quantities to the year-end date.</li> </ul> <p>We evaluated the results of our count procedures using statistical routines.</p> <ul style="list-style-type: none"> <li>• <b>Independent reperformance:</b> We recalculated the net purchase prices attributed to a sample of individual inventory lines and rebates deferred into inventory using a combination of data analytics and substantive tests of detail.</li> </ul> <p><b>Our results:</b></p> <ul style="list-style-type: none"> <li>• We found the accounting for inventory to be acceptable (2022: acceptable).</li> </ul>
	<p>We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• <b>Benchmarking assumptions:</b> We challenged, with the support of our own actuarial specialists, the key assumptions applied, being the discount rate, inflation rate and mortality/life expectancy by comparing them to externally derived data.</li> <li>• <b>Assessing transparency:</b> We considered the adequacy of the Group's disclosures in respect of the sensitivity of the defined benefit obligations to these assumptions.</li> </ul> <p><b>Our results:</b></p> <ul style="list-style-type: none"> <li>• We found the valuation of the pension obligations to be acceptable (2022: acceptable).</li> </ul>

The Risk	Our response
<p><b>Recoverability of Parent Company's investment in subsidiaries</b> (£1,922 million; 2022: £1,869 million)</p> <p><i>Refer to page 194 (accounting policy and financial disclosures).</i></p>	<p><b>Low risk, high value</b> The carrying amount of the Parent Company's investments in subsidiaries represents 72% (2022: 74%) of the Parent Company's total assets.</p> <p>Their recoverability is not at a high risk of significant misstatement or subject to significant judgement.</p> <p>However, due to their materiality in the context of the Parent Company financial statements, this is considered to be the area that had the greatest effect on our overall Parent Company audit.</p>
	<p>We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• <b>Tests of detail:</b> We compared the carrying amount of 100% of investments with the relevant subsidiaries' draft balance sheet in addition to the carrying value of the cash generating units that these investments represent.</li> <li>• <b>Assessing subsidiary audits:</b> We assessed the work performed by the subsidiary audit teams on in scope subsidiaries and considered the results of that work on those subsidiaries' profits and net assets.</li> <li>• <b>Comparing valuations:</b> For the investments where the carrying amount exceeded the net asset value, we compared the carrying amount of the investment with the expected value of the business based on a suitable multiple of the subsidiaries' profit.</li> </ul> <p><b>Our results:</b> We found the balance of the Company's investments in subsidiaries and the related impairment charge to be acceptable (2022: acceptable).</p>

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

Materiality for the Group financial statements as a whole was set at £10.0m (2022: £11.5m), determined with reference to a benchmark of normalised Group profit before tax from continuing operations (2022: Group profit before tax) of £229m (2022: 245m).

We normalised Group profit before tax from continuing operations by adding back adjustments that do not represent the normal, continuing operations of the Group and by averaging over 3 years. The items we adjusted for were Administrative expenses – adjusting items (2022: not applicable) disclosed in note 3. We selected 3 years (2022: not applicable) to average profit before tax from continuing operations to account for the fluctuations in the business Group's performance due to the downturn in performance due high interest rates resulting in low levels of newbuild housing and the impact that this has had on sales and overall profitability of the Group.

Materiality for the Parent Company financial statements as a whole was set at £8.0m (2022: £8.0m), determined with reference to a benchmark of the Parent Company total assets, of which it represents 0.3% (2022: 0.3%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 65% (2022: 65%) of materiality for the financial statements as a whole, which equates to £6.5m (2022: £7.5m) for the Group and £5.2m (2022: £5.2m) for the Parent Company. We applied this percentage in our determination of performance materiality based on the level of identified misstatements in prior periods and our knowledge of the Group's legacy IT environment.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.4m (2022: £0.5m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 29 (2022: 29) reporting components, we subjected 8 (2022: 7) to full scope audits for group purposes. The components within the scope of our work accounted for the percentages illustrated opposite. The remaining 5% (2022: 5%) of total Group revenue, 12% (2022: 11%) of the total profits and losses that made up the Group profit before tax and 13% (2022: 7%) of total Group assets is represented by 21 (2022: 22) reporting components, none of which individually represented more than 5% (2022: 3%) of any of total Group revenue, the total profits and losses that made up the Group profit before tax or total group assets. For these components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

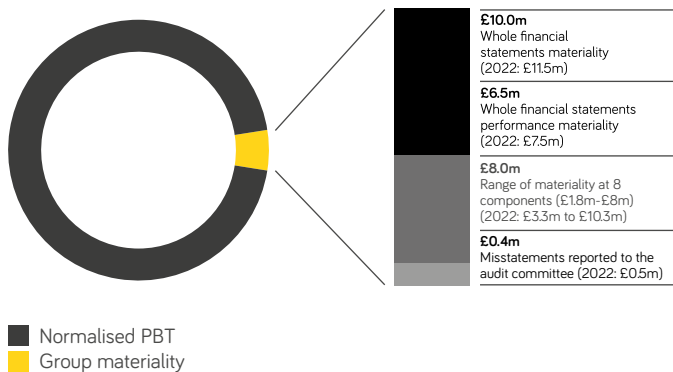
The Group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group team approved the component materialities, which ranged from £1.8m to £8.0m (2022: £3.3m to £10.3m), having regard to the mix of size and risk profile of the Group across the components. The work on 3 of the 8 components (2022: 2 of the 7 components) was performed by component auditors and the rest, including the audit of the Parent Company, was performed by the Group team. The group team performed procedures on the items excluded from normalised group profit before tax.

The scope of the audit work performed was predominantly substantive as we placed limited reliance upon the Group's internal control over financial reporting.

The Group team visited 3 (2022: 2) component locations in the UK and France (2022: all in the UK) to assess the audit risk and strategy. Video and telephone conference meetings were also held with these component auditors. At these visits and meetings, the findings reported to the Group team were discussed in more detail, and any further work required by the Group team was then performed by the component auditor.

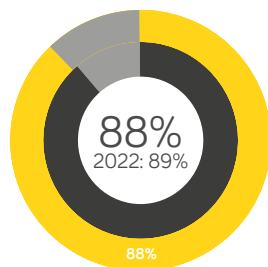
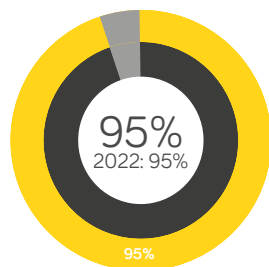
**Normalised group profit before tax**  
£229m (2022: £245m)

**Group materiality**  
£10.0m (2022: £11.5m)

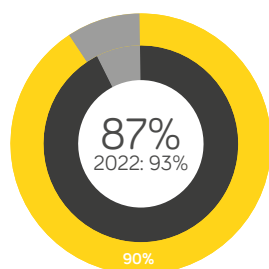


**Normalised absolute profits and losses before adjusting items and tax from continuing operations**

**Group revenue**



**Group total assets**



- Full scope for group audit purposes 2023
- Full scope for group audit purposes 2022
- Residual components

\* In 2022 our materiality was based on Group profit before tax from continuing operations, excluding adjusting items.

#### 4. The impact of climate change on our audit

We have considered the potential impacts of climate change on the financial statements as part of planning our audit.

As the Group has set out on page 79, climate change has the potential to significantly impact the construction sector during the transition to a low carbon environment. The Group has stated their commitment to help the industry to decarbonise and has set out its own commitments to reduce carbon.

The areas of financial statements that are most likely to be potentially affected by climate related changes and initiatives are balances subject to forward looking assessments such as those subject to impairment tests and those being depreciated or amortised over an estimated useful life of assets. The Group considered the impact of climate change and the Group's targets in the preparation of the financial statements, as described on page 143 in relation to the estimated useful economic life of property, plant and equipment and page 166 in relation to impairment.

We performed a risk assessment, taking into account climate change risks and the commitments made by the Group. This included enquiries of key personnel and those charged with governance, consideration of the Group's processes for assessing the potential impact of climate change risk on the Group's financial statements, assessing the TCFD scenario analysis performed by the Group and reading the Group's Carbon Disclosure Project submission.

We held discussions with our own climate change professionals to challenge our risk assessment.

Based on our risk assessment we determined that, taking into account the extent of headroom on goodwill and the nature and estimated useful economic life of property, plant and equipment, there are no significant risks of material misstatement in relation to climate change.

Therefore, we assessed that there is not a significant impact on our audit for this financial year.

There was no impact of climate change on our key audit matters included in section 2.

We have read the Group's disclosure of climate related information in the front half of the annual report as set out on pages 50 to 61 and considered consistency with the financial statements and our audit knowledge.

## 5. Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the uncertain economic environment to identify the inherent risks to the Group's business model and analysed how those risks might affect the Group's and Parent Company's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to adversely affect the Group's and parent Company's available financial resources and metrics relevant to debt covenants over this period was adverse macroeconomic conditions resulting in lower than expected trading volumes.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources and covenants indicated by the Group's financial forecasts.

Our procedures also included:

- Evaluating how the Group's risk assessment process identifies business risks relating to events and conditions that may cast significant doubt on the ability to continue as a going concern and evaluating the models the Group uses in its assessment.
- Critically assessing the assumptions in the base case and downside scenarios relevant to liquidity and covenant metrics and the impacts of historical trends in severe economic situations and overlaying knowledge of the entity's plans based on approved budgets and our knowledge of the entity and the sector in which it operates.
- Challenged the reasonableness of the Group's budgets and forecasts and evaluated whether the growth targets are within a reasonable range.
- We considered whether the going concern disclosure in the 'General Information' section in the notes to the financial statements set out on page 133 gives a full and accurate description of the directors' assessment of going concern, including the identified risks and dependencies.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the directors' statement in the 'General Information' section on page 133 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period, and we found the going concern disclosure in the notes to be acceptable; and

- the related statement under the Listing Rules set out on page 89 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

## 6. Fraud and breaches of laws and regulations – ability to detect

### Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.

Our risk assessment procedures included:

- Enquiring of directors, the audit committee and internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board, audit committee, remuneration committee and nomination committee minutes.
- Considering remuneration incentive schemes and performance targets for Directors.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group audit team to component audit teams of relevant fraud risks identified at the Group level and request to component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at the Group level.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls, in particular the risk that Group and component management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because sales are individually low value (high volume) across a high number of independently managed branches and there is no judgement in applying the revenue recognition criteria.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.
- Evaluated the business purpose of significant unusual transactions.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.



### Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group audit team to component audit teams of relevant laws and regulations identified at the Group level, and a request for component auditors to report to the Group audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation and pensions legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, climate change, responsible sourcing and import compliance. Auditing standards limit the required audit procedures to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

### Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### 7. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

#### Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

#### Directors' remuneration report

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

#### Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the Viability assessment on page 74 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the directors' explanation in the Viability assessment of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the viability statement, set out on page 74 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

## 7. We have nothing to report on the other information in the Annual Report continued

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

### Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

## 8. We have nothing to report on the other matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

## 9. Respective responsibilities

### Directors' responsibilities

As explained more fully in their statement set out on page 119, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

The Company is required to include these financial statements in an annual financial report prepared under Disclosure Guidance and Transparency Rule 4.1.17R and 4.1.18R. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

## 10. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### James Tracey (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

12 March 2024



# Consolidated income statement

For the year ended 31 December 2023

£m	Notes	2023	2022
Revenue	1	<b>4,861.9</b>	4,994.8
Gross profit		<b>1,305.1</b>	1,384.7
Charge for impairment losses for trade receivables	13	<b>(16.8)</b>	(11.0)
Selling and distribution		<b>(835.0)</b>	(805.4)
Administrative expenses – other		<b>(297.1)</b>	(314.0)
Profit on disposal of properties		<b>15.1</b>	25.3
Other operating income	4	<b>9.1</b>	15.7
Adjusted operating profit		<b>180.4</b>	295.3
Administrative expenses – adjusting items	3	<b>(60.0)</b>	-
Administrative expenses – amortisation of acquired intangible assets		<b>(10.5)</b>	(10.5)
Operating profit	2	<b>109.9</b>	284.8
Interest on lease liabilities	6	<b>(26.2)</b>	(21.5)
Other finance costs	6	<b>(25.8)</b>	(27.5)
Finance income	6	<b>12.1</b>	9.2
Profit before tax		<b>70.0</b>	245.0
Tax	7	<b>(31.9)</b>	(52.8)
Profit for the year		<b>38.1</b>	192.2

All profit for the year is attributable to the owners of the Company.

Earnings per share:	Notes	2023	2022
Adjusted basic earnings	19	<b>45.7p</b>	94.6p
Adjusted diluted earnings	19	<b>45.0p</b>	92.9p
Basic earnings	19	<b>18.1p</b>	90.8p
Diluted earnings	19	<b>17.8p</b>	89.2p

The accompanying notes form an integral part of these financial statements.

# Consolidated statement of comprehensive income

For the year ended 31 December 2023

£m	Notes	2023	2022
Profit for the year		<b>38.1</b>	192.2
Items that will not be reclassified subsequently to profit and loss:			
Actuarial loss on defined benefit pension schemes	17	<b>(41.0)</b>	(145.3)
Income tax relating to other comprehensive income	7	<b>10.2</b>	36.3
Items that may be reclassified subsequently to profit and loss:			
Foreign exchange differences on retranslation of foreign operations		<b>(1.2)</b>	5.5
Fair value (loss)/gain on cash flow hedges	26	<b>(1.4)</b>	4.3
Deferred tax on cash flow hedges	7	<b>0.4</b>	(1.1)
Total other comprehensive loss for the year net of tax		<b>(33.0)</b>	(100.3)
Total comprehensive income for the year		<b>5.1</b>	91.9

All other comprehensive income is attributable to the owners of the Company.

# Consolidated balance sheet

As at 31 December 2023

£m	Notes	2023	2022
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	8	847.9	859.0
Other intangible assets	8	99.9	115.9
Property, plant and equipment	9	848.4	847.3
Right-of-use assets	10	530.4	451.7
Long-term prepayments and other receivables	13	14.2	17.2
Deferred tax asset	15	18.0	15.0
Derivative financial instruments	27	2.9	4.3
Retirement benefit asset	17	100.6	135.9
<b>Total non-current assets</b>		<b>2,462.3</b>	<b>2,446.3</b>
<b>Current assets</b>			
Inventories	11	727.6	727.8
Trade and other receivables	13	689.6	725.9
Tax debtor		14.5	0.7
Cash and cash equivalents, excluding bank overdrafts	22	131.5	235.7
<b>Total current assets</b>		<b>1,563.2</b>	<b>1,690.1</b>
<b>Total assets</b>		<b>4,025.5</b>	<b>4,136.4</b>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Issued share capital		23.8	23.8
Share premium account		545.6	545.6
Cash flow hedge reserve	26	2.9	4.3
Merger reserve		326.5	326.5
Revaluation reserve		10.8	12.1
Own shares		(14.1)	(34.3)
Foreign exchange reserve		8.4	9.6
Other reserves		1.4	1.4
Retained earnings		1,135.0	1,213.2
<b>Total equity</b>	18	<b>2,040.3</b>	<b>2,102.2</b>
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	21	445.1	349.1
Lease liabilities	10	518.8	438.3
Deferred tax liabilities	15	92.8	96.0
Long-term provisions	14	3.8	4.9
<b>Total non-current liabilities</b>		<b>1,060.5</b>	<b>888.3</b>
<b>Current liabilities</b>			
Interest-bearing loans and borrowings	21	-	192.5
Lease liabilities	10	89.6	74.3
Derivative financial instruments	27	0.4	0.2
Trade and other payables	16	795.4	852.4
Short-term provisions	14	39.3	26.5
<b>Total current liabilities</b>		<b>924.7</b>	<b>1,145.9</b>
<b>Total liabilities</b>		<b>1,985.2</b>	<b>2,034.2</b>
<b>Total equity and liabilities</b>		<b>4,025.5</b>	<b>4,136.4</b>

The financial statements of Travis Perkins plc, registered number 824821, were approved by the Board of Directors on 11 March 2024 and signed on its behalf by:

**Nick Roberts**  
Director

**Duncan Cooper**  
Director

# Consolidated statement of changes in equity

For the year ended 31 December 2023

£m	Share capital	Share premium	Cash flow hedge reserve	Merger reserve	Revaluation reserve	Own shares – treasury	Own shares – ESOT	Foreign exchange reserve	Other	Retained earnings	Total equity
At 1 January 2022	25.2	545.6	-	326.5	10.5	(53.8)	(7.6)	4.1	-	1,387.3	<b>2,237.8</b>
Profit for the year	-	-	-	-	-	-	-	-	-	192.2	<b>192.2</b>
Other comprehensive income for the year net of tax	-	-	4.3	-	-	-	-	5.5	-	(110.1)	<b>(100.3)</b>
Total comprehensive income for the year	-	-	4.3	-	-	-	-	5.5	-	82.1	<b>91.9</b>
Dividends paid	-	-	-	-	-	-	-	-	-	(81.7)	<b>(81.7)</b>
Adjustments in respect of revalued fixed assets	-	-	-	-	(1.1)	-	-	-	-	1.1	<b>-</b>
Shares purchased in share buyback	-	-	-	-	-	(125.5)	(46.6)	-	-	-	<b>(172.1)</b>
Sale of own shares	-	-	-	-	-	-	3.8	-	-	-	<b>3.8</b>
Own shares movement	-	-	-	-	-	-	16.1	-	-	(16.1)	<b>-</b>
Cancelled shares	(1.4)	-	-	-	-	179.3	-	-	1.4	(179.3)	<b>-</b>
Equity-settled share-based payments net of tax	-	-	-	-	-	-	-	-	-	14.7	<b>14.7</b>
Tax on revalued assets	-	-	-	-	2.7	-	-	-	-	5.1	<b>7.8</b>
At 1 January 2023	23.8	545.6	4.3	326.5	12.1	-	(34.3)	9.6	1.4	1,213.2	<b>2,102.2</b>
Profit for the year	-	-	-	-	-	-	-	-	-	38.1	<b>38.1</b>
Other comprehensive income for the year net of tax	-	-	(1.4)	-	-	-	-	(1.2)	-	(30.4)	<b>(33.0)</b>
Total comprehensive income for the year	-	-	(1.4)	-	-	-	-	(1.2)	-	7.7	<b>5.1</b>
Dividends paid	-	-	-	-	-	-	-	-	-	(82.1)	<b>(82.1)</b>
Adjustments in respect of revalued fixed assets	-	-	-	-	(1.3)	-	-	-	-	1.3	<b>-</b>
Own shares movement	-	-	-	-	-	-	20.2	-	-	(20.2)	<b>-</b>
Equity-settled share-based payments net of tax	-	-	-	-	-	-	-	-	-	14.6	<b>14.6</b>
Tax on revalued assets	-	-	-	-	-	-	-	-	-	0.5	<b>0.5</b>
At 31 December 2023	23.8	545.6	2.9	326.5	10.8	-	(14.1)	8.4	1.4	1,135.0	<b>2,040.3</b>

# Consolidated cash flow statement

For the year ended 31 December 2023

£m	2023	2022
<b>Cash flows from operating activities</b>		
<b>Operating profit</b>	<b>109.9</b>	284.8
Adjustments for:		
Depreciation of property, plant and equipment	80.3	73.6
Depreciation of right-of-use assets	91.1	79.0
Amortisation of other intangibles	4.6	6.5
Amortisation of acquisition-related intangibles	10.5	10.5
Share-based payments	14.6	17.0
Gain on disposal of property, plant and equipment	(15.1)	(25.3)
Purchase of tool hire assets	(7.8)	(8.9)
Decrease/(increase) in inventories	0.2	(3.4)
Decrease/(increase) in receivables	36.3	(19.2)
(Decrease) in payables	(58.7)	(53.9)
Adjusting items payments less than / (greater than) the charge	49.5	(7.2)
<b>Cash generated from operations</b>	<b>315.4</b>	353.5
Interest paid and debt arrangement fees	(31.0)	(18.3)
Interest on lease liabilities	(26.2)	(21.5)
Income taxes paid	(40.6)	(57.6)
<b>Net cash from operating activities</b>	<b>217.6</b>	256.1
<b>Cash flows from investing activities</b>		
Interest received	6.0	1.4
Proceeds on disposal of property, plant and equipment	69.1	22.5
Purchase/development of computer software	(2.9)	(7.0)
Purchases of freehold land and buildings	(33.2)	(38.0)
Purchases of other property, plant and equipment	(97.9)	(94.1)
<b>Net cash (outflow)/inflow from investing activities</b>	<b>(58.9)</b>	(115.2)
<b>Cash flows from financing activities</b>		
Shares purchased in share buyback	-	(172.1)
Sale of own shares	-	3.8
Repayment of lease liabilities	(84.5)	(78.8)
Payments to pension scheme	(3.8)	(3.7)
Dividends paid	(82.1)	(81.7)
Drawdown of borrowings	100.0	75.0
Repayment of bonds	(180.0)	(120.0)
<b>Net cash used in financing activities</b>	<b>(250.4)</b>	(377.5)
<b>Net decrease in cash and cash equivalents</b>	<b>(91.7)</b>	(236.6)
Cash and cash equivalents at 1 January	223.2	459.8
Cash and cash equivalents at 31 December (note 22)	131.5	223.2

# Notes to the consolidated financial statements

For the year ended 31 December 2023

## General information

### Overview

Travis Perkins plc is a Company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 201. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 1 to 86.

These financial statements are presented in pounds sterling, the currency of the primary economic environment in which the Group operates, and presented rounded to the nearest £100,000 unless otherwise stated.

### Basis of accounting

The Group financial statements have been prepared in accordance with UK-adopted international accounting standards.

The Company has elected to prepare its Parent Company financial statements in accordance with FRS 101; these are presented on pages 191 to 202.

### Basis of preparation

The financial statements have been prepared on the historical cost basis, except that derivatives, other financial instruments and contingent consideration arising from business combinations are stated at fair value through profit and loss and designated financial instruments are stated at fair value through other comprehensive income. The consolidated financial statements include the accounts of the Company and all entities controlled by the Company (its subsidiaries, together referred to as "the Group") from the date control commences until the date that control ceases. Control is achieved where the Company:

- Has power over the investee
- Is exposed or has rights to a variable return from the involvement with the investee
- Has the ability to use its power to affect its returns

As such, the results of subsidiaries acquired are included in the consolidated income statement from the effective date of acquisition.

### Foreign currencies

Transactions denominated in foreign currencies are recorded at the rates ruling on the date of the transaction.

At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

### Going concern

After reviewing the Group's forecasts and risk assessments and making other enquiries, the Board has formed the judgement at the time of approving the financial statements that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the 12 months from the date of signing this Annual Report and Accounts. For this reason the Board continues to adopt the going concern basis in preparing the financial statements.

In arriving at their opinion the Directors considered:

- The Group's cash flow forecasts and revenue projections
- The impact on trading performance of severe but plausible downside scenarios. Key assumptions include significant reductions in revenue, removal of property profits and limited reductions in fixed overheads, as well as mitigating actions such as delayed capital expenditure, reduced overhead investment and dividend suspension
- The committed debt facilities available to the Group and the covenants thereon
- The Group's debt maturity profile
- The Group's robust policy towards liquidity and cash flow management
- The Group's ability to successfully manage the principal risk and uncertainties outlined on pages 74 to 85 during periods of uncertain economic outlook and challenging macroeconomic conditions

The downside scenarios tested, outlining the impact of severe but plausible adverse scenarios based on a severe recession and housing market weakness, show that there is sufficient headroom for liquidity and covenant compliance purposes for at least the next 12 months from the date of approval of these financial statements. The going concern assessment is not sensitive to estimates on inflation.

### Significant accounting policies

The principal accounting policies adopted in preparing the financial statements are provided throughout the notes to the financial statements.

# Notes to the consolidated financial statements continued

For the year ended 31 December 2023

## General information continued

### Key judgements and estimates

The preparation of financial statements requires the Directors to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. Future events and their effects cannot be determined with certainty. Therefore, the determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience and current and expected economic conditions. The Directors frequently re-evaluate these significant factors and make adjustments as facts and circumstances dictate. Some financial information in the Merchanting businesses is produced by finance systems that were first implemented by the Group over 30 years ago. As the business has grown, these have been amended to cope with significantly higher transaction levels and more complicated ways of doing business. This has made the systems unwieldy and increases the risk of a material misstatement in the information calculated by these systems. There are processes and controls in place to mitigate these risks.

Key estimates including those that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year are found in the following notes:

Page	Note	Description
172	17	Pension assumptions
186-187	28	Impairment review of Toolstation Benelux CGU

The notes are organised into the following sections:

**Income and expenses:** Provides a breakdown of individual line items in the income statement and summarises the accounting policies, judgements and estimates relevant to understanding these items.

**Assets and liabilities:** Provides a breakdown of individual line items in the balance sheet and summarises the accounting policies, judgements and estimates relevant to understanding these items.

**Capital:** Provides information about the capital management practices of the Group and shareholder returns for the year.

**Risks:** Discusses the Group's impairment testing and the exposure to various financial risks, explains how these affect the Group's financial position and performance and what the Group does to manage these risks.

**Group structure:** Explains aspects of the Group structure and how changes have affected the financial position and performance of the Group.

**People:** Provides information about the number of people employed by the Group and associated costs.

**Other:** Provides information on items which require disclosure, but are not considered critical in understanding the financial performance or position of the Group.

## Income and expenses

### 1. Revenue

#### Accounting policy

##### Revenue recognition

Revenue is recognised when the Group has satisfied its performance obligations to the customer and the customer has obtained control of the goods or services being transferred. Performance obligations to the customer in respect of sales of goods are satisfied on delivery or collection by customer. Payments are typically due from credit customers not later than the last day of the month following the month of delivery. Revenue is measured at the transaction price received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and value added tax. For the Group sale of services revenue comprises tool hire. Tool hire revenue is recognised on a straight-line basis over the period of hire.

#### Customer rebates

Where the Group has rebate agreements with its customers, the value of variable income with respect to customer rebates is calculated in accordance with the agreements in place so that the amount recognised as revenue in the year is based on the amount which is highly probable not to reverse.

#### a. Revenue

£m	2023	2022
Sale of goods	4,693.0	4,836.0
Sale of services	168.9	158.8
	4,861.9	4,994.8

All revenue arose in the UK except for £132.0m (2022: £115.5m) arising in Europe.



**b. Revenue reconciliation and like-for-like sales**

£m	Merchanting	Toolstation	Total
2022 revenue	4,219.8	775.0	<b>4,994.8</b>
Network change	(52.0)	(2.7)	<b>(54.7)</b>
Trading days	20.2	2.3	<b>22.5</b>
2022 like-for-like revenue	4,188.0	774.6	<b>4,962.6</b>
Like-for-like change	(185.5)	30.9	<b>(154.6)</b>
2023 like-for-like revenue	4,002.5	805.5	<b>4,808.0</b>
Network change	33.3	20.6	<b>53.9</b>
2023 revenue	4,035.8	826.1	<b>4,861.9</b>
Like-for-like revenue %	(4.4%)	4.0%	<b>(3.1%)</b>
Total revenue growth %	(4.4%)	6.6%	<b>(2.7%)</b>

Like-for-like sales are a measure of underlying sales performance for two successive periods. Branches and stores contribute to like-for-like sales once they have been trading for more than 12 months. Revenue included in like-for-like is for the equivalent times in both years being compared. When branches close, revenue is excluded from the prior year figures for the months equivalent to the post-closure period in the current year.

**2. Profit****a. Operating profit**

£m	2023	2022
Revenue	<b>4,861.9</b>	4,994.8
Cost of sales	<b>(3,556.8)</b>	(3,610.1)
Gross profit	<b>1,305.1</b>	1,384.7
Selling and distribution	<b>(851.8)</b>	(816.4)
Administrative expenses	<b>(367.6)</b>	(324.5)
Profit on disposal of properties	<b>15.1</b>	25.3
Other operating income	<b>9.1</b>	15.7
Operating profit	<b>109.9</b>	284.8
Adjusted operating profit	<b>180.4</b>	295.3
Adjusted operating profit before property disposals	<b>165.3</b>	270.0

There are no gains or losses on the disposal of property, plant and equipment except for the profit on disposal of properties of £15.1m (2022: £25.3m).

**b. Adjusted profit**

£m	2023	2022
Profit before tax	<b>70.0</b>	245.0
Adjusting items (note 3)	<b>60.0</b>	-
Amortisation of acquired intangible assets	<b>10.5</b>	10.5
Adjusted profit before tax	<b>140.5</b>	255.5
Total tax	<b>(31.9)</b>	(52.8)
Tax on adjusting items	<b>(9.7)</b>	-
Tax on amortisation of acquired intangible assets	<b>(2.6)</b>	(2.6)
Adjusted profit after tax	<b>96.3</b>	200.1

Adjusted profit excludes adjusting items and amortisation of acquired intangible assets.

# Notes to the consolidated financial statements continued

For the year ended 31 December 2023

## Income and expenses continued

### 3. Adjusting items

#### Accounting policy

Adjusting items are those items of income and expenditure that, individually or in aggregate, by reference to the Group, are material in size and unusual in nature or incidence and that in the judgement of the Directors should be disclosed separately on the face of the financial statements (or in the notes in the case of a segment) to ensure both that the reader has a clear understanding of the Group's underlying financial performance and that there is comparability of financial performance between periods.

Items of income or expense that are considered by the Directors for designation as adjusting items include, but are not limited to, significant one-year or multi-year restructuring programmes, onerous contracts, write-downs or impairments of assets, the costs of acquiring and integrating businesses, gains or losses on disposals of businesses and investments, re-measurement gains or losses arising from changes in the fair value of derivative financial instruments to the extent that hedge accounting is not achieved or is not effective, pension scheme curtailment gains and the effect of changes in corporation tax rates on deferred tax balances.

£m	2023	2022
Restructuring	16.8	-
Benchmarkx branch closures	10.1	-
Toolstation France impairments	33.1	-
	60.0	-

#### Restructuring

As part of the Group's strategy of simplifying how its businesses interact with each other and in response to the continued weakness in the construction market, the Group has commenced the restructuring of its central functions, regional sales and support teams and supply chain. The first steps in this programme were completed in 2023 with associated costs as follows:

- £5.4m of property and fixed asset impairment costs
- £11.4m of redundancy and other people costs

It is expected that this programme will complete in 2024.

#### Benchmarkx branch closures

A charge of £10.1m has been recognised in respect of the impairment of right-of-use assets of £5.0m and tangible fixed assets of £2.6m and the recognition of property-related provisions for 39 standalone Benchmarkx branches, following impairment reviews performed using value-in-use models based on approved 2024 budgets. Consistent with the accounting policy disclosed in note 28, each branch is an individual CGU. Their recoverable amount was assessed as £3.0m. The Benchmarkx branches all form part of the Travis Perkins General Merchant group of CGUs. These branches were closed after the balance sheet date in February 2024.

#### Toolstation France impairment

Following a change in strategy, a charge of £33.1m was recognised as a result of the impairment review of the Toolstation France cash-generating unit. This charge consists of a £14.4m impairment of right-of-use assets, a £7.2m impairment of tangible fixed assets, a £9.6m impairment of goodwill and a £1.9m impairment of other intangible fixed assets. Further information on this impairment included in note 28.

### 4. Other operating income and auditor's remuneration

#### a. Other operating income

£m	2023	2022
Rental income	4.4	5.3
Transitional Service Agreement income	4.7	10.4
	9.1	15.7

The Transition Service Agreement income represents amounts received in respect of specific services provided to businesses the Group has sold or demerged in order to maintain business continuity in those businesses. This income and the related costs decreased significantly in 2023 as components of the service agreements expired and will reduce further in 2024.

Costs of £14.8m were incurred in 2022 in respect of restructuring activity which did not meet the Group's accounting policy for disclosure as an adjusting item.

### c. Auditor's remuneration

During the year the Group incurred the following costs for services provided by the Company's auditor:

£000	2023	2022
Fees payable to the Company's auditor for audit services:		
Audit of the Company's annual accounts	294	270
Auditor for the audit of the Company's subsidiaries	1,700	1,561
Additional fees payable for the prior period audit	99	60
Fees paid to the Company's auditor for other services:		
Audit-related assurance services	90	85
	<b>2,183</b>	<b>1,976</b>

A description of the work of the Audit Committee is set out in the Audit Committee report on pages 101 to 105 and includes an explanation of how auditor objectivity and independence is safeguarded when the auditor provides non-audit services.

## 5. Business segments

The operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker ("CODM"), which is considered to be the Board, to assess performance and allocate capital.

Segmental operating profit represents the result of each segment without allocation of certain central costs, finance costs and tax. Segmental adjusted operating profit is the result of each segment before adjusting items, the amortisation of acquired intangible assets and property profits. Unallocated segment assets and liabilities comprise financial instruments, current and deferred tax, cash, borrowings and pension scheme assets and liabilities.

Both operating segments sell building materials to a wide range of customers, none of which are dominant, and operate predominantly in the United Kingdom. The Toolstation segment sells building materials at a fixed price, with a fixed range in each store. The Merchancing segment sells building materials at prices specifically negotiated with customers, with variation in the products offered in each branch.

### a. Segment information

£m	2023			
	Merchancing	Toolstation	Unallocated	Consolidated
Revenue	4,035.8	826.1	-	4,861.9
Operating profit	198.9	(55.6)	(33.4)	109.9
Amortisation of acquired intangible assets	7.6	2.9	-	10.5
Adjusting items	20.9	38.3	0.8	60.0
Adjusted operating profit	227.4	(14.4)	(32.6)	180.4
Less property profits	(15.1)	-	-	(15.1)
Adjusted operating profit excluding property profits	212.3	(14.4)	(32.6)	165.3
Adjusted operating margin	5.6%	(1.7%)	-	3.7%
Average capital employed	2,250.7	596.0	(215.0)	2,631.7
Segment assets	2,943.4	764.6	317.5	4,025.5
Segment liabilities	(1,070.6)	(375.1)	(539.5)	(1,985.2)
Consolidated net assets	1,872.8	389.5	(222.0)	2,040.3
Capital expenditure	123.4	19.1	-	142.5
Capital expenditure excluding property	89.5	19.1	-	108.6
Amortisation of acquired intangible assets	7.6	2.9	-	10.5
Depreciation of fixed assets and software amortisation	67.8	17.1	-	84.9
Depreciation of right-of-use assets	56.8	34.3	-	91.1

# Notes to the consolidated financial statements continued

For the year ended 31 December 2023

## Income and expenses continued

### 5. Business segments continued

£m	2022			
	Merchanting	Toolstation	Unallocated	Consolidated
Revenue	4,219.8	775.0	-	4,994.8
Operating profit	331.3	(11.8)	(34.7)	284.8
Amortisation of acquired intangible assets	7.6	2.9	-	10.5
Adjusted operating profit	338.9	(8.9)	(34.7)	295.3
Less property profits	(25.3)	-	-	(25.3)
Adjusted operating profit excluding property profits	313.6	(8.9)	(34.7)	270.0
Adjusted operating margin excluding property profits	7.4%	(1.1%)	-	5.9%
Average capital employed	2,181.3	572.9	(83.4)	2,670.8
Segment assets	2,959.1	743.8	433.6	4,136.5
Segment liabilities	(1,083.3)	(309.4)	(641.6)	(2,034.3)
Consolidated net assets	1,875.8	434.4	(208.0)	2,102.2
Capital expenditure	91.6	49.9	-	141.5
Capital expenditure excluding property	60.1	49.9	-	110.0
Amortisation of acquired intangible assets	7.6	2.9	-	10.5
Depreciation of fixed assets and software amortisation	65.6	14.6	-	80.2
Depreciation of right-of-use assets	49.5	29.5	-	79.0

#### b. Unallocated segment assets and liabilities

Unallocated segment assets and liabilities comprise the following:

£m	2023	2022
<b>Assets</b>		
Financial instruments	2.9	4.3
Property, plant and equipment	17.5	25.5
Cash and cash equivalents	131.5	235.7
Retirement benefit surplus	118.7	135.9
Unallocated corporate assets	14.4	16.5
Tax asset	14.5	0.7
Deferred tax asset	18.0	15.0
	<b>317.5</b>	<b>433.6</b>
<b>Liabilities</b>		
Deferred tax liabilities	(92.8)	(96.0)
Interest-bearing loans, borrowings and loan notes	(445.1)	(541.6)
Unallocated corporate liabilities	(1.6)	(4.0)
	<b>(539.5)</b>	<b>(641.6)</b>

Non-current assets with a carrying value of £111.7m (2022: £148.0m) owned by the Toolstation Europe businesses are located in foreign countries.

## 6. Net finance costs

### a. Finance costs and finance income

£m	2023	2022
<i>Items in the nature of interest:</i>		
Interest on bonds and other loans	(20.6)	(22.8)
Interest on bank facilities and overdrafts	(1.5)	(0.8)
Pension scheme SPV interest	(1.7)	(1.7)
<i>Other finance costs:</i>		
Amortisation of issue costs of bank loans	(1.5)	(1.5)
Unwinding of discounts – property provisions	(0.1)	(0.4)
<i>Remeasurement:</i>		
Net loss on remeasurement of derivatives at fair value	(0.2)	(0.3)
Loss on remeasurement of foreign exchange	(0.2)	-
Finance costs before lease interest	(25.8)	(27.5)
Interest on lease liabilities – property	(25.3)	(21.2)
Interest on lease liabilities – equipment	(0.9)	(0.3)
Finance costs	(52.0)	(49.0)
<i>Items in the nature of interest:</i>		
Interest receivable	5.7	1.8
<i>Remeasurement:</i>		
Net gain on remeasurement of foreign exchange	-	2.1
Other finance income – pension scheme	6.4	5.3
Finance income	12.1	9.2
Net finance costs	(39.9)	(39.8)

The Group's interest cover covenants are calculated using those items of finance income and finance cost that are in the nature of interest, including interest on lease liabilities. In 2023 these were in total £44.3m (2022: £45.0m).

# Notes to the consolidated financial statements continued

For the year ended 31 December 2023

## Income and expenses continued

### 7. Tax

#### Accounting policy

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items which are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. This is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction (other than in a business combination) that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on tax laws and rates that have been enacted or substantially enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

#### a. Tax charge in the income statement

£m	2023	2022
<b>Current tax:</b>		
Current year	<b>33.0</b>	56.2
Prior year	<b>(6.1)</b>	1.4
Total current tax	<b>26.9</b>	57.6
<b>Deferred tax:</b>		
Current year	<b>(1.4)</b>	(2.5)
Prior year	<b>6.4</b>	(2.3)
Total deferred tax	<b>5.0</b>	(4.8)
Total tax charge	<b>31.9</b>	52.8

The total tax charge in 2023 includes a credit of £9.7m relating to costs recognised as adjusting items (2022: £nil).



The differences between the total tax charge and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax for the Group is as follows:

	2023		2022	
	£m	%	£m	%
Profit before tax	70.0		245.0	
Tax at the UK corporation tax rate	16.5	23.5	46.6	19.0
Tax effect of expenses/credits that are not deductible/taxable	1.3		(0.1)	
Depreciation of non-qualifying property	3.3		2.9	
Share-based payments	2.0		1.3	
Impairment of goodwill and intangibles	2.7		-	
Deferred tax rate change	-		(0.2)	
Losses	7.1		3.3	
Property profits	(1.2)		1.2	
Current period deferred tax rate differential	(0.1)		(1.3)	
Prior period adjustment	0.3		(0.9)	
Tax expense and effective tax rate for the year	31.9	45.6	52.8	21.6

For accounting periods beginning after 31 December 2023 the Group will be required to comply with the OECD Pillar Two model rules which will require the Group to pay a minimum level of tax on income arising in the jurisdictions in which it operates. The Group's current analysis of these rules and their application in jurisdictions relevant to the Group indicate that no material additional tax liability will arise. The Group has applied the mandatory temporary exception to the accounting for deferred taxes arising from the implementation of the Pillar Two model rules.

#### **b. Tax charge in the statement of comprehensive income**

The following amounts relating to tax have been recognised in other comprehensive income:

£m	2023	2022
Items that may be reclassified:		
Deferred tax charge on cash flow hedge	0.4	(1.1)
Items that may not be reclassified:		
Deferred tax charge on actuarial movement	10.2	36.3
Income tax relating to other comprehensive income	10.6	35.2

#### **c. Tax credited directly to equity**

The following amounts of tax have been recognised in equity:

£m	2023	2022
Current tax:		
Excess tax deductions for share-based payments on exercised options	-	0.1
Deferred tax:		
Revaluation reserve	0.5	7.8
Share-based payments	0.1	(2.4)
	0.6	5.5

# Notes to the consolidated financial statements continued

For the year ended 31 December 2023

## Assets and liabilities

### 8. Goodwill and other intangible assets

#### Accounting policy

Goodwill arising on acquisition represents the excess of the cost of acquisition over the share of the aggregate fair value of identifiable net assets (including intangible assets) of a business or a subsidiary at the date of acquisition. All material intangible fixed assets obtained on acquisition have been recognised separately in the financial statements. Goodwill is initially recognised as an asset and allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination and is then reviewed at least annually for impairment. Any impairment is recognised immediately in the income statement and is not reversed. Goodwill is accordingly stated in the balance sheet at cost less any provisions for impairment in value. Intangible assets identified as part of the assets of an acquired business are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition.

Goodwill arising on acquisitions before the date of transition to IFRS (1 January 2004) has been retained at the previous UK GAAP carrying value subject to being tested for impairment at that date. Goodwill written off to reserves prior to 1998 under UK GAAP has not been reinstated and would not be included in determining any subsequent profit or loss on disposal.

#### a. Goodwill by reportable segment

£m	Merchanting	Toolstation	Total
At 1 January 2022	682.5	170.5	853.0
Measurement period adjustments	2.3	-	2.3
Effect on movement in exchange rates	-	3.7	3.7
At 1 January 2023	684.8	174.2	859.0
Impairment	-	(9.6)	(9.6)
Effect on movement in exchange rates	-	(1.5)	(1.5)
At 31 December 2023	684.8	163.1	847.9

#### b. Other intangible assets

#### Accounting policy

Intangible assets are amortised to the income statement on a straight-line basis over a maximum of 20 years except where they are considered to have an indefinite useful life. In the latter instance, they are reviewed annually for impairment.

The directly attributable costs incurred for the development of computer software controlled by and for use within the business are capitalised and written off over their estimated useful life, which ranges from three to ten years.

Interfaces are amortised over the lower of the remaining estimated useful lives of the systems they operate between. Costs relating to research, maintenance and training are expensed as they are incurred.

Amounts paid to third parties in respect of the development of software and other intangible assets not controlled by the Group are expensed over the period where the Group receives the service. The cost of configuring and customising software is treated as a prepayment and recognised over the period the Group benefits from the implemented software only if the configuration and customisation service is not distinct from the provision of the software itself. Licence fees for using third-party software are expensed over the period the software is in use.

Acquired customer relationships are amortised over their estimated useful lives, which range from 5 to 15 years. The remaining lives of amortised customer relationships range from one to seven years. No amortisation is charged on computer software under construction.

£m	Brand	Computer software	Customer relationships	Assets under construction	Total
<b>Cost or valuation</b>					
At 1 January 2022	150.4	101.5	151.6	2.7	<b>406.2</b>
Additions	-	6.8	-	0.4	<b>7.2</b>
Transfers between categories	-	2.4	-	(2.4)	<b>-</b>
At 1 January 2023	150.4	110.7	151.6	0.7	<b>413.4</b>
Additions	-	1.1	-	2.0	<b>3.1</b>
Impairment	(1.9)	-	-	-	<b>(1.9)</b>
Derecognition	-	-	-	(2.1)	<b>(2.1)</b>
At 31 December 2023	<b>148.5</b>	<b>111.8</b>	<b>151.6</b>	<b>0.6</b>	<b>412.5</b>
<b>Amortisation</b>					
At 1 January 2022	71.4	91.6	117.5	-	<b>280.5</b>
Charged on acquired intangibles	2.3	-	8.2	-	<b>10.5</b>
Charged on internally generated intangibles	-	6.5	-	-	<b>6.5</b>
At 1 January 2023	73.7	98.1	125.7	-	<b>297.5</b>
Charged on acquired intangibles	2.3	-	8.2	-	<b>10.5</b>
Charged on internally generated intangibles	-	4.6	-	-	<b>4.6</b>
At 31 December 2023	<b>76.0</b>	<b>102.7</b>	<b>133.9</b>	<b>-</b>	<b>312.6</b>
<b>Net book value</b>					
At 31 December 2022	76.7	12.6	25.9	0.7	<b>115.9</b>
At 31 December 2023	<b>72.5</b>	<b>9.1</b>	<b>17.7</b>	<b>0.6</b>	<b>99.9</b>

Where a brand has not been established for a significant period of time the Directors do not have sufficient evidence to support a contention that it will have an indefinite useful life. Accordingly for Toolstation and certain product-related brands the Directors have decided it is appropriate to amortise their brand costs over their estimated useful lives. The useful lives of those brands being amortised range from 10 to 20 years. The Directors consider that the other brands, which are also all leading brands in their sectors with significant histories and significant growth prospects, have an indefinite useful life. They are reviewed annually for impairment; details of impairment tests are shown in note 28.

# Notes to the consolidated financial statements *continued*

For the year ended 31 December 2023

## Assets and liabilities *continued*

### 8. Goodwill and other intangible assets *continued*

#### c. Cash-generating units

The Directors consider that each branch or distribution network in the Group is an individual cash-generating unit ("CGU"). Goodwill and intangible fixed assets with indefinite useful lives have been allocated for impairment testing purposes to groups of individual CGUs within the same brand. The following table analyses goodwill and intangible fixed assets with indefinite useful lives by CGU grouping.

£m	2023			2022		
	Intangibles	Goodwill	Total	Total Intangibles	Goodwill	Total
CGU grouping						
<b>Merchandising</b>						
Travis Perkins	-	482.6	482.6	-	482.6	482.6
Keyline	-	100.2	100.2	-	100.2	100.2
CCF	-	43.6	43.6	-	43.6	43.6
BSS Industrial	49.3	26.8	76.1	49.3	26.8	76.1
Staircraft	-	23.8	23.8	-	23.8	23.8
TF Solutions	-	7.8	7.8	-	7.8	7.8
<b>Toolstation</b>						
Toolstation UK	-	103.4	103.4	-	103.4	103.4
Toolstation Benelux	-	59.7	59.7	-	61.1	61.1
Toolstation France	-	-	-	-	9.7	9.7
	<b>49.3</b>	<b>847.9</b>	<b>897.2</b>	<b>49.3</b>	<b>859.0</b>	<b>908.3</b>

### 9. Property, plant and equipment

#### Accounting policy

Property, plant and equipment is stated at cost or deemed cost less accumulated depreciation and any impairment in value. Assets are depreciated to their estimated residual value on a straight-line basis over their estimated useful lives as follows:

- Buildings – 50 years or, if lower, the estimated useful life of the building or the life of the lease
- Leasehold improvements – the life of the lease
- Plant and equipment – 4 to 10 years
- Freehold land is not depreciated

The estimated useful lives are estimated taking into consideration the potential impact of climate change.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds net of expenses and the carrying amount of the asset in the balance sheet and is recognised in the income statement. Where appropriate, the attributable revaluation reserve remaining in respect of properties revalued prior to the adoption of IFRS is transferred directly to retained earnings.

£m	Freehold	Long leasehold	Leasehold improvements	Plant and equipment	Total
<b>Cost or deemed cost</b>					
At 1 January 2022 (previously presented)*	483.9	32.0	154.8	508.4	1,179.1
At 1 January 2022 (restated)	500.4	29.6	217.6	655.2	1,402.8
Additions	38.6	-	31.9	71.0	141.5
Disposals	(15.3)	-	(13.4)	(8.4)	(37.1)
Reclassification between categories	7.6	-	(21.1)	13.5	-
Effect of movements in exchange rates	-	-	-	1.6	1.6
At 1 January 2023 (restated)	<b>531.3</b>	<b>29.6</b>	<b>215.0</b>	<b>732.9</b>	<b>1,508.8</b>
Additions	4.7	22.1	35.0	80.7	142.5
Disposals	(46.6)	(0.5)	(6.0)	(74.0)	(127.1)
Impairments	-	-	(12.5)	(10.5)	(23.0)
Reclassification between categories	(2.4)	-	(10.0)	12.4	-
Effect of movements in exchange rates	-	-	-	(0.6)	(0.6)
<b>At 31 December 2023</b>	<b>487.0</b>	<b>51.2</b>	<b>221.5</b>	<b>740.9</b>	<b>1,500.6</b>
<b>Accumulated depreciation</b>					
At 1 January 2022 (previously presented)*	<b>48.8</b>	<b>14.2</b>	<b>6.4</b>	<b>309.6</b>	<b>379.0</b>
At 1 January 2022 (restated)	<b>65.3</b>	<b>11.8</b>	<b>69.2</b>	<b>456.4</b>	<b>602.7</b>
Charged in the year	2.0	0.8	11.2	59.6	73.6
Disposals	(3.2)	-	(1.3)	(10.8)	(15.3)
Reclassification between categories	(3.1)	-	3.1	-	-
Effect of movements in exchange rates	-	-	-	0.5	0.5
At 1 January 2023 (restated)	<b>61.0</b>	<b>12.6</b>	<b>82.2</b>	<b>505.7</b>	<b>661.5</b>
Charged in the year	7.0	0.8	14.6	57.9	80.3
Disposals	(6.4)	-	(6.6)	(63.2)	(76.2)
Impairments	-	-	(5.2)	(8.0)	(13.2)
Reclassification between categories	0.3	-	(0.3)	-	-
Effect of movements in exchange rates	-	-	-	(0.2)	(0.2)
<b>At 31 December 2023</b>	<b>61.9</b>	<b>13.4</b>	<b>84.7</b>	<b>492.2</b>	<b>652.2</b>
<b>Net book value</b>					
At 31 December 2022	470.3	17.0	132.8	227.2	847.3
<b>At 31 December 2023</b>	<b>425.1</b>	<b>37.8</b>	<b>136.8</b>	<b>248.7</b>	<b>848.4</b>

\* The cost and accumulated depreciation of tangible fixed assets has been restated as at 1 January 2022 to reinstate certain assets with nil NBV value which had been derecognised in the accounting for the sale of the Group's Plumbing & Heating business and the demerger of the Wickes business in 2021. The assets remain within the business. The assets have been reinstated as at 1 January 2022.

Included within freehold property is land with a value of £215.6m (2022: £230.7m) which is not depreciated. No assets are pledged as security for the Group's liabilities, other than 16 freehold properties disclosed in note 17. Included within leasehold improvements is £21.4m (2022: £28.0m) in respect of assets under construction which are not depreciated.

In assessing the useful economic lives of the Group's tangible fixed assets, management has considered the possible impacts of climate risks.

## Assets and liabilities continued

### 10. Leases

#### Accounting policy

##### Identifying a lease

At the inception of a contract, the Group assesses whether a contract contains a lease. At inception the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices except for fleet leases for which the Group does not separate non-lease components and accounts for the lease and non-lease components as a single lease component.

##### Recognition exceptions

The Group takes the lease recognition exemption for leases with a lease term of 12 months or less and containing no purchase options and leases where the underlying asset has a low value when new. Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise mainly IT equipment, vending machines and paint-mixing machines.

##### Lease terms

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility. The Group has applied judgement to determine the lease term for some lease contracts that includes renewal options and break clauses. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For property leases the most relevant is normally the profitability of the leased branch or warehouse and future plans for the business. If there are significant penalties to terminate or not extend, the Group is typically reasonably certain to not terminate or extend.

##### Lessee accounting

###### Initial measurement

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date and any initial direct costs incurred, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined and otherwise at the incremental borrowing rate.

Variable lease payments that are not included in the measurement of the lease liability are recognised in the period in which the event or condition that triggers payment occurs.

###### Subsequent measurement

After lease commencement, the Group measures right-of-use assets at cost less accumulated depreciation and accumulated impairment.

The lease liability is subsequently remeasured to reflect changes in the lease term, the assessment of a purchase option and future lease payments resulting from a change in an index or a rate used to determine those payments. The remeasurements are matched by adjustments to the right-of-use asset. Lease modifications may also prompt remeasurement of the lease liability unless they are determined to be separate leases.

###### Depreciation

The right-of-use asset is subsequently depreciated using the straight-line method to the earlier of the end of the useful life of the right-of-use asset or the end of lease term. Estimated useful lives are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

###### Sale and leaseback transactions

If an asset transfer satisfies the requirements of IFRS 15 – Revenue from Contracts with Customers to be accounted for as a sale, the Group measures the right-of-use asset at the proportion of the previous carrying amount that relates to the right-of-use retained. Accordingly, the Group only recognises the amount of gain or loss that relates to the rights transferred to the buyer.



**a. Amounts recognised in the balance sheet**

All right-of-use assets relate to land and buildings except for £29.6m in respect of plant and equipment (2022: £16.4m).

Lease liability maturity analysis – contractual undiscounted cash flows:

£m	2023	2022
Less than one year	106.9	88.5
One to five years	337.8	282.3
More than five years	316.5	262.1
<b>Total undiscounted lease liabilities at 31 December</b>	<b>761.2</b>	<b>632.9</b>

Additions to right-of-use assets in 2023 were £182.4m (2022: £111.3m).

**b. Amounts recognised in the statement of profit and loss**

The statement of profit and loss shows the following amounts relating to leases:

£m	2023	2022
Expense relating to short-term leases	4.9	4.7
Expense relating to leases of low-value assets	3.2	3.0
(Reversal of impairment) / impairment of right-of-use assets	(1.7)	3.3
Gains on lease terminations	(2.5)	(3.1)

All impairments of right-of-use assets relate to land and buildings. Total depreciation of right-of-use assets of £91.1m (2022: £79.0m) represents £79.8m in respect of land and buildings (2022: £70.3m) and £11.3m in respect of plant and equipment (2022: £8.7m). The total cash outflow for leases in 2023 was £118.8m (2022: £108.0m).

**c. The Group's leasing activities**

The Group leases various properties, motor vehicles and equipment. Rental contracts are typically made for fixed periods but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Extension and termination options are included in a number of property and equipment leases across the Group and are used to maximise operational flexibility.

**d. The Group as lessor**

The Group leases a number of ex-trading properties and surplus units in trade parks owned by the Group to third parties. Property rental income earned during the year in respect of these properties was £4.4m (2022: £5.3m). At the balance sheet date, the Group had contracts with lessees for the following undiscounted future minimum lease payments:

£m	2023	2022
Within one year	4.6	4.0
One to five years	22.8	21.4
After five years	5.0	7.4
	<b>32.4</b>	<b>32.8</b>

# Notes to the consolidated financial statements continued

For the year ended 31 December 2023

## Assets and liabilities continued

### 11. Inventories

#### Accounting policy

Inventories, which consist of goods for resale, are stated at the lower of average weighted cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price less the estimated costs of disposal.

£m	2023	2022
Inventories	727.6	727.8

The cost of inventories recognised as an expense in 2023 was £3,381.4m (2022: £3,437.2m). A charge of £2.0m (2022: £3.3m) was recognised as a result of the movement of provisions against inventory.

### 12. Supplier income

#### Accounting policy

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

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

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

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

Supplier income balances included within the Group balance sheet are as follows:

£m	2023	2022
Other receivables	104.0	84.0
Trade payables	82.0	66.1
Inventories	(52.0)	(45.4)
Net balance sheet position	134.0	104.7

### 13. Trade and other receivables

#### Accounting policy

##### Trade and other receivables

The Group's trade and other receivables at the balance sheet date comprise principally of amounts receivable from the sale of goods, amounts due in respect of rebates in relation to unbilled work in progress and sundry prepayments.

##### Impairment of financial assets

Trade receivables are subject to the expected credit loss model in IFRS 9 – Financial Instruments. The Group applies the IFRS 9 – Financial Instruments simplified approach to measuring expected credit losses. This uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to engage in a repayment plan with the Group and the commencement of legal proceedings.

£m	2023	2022
<b>Current:</b>		
Trade receivables	547.1	581.4
Allowance for doubtful debts	(21.5)	(17.7)
	525.6	563.7
Other receivables	129.2	124.0
Prepayments and accrued income	34.8	38.2
<b>Total current trade and other receivables</b>	<b>689.6</b>	<b>725.9</b>
<b>Non-current:</b>		
Other receivables	-	12.3
Prepayments and accrued income	14.2	4.9
<b>Trade non-current trade and other receivables</b>	<b>14.2</b>	<b>17.2</b>

The Directors consider that the only class of asset containing material credit risk is trade receivables. The average credit term taken for sales of goods is 56 days (2022: 56 days). No interest is charged on the trade receivable from the date of the invoice until the date the invoice is classified as overdue according to the trading terms agreed between the Group and the customer. Thereafter, the Group retains the right to charge interest at 4% (2022: 4%) p.a. above the clearing bank base rate on the outstanding balance.

The increase in the non-current prepayments balance reflects supplier licence fees and implementation costs incurred in respect of the Group's technology upgrade programmes.

#### Movement in the allowance for doubtful debts

£m	2023	2022
At 1 January	17.7	13.7
Amounts written off during the year	(13.0)	(7.0)
Charge for impairment losses for trade receivables	16.8	11.0
<b>At 31 December</b>	<b>21.5</b>	<b>17.7</b>

# Notes to the consolidated financial statements *continued*

For the year ended 31 December 2023

## Assets and liabilities *continued*

### 13. Trade and other receivables *continued*

#### *Expected credit loss assessment*

Loss rates are based on actual credit loss experience over the past seven years and existing market conditions, as well as forward-looking estimates at the end of each reporting period.

The following table provides information about the exposure to credit risk and expected credit losses for trade receivables as at 31 December 2023.

£m	Gross carrying amount	Weighted average loss rate	Net loss allowance	Credit impaired
Current (not past due)	506.8	0.8%	(3.5)	No
Days overdue:				
1-30	10.6	6.8%	(0.6)	No
31-60	3.5	15.0%	(0.4)	No
61-90	1.5	25.0%	(0.3)	No
91-120	0.7	48.3%	(0.3)	No
More than 120	24.0	85.7%	(16.4)	Yes
	<b>547.1</b>		<b>(21.5)</b>	

The following table provides information about the exposure to credit risk and expected credit losses for trade receivables as at 31 December 2022.

£m	Gross carrying amount	Weighted average loss rate	Loss allowance	Credit impaired
Current (not past due)	534.2	0.7%	(3.0)	No
Days overdue:				
1-30	18.9	6.0%	(0.9)	No
31-60	5.4	13.2%	(0.6)	No
61-90	1.9	22.3%	(0.3)	No
91-120	(0.2)	43.7%	-	No
More than 120	21.2	72.8%	(12.9)	
	<b>581.4</b>		<b>(17.7)</b>	

## 14. Provisions

### Accounting policy

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation because of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet dates, and are discounted to present value.

Should a provision ultimately prove to be unnecessary then it is credited back into the income statement. Where the provision was originally established as an adjusting item, any significant release is shown as an adjusting credit.

The Group has a number of vacant and partly sublet leased properties. Where necessary a provision has been made for the residual commitments, after taking into account existing and anticipated subtenant arrangements. The Group recognises provisions for the cost of reinstating certain Group properties at the end of their lease term, based on the conditions set out in the terms of the individual leases. The timing of the outflows will match the ends of the relevant leases, which range from two to 25 years.

It is Group policy to self-insure using policies with a high excess against claims arising in respect of damage to third party assets, or due to employers or public liability claims. Whilst the Group does not have a contractual right to defer payment, the nature of insurance claims means they may take some time to be settled. The insurance claims provision represents management's best estimate, based upon external advice of the value of outstanding claims against it where the final settlement date is uncertain, in line with IAS 37.

£m	Property	Insurance	Restructuring	Total
<b>At 1 January 2022</b>	<b>15.9</b>	<b>20.1</b>	-	<b>36.0</b>
Charge to income statement	3.3	4.5	-	7.8
Utilisation of provision	(6.8)	(5.6)	-	(12.4)
<b>At 31 December 2022</b>	<b>12.4</b>	<b>19.0</b>	-	<b>31.4</b>
Charge to income statement	8.3	7.7	4.9	20.9
Utilisation of provision	(3.6)	(5.6)	-	(9.2)
<b>At 31 December 2023</b>	<b>17.1</b>	<b>21.1</b>	<b>4.9</b>	<b>43.1</b>
Included in current liabilities	13.3	21.1	4.9	39.3
Included in non-current liabilities	3.8	-	-	3.8
	<b>17.1</b>	<b>21.1</b>	<b>4.9</b>	<b>43.1</b>

The following table details the Group's liquidity analysis of its provisions, based on the undiscounted net cash outflows. The impact of discounting is not material for the Group's provisions.

£m	0-1 year	1-2 years	2-5 years	5+ years	Total
<b>2023:</b>					
Property	13.3	1.4	1.2	1.2	17.1
Insurance	21.1	-	-	-	21.1
Restructuring	4.9	-	-	-	4.9
	<b>39.3</b>	<b>1.4</b>	<b>1.2</b>	<b>1.2</b>	<b>43.1</b>
<b>2022:</b>					
Property	7.5	1.7	1.6	1.6	12.4
Insurance	19.0	-	-	-	19.0
	<b>26.5</b>	<b>1.7</b>	<b>1.6</b>	<b>1.6</b>	<b>31.4</b>

# Notes to the consolidated financial statements continued

For the year ended 31 December 2023

## Assets and liabilities continued

### 15. Deferred tax

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the current and prior reporting periods.

£m (Asset)/liability:	At 1 Jan 2023	Recognised in income	Recognised in equity	Recognised in other comprehensive income	At 31 Dec 2023
Trading losses	(15.0)	(3.0)	-	-	<b>(18.0)</b>
<b>Deferred tax asset</b>	<b>(15.0)</b>	<b>(3.0)</b>	<b>-</b>	<b>-</b>	<b>(18.0)</b>
Capital allowances	8.5	12.6	-	-	<b>21.1</b>
Revaluation of property	3.4	-	(0.5)	-	<b>2.9</b>
Share-based payments	(3.5)	0.7	(0.1)	-	<b>(2.9)</b>
Provisions	4.8	(0.4)	-	-	<b>4.4</b>
Property assets acquired in business combinations	9.3	(0.5)	-	-	<b>8.8</b>
Brand	25.0	(3.2)	-	-	<b>21.8</b>
Pension scheme asset	33.9	1.4	-	(10.2)	<b>25.1</b>
Deferred gains on property disposals	31.1	(1.8)	-	-	<b>29.3</b>
IFRS 16 lease liability	(130.5)	(20.5)	-	-	<b>(151.0)</b>
IFRS 16 right-of-use asset	112.9	19.7	-	-	<b>132.6</b>
Cash flow hedge	1.1	-	-	(0.4)	<b>0.7</b>
<b>Deferred tax liability</b>	<b>96.0</b>	<b>8.0</b>	<b>(0.6)</b>	<b>(10.6)</b>	<b>92.8</b>
<b>Net deferred tax</b>	<b>81.0</b>	<b>5.0</b>	<b>(0.6)</b>	<b>(10.6)</b>	<b>74.8</b>

£m (Asset)/liability:	At 1 Jan 2022	Recognised in income	Recognised in equity	Recognised in other comprehensive income	At 31 Dec 2023
Trading losses	(13.9)	(1.1)	-	-	<b>(15.0)</b>
<b>Deferred tax asset</b>	<b>(13.9)</b>	<b>(1.1)</b>	<b>-</b>	<b>-</b>	<b>(15.0)</b>
Capital allowances	2.8	5.7	-	-	<b>8.5</b>
Revaluation of property	11.2	-	(7.8)	-	<b>3.4</b>
Share-based payments	(5.9)	-	2.4	-	<b>(3.5)</b>
Provisions	5.8	(1.0)	-	-	<b>4.8</b>
Property assets acquired in business combinations	10.4	(1.1)	-	-	<b>9.3</b>
Brand	27.2	(2.2)	-	-	<b>25.0</b>
Pension scheme asset	68.8	1.4	-	(36.3)	<b>33.9</b>
Deferred gains on property disposals	32.8	(1.7)	-	-	<b>31.1</b>
IFRS 16 lease liability	(122.7)	(7.8)	-	-	<b>(130.5)</b>
IFRS 16 right-of-use asset	110.0	2.9	-	-	<b>112.9</b>
Cash flow hedge	-	-	-	1.1	<b>1.1</b>
<b>Deferred tax liability</b>	<b>140.4</b>	<b>(3.8)</b>	<b>(5.4)</b>	<b>(35.2)</b>	<b>96.0</b>
<b>Net deferred tax</b>	<b>126.5</b>	<b>(4.9)</b>	<b>(5.4)</b>	<b>(35.2)</b>	<b>81.0</b>

The deferred tax asset in respect of trading losses relates to the Toolstation Netherlands business. No deferred tax asset has been recognised on losses of £76.5m (2022: £53.3m) in the Group's other European Toolstation businesses as there is currently insufficient evidence that these losses would be utilised.



The Group considers it is appropriate to recognise a deferred tax asset on unused trading losses in Toolstation Netherlands as forecasts, based on the existing Netherlands store network and the store maturity profile of Toolstation stores in the UK and the Netherlands, indicate that the business will be able to fully utilise these losses against future profits within a measurable time frame.

## 16. Trade payables and other liabilities

### Accounting policy

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs and are measured at amortised cost. The Directors consider that the carrying amount of trade payables approximates to their fair value. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

£m	2023	2022
Trade payables	576.3	600.6
Other taxation and social security	48.6	63.7
Other payables	76.9	80.3
Accruals and deferred income	93.6	107.8
<b>Trade and other payables</b>	<b>795.4</b>	<b>852.4</b>

Included in trade payables at 31 December 2023 are amounts of £91.3m (2022: £87.2m) which are due for settlement under supplier financing arrangements with third-party banks. Suppliers choose to enter into these arrangements which provide access to the option of early settlement of invoices at interest rates based on Travis Perkins' credit rating. If suppliers do not elect for early payment, invoices are settled on the date agreed in the existing payment terms. In some cases, Travis Perkins has agreed extensions to payment terms with suppliers who regularly access the scheme, with the longest payment terms 107 days (2022: 93 days), an extension of 45 days (2022: 31 days). The total net amount outstanding where terms have been extended at 31 December 2023 was £10.1m (2022: £13.8m). These arrangements do not provide the Group with a significant benefit of additional financing and have been put in place for the benefit of the Group's suppliers, providing them with access to cost-efficient third-party funding. As such, outstanding balances are classified as trade payables and form part of the operating cash flows movement in the consolidated cash flow statement. There are no significant judgements applied in the calculation of supplier finance balances.

## 17. Pension arrangements

The Group has a number of historical defined benefit pension schemes, all of which are closed to new members and future accruals. The Group operates four final salary schemes being The Travis Perkins Pensions and Dependents' Benefit Scheme ("the TP DB scheme"), the BSS Defined Benefit Scheme ("the BSS DB Scheme"), the immaterial Platinum pension scheme and the immaterial BSS Ireland Defined Benefit Scheme. The reconciliations and disclosures are presented as an aggregation of all schemes as each scheme is subject to similar risk characteristics.

### Accounting policy

The cost of providing benefits under defined benefit pension schemes is determined using the projected unit credit method with actuarial valuations being carried out at the end of each reporting period. Remeasurement comprising actuarial gains and losses, the effects of asset ceilings and minimum funding payments and the return on scheme assets (excluding interest) are recognised immediately in the balance sheet with a charge or credit to the statement of comprehensive income. Remeasurement recorded in the statement of comprehensive income is not recycled. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset. Net interest expense or income is recognised within finance costs.

### a. Expected future cash flows

The Directors have agreed with the BSS DB Scheme's Trustees and the TP DB Scheme's Trustees that, following the elimination of the deficits in these schemes, no further contributions from the Group are currently required. Both schemes fund their management and administrative expenses.

# Notes to the consolidated financial statements continued

For the year ended 31 December 2023

## Assets and liabilities continued

### 17. Pension arrangements continued

#### b. Balance sheet position and movements during the year

The amount included in the balance sheet arising from the Group's obligations in respect of all of its defined benefit schemes and the movements during the year:

£m	2023			2022		
	Gross assets	Gross obligations	Net	Gross assets	Gross obligations	Net
Gross pension asset as at 1 January	1,097.4	(961.5)	135.9	1,742.2	(1,466.4)	275.8
<i>Amounts recognised in income:</i>						
Current service costs and administration expenses	(2.3)	-	(2.3)	(1.5)	(0.2)	(1.7)
Interest income/(interest cost)	51.5	(45.1)	6.4	33.4	(28.1)	5.3
<i>Other movements:</i>						
Contributions from sponsoring companies	1.4	-	1.4	1.5	-	1.5
Foreign exchange	0.2	(0.1)	0.1	0.8	(0.5)	0.3
Benefits paid	(44.1)	44.1	-	(50.4)	50.4	-
<i>Amounts recognised in other comprehensive income:</i>						
Return on plan assets (excluding amounts included in net interest)	(7.2)	-	(7.2)	(628.6)	-	(628.6)
Actuarial loss arising from changes in demographic assumptions	-	8.6	8.6	-	7.5	7.5
Actuarial gain arising from changes in financial assumptions	-	(20.4)	(20.4)	-	550.6	550.6
Actuarial gain arising from experience adjustments	-	(21.9)	(21.9)	-	(74.8)	(74.8)
Gross pension asset as at 31 December	1,096.9	(996.3)	100.6	1,097.4	(961.5)	135.9

The asset valuation of £1,096.9m (2022: £1,097.4m) at 31 December 2023 consists of the TP DB Scheme £843.1m (2022: £839.2m) and the BSS DB Scheme £253.8m (2022: £258.2m). The obligation valuation of £996.3m (2022: £961.5m) consists of the TP DB Scheme £755.8 (2022: £729.2m) and the BSS DB Scheme £240.5m (2022: £232.3m).

The actual loss on scheme assets of £44.3m (2022: return of £595.2m) is represented by the interest income and 'return on plan assets (excluding amounts included in net interest)' figures above.

The deferred tax liability of £25.1m (2022: £33.9m) has been recognised at the standard rate of corporation tax, as this rate best reflects the rate at which the liability will unwind. The pension surplus, net of deferred tax, as at 31 December 2023 is £75.5m (2022: £102.0m).

There are no restrictions on the current realisability of the pension surplus. The Group has an explicit right to a surplus in respect of the TP DB Scheme and, based on the operation of trust law in a winding up of the BSS DB Scheme following a gradual settlement, has an unconditional right to receive any surplus in the BSS DB Scheme.

### c. Defined benefit scheme obligations

#### i. Valuation of scheme obligations

Full actuarial valuations of the TP DB scheme and the BSS DB scheme have been carried out as at 30 September 2020. The IAS 19 valuations have been based upon the results of the 30 September 2020 valuations, updated to 31 December 2023 by a qualified actuary.

The defined benefit pension schemes expose the Group to actuarial risks such as investment risk, interest rate risk and longevity risk. A summary of the risks and the management of those risks is given below and continued overleaf.

Investment risk	The present value of the defined benefit liabilities of the schemes is calculated using a discount rate predetermined by reference to high-quality corporate bond yields. If the return on scheme assets is below this rate it may create a plan deficit.
Interest risk	A decrease in corporate bond yields will increase the schemes' liabilities, but the effect will be partially offset by an increase in the return on the schemes' bond and gilt assets.
Longevity risk	The present value of the liabilities of the schemes is calculated by reference to the best estimate of mortality of pension scheme members both during and after their employment. An increase in the life expectancy of the schemes' members will increase the schemes' liabilities.

#### ii. Major actuarial assumptions

	At 31 December 2023	At 31 December 2022
Rate of increase of pensions in payment (post 2006 entitlement)	2.85%	2.10%
Rate of increase of pensions in payment 1997–2006	3.00%	3.00%
Discount rate	4.55%	4.80%
Inflation assumption – RPI	2.95%	3.10%
Inflation assumption – CPI	2.45%	2.60%

The yield curve used in setting the discount rate, which includes bonds with an average AA rating and excludes bonds which are sub-sovereign or issued by universities to reflect the credit risk of the defined benefit schemes. In respect of longevity, the valuation adopts the S3PA year of birth tables with improvements in life expectancy to continue in the medium term, with base year appropriate to the member's date of birth.

The weighted average life expectancy of 65-year-old members for the mortality tables used to determine pension liabilities at 31 December 2023 was 21.1 years for men and 23.2 years for women (2022: 21.2 years for men and 23.2 years for women).

#### iii. Maturity profile of obligations

The weighted average duration of the obligations of the defined benefit pension schemes is 14 years, with circa 90% of the obligations expected to mature by 2060 and the benefits to be paid on a broadly straight-line basis over the period to 2060.

# Notes to the consolidated financial statements *continued*

For the year ended 31 December 2023

## Assets and liabilities *continued*

### 17. Pension arrangements *continued*

#### iv. Sensitivities

##### Key estimate over pension assumptions

The Group has chosen to adopt assumptions that the Directors believe are generally in line with comparable companies. If the difference between actual inflation is greater than assumed, or if long-term interest rates are lower than assumed, or if the average life expectancy of pensioners increases, then the pension surplus could be materially greater/lower than currently stated in the balance sheet.

The estimated effects of changing the key assumptions (discount rate, inflation and life expectancy) on the IAS 19 – Employee Benefits balance sheet position as at 31 December 2023 is given below.

£m		TP & BSS Schemes Consolidated
Assumption		
Discount rate	Increase of 0.25%	(35.9)
	Decrease of 0.25%	37.5
Inflation	Increase of 0.25%	19.8
	Decrease of 0.25%	(26.3)
Longevity	Increase of 1 year	31.5
	Decrease of 1 year	(31.9)

#### d. Scheme assets

##### i. Scheme assets and investment strategy

The assets of the TP DB Scheme and the BSS DB Scheme are held separately from those of the Group in funds under the control of the schemes' Trustees.

In June 2010, an agreement was reached with the Trustees of the TP DB scheme to fund £34.7m of the funding deficit using a Group-controlled special purpose vehicle ("SPV"). The pension scheme is entitled to receive the income of the SPV for a period of up to 20 years. This income is backed by the security of 16 freehold properties. As the SPV is consolidated into the Travis Perkins plc Group accounts, advantage has been taken of Regulation 7 of The Partnership (Accounts) Regulations 2008 and accounts for the SPV will neither be audited or filed.

The investment strategy for the UK schemes are controlled by the Trustee in consultation with the Company. The scheme assets do not include any of the Group's own financial instruments. In accordance with the schemes' derisked investment strategy, a high proportion of the largest two pension schemes' assets are invested in gilts and corporate bonds ("liability-driven investments").

All fair values are provided by the fund managers. Where available, the fair values are quoted prices (e.g. listed equity, sovereign debt and corporate bonds). Unlisted investments are included at values provided by the fund manager in accordance with relevant guidance. Other significant assets are valued based on observable inputs such as yield curves. The liability-driven investments, which comprise fixed-interest and index-linked gilts, futures, interest and inflation rate swaps, repurchase agreements and liquidity funds, are all daily priced and traded.

## ii. Fair value of scheme assets

The major categories and fair values of scheme assets at the end of the reporting period for each category are as follows:

£m	At 31 December 2023	At 31 December 2022
<b>Level 1:</b>		
Cash	36.3	9.1
<b>Level 2:</b>		
Equities	0.8	3.1
Secured finance	37.9	149.9
Corporate bonds	510.5	476.4
Diversified growth fund	1.5	0.9
Liability driven investments	870.4	926.4
Repurchase agreements	(500.7)	(569.8)
Property funds	-	0.2
<b>Level 3:</b>		
SPV asset	23.2	25.1
Secured finance income fund	117.0	76.1
	<b>1,096.9</b>	<b>1,097.4</b>

### e. Defined contribution schemes

The Group operates two defined contribution schemes for all qualifying colleagues. The pension cost, which represents contributions payable by the Group, amounted to £19.9m (2022: £19.8m).

### f. Pension scheme contributions for the year

The total charge to the income statement disclosed in note 31 of £22.2m (2022: £21.3m) comprises defined benefit scheme current service costs of £2.3m (2022: £1.5m) and £19.9m (2022: £19.8m) of contributions payable to the defined contribution schemes.

## Capital

### 18. Share capital and reserves

#### Accounting policy

Equity instruments represent the ordinary share capital of the Group and are recorded at the proceeds received, net of directly attributable incremental issue costs.

Consideration paid by the Group for its own shares is deducted from total shareholders' equity. Where such shares vest to colleagues under the terms of the Group's share incentive schemes or the Group's Sharesave schemes or are sold, any consideration received is included in shareholders' equity.

#### a. Share capital

Ordinary shares	Authorised, issued and fully paid	
	No.	£m
At 1 January 2022	225,025,926	25.2
Cancellation of share capital	(12,516,592)	(1.4)
At 1 January and 31 December 2023	<b>212,509,334</b>	<b>23.8</b>

The Company has one class of ordinary share that carries no right to fixed income. The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

# Notes to the consolidated financial statements continued

For the year ended 31 December 2023

## Capital continued

### 18. Share capital and reserves continued

#### 2022 share buyback

The Group concluded a share buyback programme in May 2022 with a total of 12.3m shares purchased, of which none were held as treasury shares and 3.5m were transferred to the Employee Share Ownership Trust ('ESOT'). The shares were acquired at an average price of £13.70 per share, with prices ranging from £11.72 to £16.20. The total cost of £172.1m, including £2.2m of after-tax transaction costs, was deducted from shareholder's equity.

#### b. Own shares

No.	2023		2022		
	ESOT shares	Total	Treasury shares	ESOT shares	Total
At 1 January	2,596,684	2,596,684	3,533,419	507,371	4,040,790
Shares purchased in share buyback and held as treasury shares	-	-	(3,533,419)	3,533,419	-
Reissued	(928,002)	(928,002)	-	(1,444,106)	(1,444,106)
At 31 December	1,668,682	1,668,682	-	2,596,684	2,596,684

The own shares held by the Employee Share Ownership Trust are to satisfy options under the Group's share option schemes. None of the own shares have been allocated to grants of executive options and all rights attaching to the shares are suspended until the shares are reissued.

#### c. Reserves

A description of the nature and purpose of each reserve is given below:

- The share premium represents the amounts above the nominal value received for shares sold
- The cash flow hedge reserve represents the cumulative gain or loss on the fair value of effective hedging instruments used in cash flow hedges which have not yet been reclassified to profit or loss
- The merger reserve represents the premium on equity instruments issued as consideration for the acquisition of BSS
- The revaluation reserve represents the revaluation surplus that arose from property revaluations in 1999 and prior years
- The own shares reserve represents the cost of shares purchased in the market and held by the Employee Share Ownership Trust to satisfy options under the Group's share option schemes
- The foreign exchange reserve represents the exchange differences recognised on translation of the assets and liabilities of the operations that have a functional currency different from the Group
- Other reserves relates to a capital redemption reserve arising as a result of the share buybacks and the subsequent cancellation of shares
- Retained earnings represents cumulative results for the Group less cumulative dividends paid

### 19. Earnings per share

#### a. Basic and diluted earnings per share

£m	2023	2022
Profit attributable to the owners of the parent	38.1	192.2
Weighted average number of shares for the purposes of basic earnings per share	210,530,726	211,630,413
Dilutive effect of share options on potential ordinary shares	3,616,786	3,789,212
Weighted average number of ordinary shares for the purposes of diluted earnings per share	214,147,512	215,419,625
Earnings per share	18.1p	90.8p
Diluted earnings per share	17.8p	89.2p

A total of 620,310 share options (2022: 528,262 share options) had an exercise price in excess of the average market value of the shares during the year. As a result, these share options were excluded from the calculation of diluted earnings per share.

**b. Adjusted earnings per share**

Adjusted earnings per share is calculated by excluding the effect of adjusting items and the amortisation of acquired intangible assets from earnings.

£m	2023	2022
Earnings for the purposes of earnings per share	38.1	192.2
Adjusting items	60.0	-
Amortisation of acquired intangible assets	10.5	10.5
Tax on adjusting items	(9.7)	-
Tax on amortisation of acquired intangible assets	(2.6)	(2.6)
Earnings for adjusted earnings per share	96.3	200.1
Adjusted earnings per share	45.7p	94.6p
Adjusted diluted earnings per share	45.0p	92.9p

**20. Dividends****Accounting policy**

Dividends proposed by the Board of Directors and unpaid at the period end are not recognised in the financial statements until they have been approved by shareholders at the Annual General Meeting.

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

£m	2023	2022
Final dividend for the year ended 31 December 2022 of 26.5 pence (2021: 26.0 pence) per ordinary share	55.8	55.5
Interim dividend for the year ended 31 December 2023 of 12.5 pence (2022: 12.5 pence) per ordinary share	26.3	26.2
Total dividend recognised during the year	82.1	81.7

The Directors are recommending a final dividend of 5.5 pence in respect of the year ended 31 December 2023. The anticipated cash payment in respect of the proposed final dividend is £11.7m (2022: £55.8m).

# Notes to the consolidated financial statements continued

For the year ended 31 December 2023

## Capital continued

### 21. Borrowings

#### Accounting policy

Interest-bearing bank loans and overdrafts, loan notes and other loans are recognised in the balance sheet at amortised cost. Finance charges associated with arranging non-equity funding are recognised in the income statement over the life of the facility. All other borrowing costs are recognised in the income statement in accordance with the effective interest rate method.

A summary of the Group's objectives, policies, procedures and strategies with regard to financial instruments and capital management can be found in the Strategic Report on page 72. At 31 December 2023, all borrowings were denominated in sterling (2022: sterling).

#### a. Summary

£m	2023	2022
Liability to pension scheme	24.6	26.7
Bonds	250.0	430.0
Finance charges netted off borrowings	(4.5)	(2.6)
Term loan	75.0	75.0
Senior unsecured notes	100.0	-
Overdraft	-	12.5
	<b>445.1</b>	<b>541.6</b>
Current liabilities	-	192.5
Non-current liabilities	<b>445.1</b>	<b>349.1</b>
	<b>445.1</b>	<b>541.6</b>

The Group's term loan, senior unsecured notes and committed revolving credit facility are subject to two financial covenants:

- Leverage: Net Debt / Adjusted EBITDA < 4.0x
- Interest cover: Adjusted operating profit / Net interest payable > 2.0x

#### b. Analysis of other borrowings

£m	2023	2022
Borrowings repayable:		
On demand or within one year	-	192.5
More than one year, but not more than five years	325.0	325.0
More than five years	124.6	26.7
Gross borrowings	<b>449.6</b>	<b>544.2</b>
Unamortised fees	(4.5)	(2.6)
	<b>445.1</b>	<b>541.6</b>

#### c. Facilities

At 31 December 2023, the following facilities were available:

£m	2023	2022
Drawn facilities:		
£250m bond	250.0	250.0
£180m bond (repaid September 2023)	-	180.0
£75m term loan	75.0	75.0
£100m senior unsecured notes	100.0	-
	<b>425.0</b>	<b>505.0</b>
Undrawn facilities:		
Five-year committed revolving credit facility	375.0	400.0
Bank overdrafts	15.0	15.0
	<b>390.0</b>	<b>415.0</b>



The outstanding £180m principal amount of the 2023 guaranteed notes was repaid in September 2023, with £120m having previously been repurchased and cancelled in April 2022.

In August 2023 the Group issued £100m of senior unsecured notes to a syndicate of investors. These notes are split into three equal tranches maturing in 2029, 2030 and 2031.

In November 2023 the Group completed its renegotiation of its revolving credit facility with a syndicate of banks. The terms of this agreement reduced the facility to £375m (2022: £400m) with a maturity date of 2029. The terms of the agreement state that at the discretion of the lender the banking facility may be extended to a maximum maturity date of 2031.

The disclosures in note 21(c) do not include leases or the effect of finance charges netted off bank debt.

#### d. Interest

The weighted average interest rates received on assets and paid on liabilities were as follows:

%	2023	2022
<b>Assets:</b>		
Short-term deposits	4.7	1.0
<b>Liabilities:</b>		
2026 £250m bond	3.8	3.8
2023 £300m bond	4.5	4.5
£75m term loan	4.6	4.6
£100m senior unsecured notes	6.2	-
Bank loans and overdrafts	8.7	2.1

In respect of income earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date:

£m	2023		2022	
	Effective interest rate	£m	Effective interest rate	£m
<b>Assets:</b>				
Short-term deposits	5.2%	101.5	3.3%	194.0
<b>Liabilities:</b>				
2026 £250m bond	3.8%	250.0	3.8%	250.0
2023 £300m bond	4.5%	-	4.5%	180.0
Term loan	4.6%	75.0	4.6%	75.0
Senior unsecured notes	6.2%	100.0	-	-
		425.0		505.0

#### e. Fair values

The book values of financial assets and liabilities have been determined based on amortised cost. For the majority of these, the fair values are not materially different from their carrying amounts. Significant differences were identified for the Group's £250m of bonds as at 31 December 2023, where the assessed fair value based on quoted mid-market prices was £236.9m (2022: £430m of bonds with an assessed fair value of £399.6m).

Details of the fair values of derivatives are given in notes 26 and 27.

# Notes to the consolidated financial statements *continued*

For the year ended 31 December 2023

## Capital *continued*

### 21. Borrowings *continued*

#### f. Guarantees and security

There are cross guarantees on the overdrafts between Group companies.

Travis Perkins Trading Company Limited, Travis Perkins (Properties) Limited, TP Property Company Limited, CCF Limited, Keyline Civils Specialist Limited, Toolstation Limited and The BSS Group Limited are guarantors of the following facilities advanced to Travis Perkins plc:

- £250m bond
- £75m term loan
- £100m senior unsecured notes
- £375m revolving credit facility (2022: £400m)
- Interest rate swap <sup>1</sup>
- Currency derivatives (note 27)

The Group companies have entered into other guarantee and counter-indemnity arrangements in respect of guarantees issued in favour of Group companies by several banks amounting to approximately £31.8m (2022: £32.0m).

#### Other guarantors

<sup>1</sup> The interest rate swap is guaranteed by Travis Perkins Trading Company Limited, Travis Perkins (Properties) Limited, CCF Limited and Keyline Civils Specialist Limited

### 22. Net debt

#### Accounting policy

Cash and cash equivalents comprise cash balances and cash deposits with an original maturity of three months or less held by the Group and Company, net of overdrafts. The carrying amount of these assets approximates to their fair value.

#### Movement in net debt

£m	Cash and cash equivalents, including overdraft	Leases	Term loan	Senior unsecured notes	Liability to pension scheme	Total
<b>At 1 January 2022</b>	<b>(459.8)</b>	<b>489.2</b>	<b>(1.5)</b>	<b>548.2</b>	<b>28.5</b>	<b>604.6</b>
Additions to leases	-	114.7	-	-	-	<b>114.7</b>
Disposals of leases	-	(12.5)	-	-	-	<b>(12.5)</b>
Cash flow	236.6	(100.3)	75.0	(120.0)	(3.7)	<b>87.6</b>
Finance charges and fees	-	-	(0.1)	0.8	-	<b>0.7</b>
Discount unwind on liability to pension scheme	-	-	-	-	1.9	<b>1.9</b>
Discount unwind on lease liabilities	-	21.5	-	-	-	<b>21.5</b>
<b>At 1 January 2023</b>	<b>(223.2)</b>	<b>512.6</b>	<b>73.4</b>	<b>429.0</b>	<b>26.7</b>	<b>818.5</b>
Additions to leases	-	185.5	-	-	-	<b>185.5</b>
Disposals of leases	-	(5.2)	-	-	-	<b>(5.2)</b>
Cash flow	91.7	(110.7)	-	(80.0)	(3.7)	<b>(102.7)</b>
Finance charges and fees	-	-	(1.9)	-	-	<b>(1.9)</b>
Discount unwind on liability to pension scheme	-	-	-	-	1.6	<b>1.6</b>
Discount unwind on lease liabilities	-	26.2	-	-	-	<b>26.2</b>
31 December 2023	(131.5)	608.4	71.5	349.0	24.6	<b>922.0</b>
Less: lease liability						<b>(608.4)</b>
Net debt before leases						<b>313.6</b>

Cash and cash equivalents comprises short-term deposits of £101.5m (2022: £194.0m) and cash of £30.0m (2022: £29.2m).

## 23. Cash flow metrics

### a. Free cash flow

£m	2023	2022
Adjusted operating profit	180.4	295.3
Less: Profit on disposal of properties	(15.1)	(25.3)
Adjusted operating profit excluding property profit	165.3	270.0
Share-based payments	14.6	17.0
Other net interest paid	(25.0)	(16.9)
Interest on lease liabilities	(26.2)	(21.5)
Income tax paid	(40.6)	(57.6)
Movement on working capital	(22.2)	(76.5)
Depreciation of property, plant and equipment	80.3	73.6
Amortisation and impairment of internally-generated intangibles	4.6	6.5
Capital expenditure excluding freehold purchases	(108.6)	(110.0)
Disposal of plant and equipment	2.0	10.1
Free cash flow	44.2	94.7

### b. Cash conversion

£m	2023	2022
Adjusted operating profit excluding property profit	165.3	270.0
Movement on working capital	(22.2)	(76.5)
Depreciation of property, plant and equipment	80.3	73.6
Amortisation and impairment of internally-generated intangibles	4.6	6.5
Share-based payment	14.6	17.0
Capital expenditure excluding freehold purchases	(108.6)	(110.0)
Adjusted free cash flow for cash conversion	134.0	180.6
Cash conversion	81%	67%

## 24. Net debt to adjusted EBITDA

£m	2023	2022
Operating profit	109.9	284.8
Depreciation and amortisation	186.5	169.6
Adjusting operating items	60.0	-
Adjusted EBITDA	356.4	454.4
Net debt	922.0	818.5
Net debt to adjusted EBITDA	2.6x	1.8x

# Notes to the consolidated financial statements continued

For the year ended 31 December 2023

## Capital continued

### 25. Return on capital employed

Group return on capital employed is calculated as follows:

£m	2023	2022
Operating profit	109.9	284.8
Amortisation of acquired intangible assets	10.5	10.5
Adjusting items	60.0	-
Adjusted operating profit	180.4	295.3
Opening net assets	2,102.2	2,237.8
Net pension surplus	(102.0)	(207.0)
Net debt	818.5	604.6
Opening capital employed	2,818.7	2,635.4
Closing net assets	2,040.3	2,102.2
Net pension surplus	(75.5)	(102.0)
Net debt	922.0	818.5
Closing capital employed	2,886.8	2,818.7
Average capital employed	2,852.8	2,727.1

Group return on capital employed is calculated as follows:

£m	2023	2022
Adjusted operating profit	180.4	295.3
Average capital employed	2,852.8	2,727.1
Return on capital employed	6.3%	10.8%

## Risk

### 26. Financial risk management

The overall aim of the Group's financial risk management policies is to minimise potential adverse effects on financial performance and net assets. The Group manages the principal financial and treasury risks within a framework of policies and operating parameters reviewed and approved annually by the Board of Directors. The Group does not enter into speculative transactions. The Group's risk management policy is further discussed on pages 73 to 75. The Group's accounting policy for its cash flow hedges is set out in note 27.

#### a. Derivatives

During 2022 the Group obtained a 5-year term loan facility for £75m and at the same time entered into an equal interest rate swap arrangement to hedge the full variable component of the interest rate for the life of the instrument. The risk management objective is to hedge against the fair value of the variable interest rate element of the loan facility. The interest rate swap is a derivative measured at fair value and is designated in the hedging relationship in its entirety, therefore the hedging instrument is eligible for hedge accounting.

The Group has the following derivative financial instruments in the balance sheet:

£m	2023	2022
<b>Non-current assets</b>		
Interest rate swap – cash flow hedge	2.9	4.3
Total non-current derivative financial instrument assets	2.9	4.3

The Group's hedging reserve relates to the following hedge instrument:

£m	2023	2022
At 1 January	3.2	-
Change in fair value of hedging instrument recognised in OCI	(1.4)	4.3
Deferred tax	0.4	(1.1)
At 31 December	2.2	3.2

A net loss of £0.2m (2022: £0.3m) on foreign currency forwards not qualifying as hedges was recognised in the Group's profit and loss and included in other losses. Hedge effectiveness was determined at the inception of the swap arrangement and through prospective effectiveness assessments, to ensure that an economic relationship exists between the loan facility and the interest rate swap. As both the loan and interest rate swap have the same critical terms, with the value, term and payment timings aligned, there is no portion of the hedge which is considered to be ineffective.

Swaps currently in place cover 100% of the variable term loan principal outstanding. The fixed interest rate of the swap is 2.673%. The interest rate of the term loan consists of a variable element based on the Sterling Overnight Index Average ('SONIA') and a margin between 1.8% – 2.4%. The swap contracts require settlement of the net interest receivable or payable every 6 months and coincides with the dates on which payment is due on the underlying term loan.

The effects of the interest rate swaps of the Group's financial position and performance are as follows:

£m	2023	2022
Carrying amount (non-current assets)	2.9	4.3
Notional amount	75.0	75.0
Maturity date	15 August 2027	15 August 2027
Hedge ratio	1:1	1:1
Change in fair value of hedging instruments for the year	(1.4)	4.3
Weighted average hedged rate for the year	4.6%	2.4%

## 27. Financial instruments

### Accounting policy

#### Investments and other financial assets classification

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through Other Comprehensive Income "FVOCI", or through profit or loss "FVTPL")
- Those to be measured at amortised cost

The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVTPL or at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

### Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

## Risk continued

### 27. Financial instruments continued

#### **Debt instruments**

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in finance income or finance costs, together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the income statement.
- **FVTPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains and losses in the period in which it arises.

#### **Equity instruments**

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in finance income or finance costs in the income statement as applicable. Impairment losses (and the reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

#### **Impairment**

From 1 January 2018, the Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by IFRS 9 – Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

#### **Derivative financial instruments**

The Group uses derivative financial instruments to hedge its exposure to interest rate and foreign exchange risks arising from financing activities. The Group does not enter into speculative financial instruments. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for derivative trading purposes.

Derivative financial instruments are stated at fair value. The fair value of derivative financial instruments is the estimated amount the Group would receive or pay to transfer to a market participant the derivative at the balance sheet date, taking into account current interest and exchange rates and the current creditworthiness of the counterparties.

Where derivatives do not qualify for hedge accounting, any gains or losses on re-measurement are immediately recognised in the Statement of Comprehensive Income. Where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedge relationship and the items being hedged.

In order to qualify for hedge accounting, the Company is required to document from inception, the relationship between the item being hedged and the hedging instrument. The Company is also required to document and demonstrate an assessment of the relationship between the hedged item and the hedging instrument, which shows that the hedge will be highly effective on an on-going basis. This effectiveness testing is performed at each reporting date to ensure that the hedge remains highly effective.

Derivative financial instruments are classified as cash flow hedges when they hedge the Company's exposure to variability in cash flows that are either attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecasted transaction. The effective element of any gain or loss from re-measuring the derivative instrument is recognised directly in equity.

The associated cumulative gain or loss is removed from equity and recognised in the Statement of Comprehensive Income in the same period during which the hedged transaction affects the Statement of Comprehensive Income. The classification of the effective portion when recognised in the Statement of Comprehensive Income is the same as the classification of the hedged transaction. Any element of the re-measurement criteria of the derivative instrument which does not meet the criteria for an effective hedge is recognised immediately in the Statement of Comprehensive Income

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting or is de-designated. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs or the original hedged item affects the Statement of Comprehensive Income. If a forecasted hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the Statement of Comprehensive Income.

Foreign currency forward contracts are marked-to-market at the balance sheet date, with any gains or losses being taken through the income statement. Derivatives embedded in commercial contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the underlying contracts, with unrealised gains or losses being reported in the income statement.

#### a. The carrying value of categories of financial instruments

£m	2023	2022
<b>Financial assets:</b>		
Loans and receivables (including cash and cash equivalents) at amortised cost	786.3	923.4
Designated instrument-by-instrument as either FVTPL or FVOCI	2.9	4.3
	<b>789.2</b>	927.7
<b>Financial liabilities:</b>		
Mandatorily at FVTPL	0.4	0.2
Borrowings (note 21a)	445.1	541.6
Trade and other payables (including overdrafts) at amortised cost	653.2	681.0
	<b>1,098.7</b>	1,222.8

Loans and receivables exclude prepayments of £34.8m (2022: £38.2m). Trade and other payables exclude taxation and social security and accruals and deferred income totalling £142.2m (2022: £171.5m). The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk. The Group has considered the impact of credit risk on its financial instruments and because the counterparties are banks with strong credit ratings considers its impact to be immaterial. The issuer credit ratings of the banks where the Group's deposits are held ranges from A to A+ (S&P), A2 to Aa3 (Moody's), and A- to A+ (Fitch).

#### b. Fair value of financial instruments

Financial assets and financial liabilities designated as FVTPL comprise foreign currency forward contracts and are measured using quoted forward exchange rates.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (ie as prices) or indirectly (ie derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

There were no transfers between levels during the year.

£m	2023	2022
<b>Included in assets:</b>		
Level 2: Interest rate swap	2.9	4.3
<b>Included in liabilities:</b>		
Level 2: Foreign currency forward contracts at fair value through profit and loss	(0.4)	(0.2)

# Notes to the consolidated financial statements continued

For the year ended 31 December 2023

## Risk continued

### 27. Financial instruments continued

#### c. Interest risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings and by the use of interest rate swap contracts and forward interest rate contracts when appropriate. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring optimal hedging strategies are applied, by either positioning the balance sheet or protecting interest expense through different interest rate cycles.

In 2022 the Group entered into an interest rate swap arrangement to hedge the variable interest rate risk on a £75m 5-year loan facility. The risk management objective is to hedge against the fair value of the variable interest rate element of the loan facility. The interest rate swap is a derivative measured at fair value and is designated in the hedging relationship in its entirety.

#### d. Currency forward contracts

The Group acquires goods for sale from overseas which, when not denominated in sterling, are paid for principally in US dollars and euros. The Group has entered into forward foreign exchange contracts (all of which are less than one year in duration) to buy US dollars and euros to hedge the exchange rate risk arising from these anticipated future purchases. At the balance sheet date the total notional value of contracts to which the Group was committed was EUR6.0m and US\$21.5m (2022: EUR10.0m and US\$30.0m). The fair value of these derivatives was £0.4m liability (2022: £0.2m liability). These contracts are not designated cash flow hedges and accordingly the fair value movement has been reflected in the income statement.

#### e. Interest rate sensitivity analysis

A sensitivity analysis has been determined based on the exposure to interest rates for both derivatives and non-derivative financial instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming that the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 1.0% increase or decrease is used when reporting interest rate risk internally to key management personnel.

At 31 December 2023 the Group had no floating rate liabilities. There was £101.5m on short-term deposit at 31 December 2023 (2022: £194.0m). A 1.0% increase or decrease in interest rates, with all other variables held constant, would have the following impact on:

- Profit before taxation for the year ended 31 December 2023 would have increased or decreased by £1.0m (2022: increased or decreased by £1.9m) due to the short-term deposits
- Net equity would have increased or decreased by £0.8m (2022: increased or decreased by £1.6m)

#### f. Liquidity analysis

The following table details the Group's liquidity analysis for its derivative financial instruments and other financial liabilities. The table has been drawn up based on the undiscounted net cash flows on the derivative instruments that settle on a net basis and the undiscounted gross cash flows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest and foreign currency rates as illustrated by the yield curves existing at the reporting date.

£m	2023				Total
	0-1 year	1-2 years	2-5 years	5+ years	
Total gross settled: foreign exchange forward contracts	(22.9)	-	-	-	(22.9)
Total net settled: Interest rate swap – cash flow hedge	1.9	1.9	3.1	-	6.9
Total derivative financial instruments	(21.0)	1.9	3.1	-	(16.0)
Net settled:					
Borrowings	(24.9)	(24.9)	(366.2)	(143.9)	(559.9)
Trade and other payables at amortised cost	(653.2)	-	-	-	(653.2)
Leases	(108.9)	(101.1)	(237.8)	(316.6)	(764.3)
Total financial instruments	(787.0)	(126.0)	(604.0)	(460.5)	(1,977.5)



£m	2022 (restated*)				Total
	0-1 year	1-2 years	2-5 years	5+ years	
Total gross settled: foreign exchange forward contracts	(33.9)	-	-	-	(33.9)
Total net settled: Interest rate swap – cash flow hedge	0.5	1.5	2.8	-	4.8
Total derivative financial instruments	(33.4)	1.5	2.8	-	(29.1)
Net settled:					
Borrowings	(203.6)	(18.6)	(361.8)	(38.1)	(622.1)
Trade and other payables at amortised cost	(681.0)	-	-	-	(681.0)
Leases	(88.5)	(81.5)	(200.8)	(262.1)	(632.9)
Total financial instruments	(973.1)	(100.1)	(562.6)	(300.2)	(1,936.0)

\* The 2022 liquidity analysis has been restated to include £80.5m of projected interest payments on the Group's borrowings. The previously reported undiscounted cash outflow on borrowings disclosed was £541.6m which had not included projected interest payments.

## 28. Impairment

### Accounting policy

#### Impairment of tangible and intangible assets

The carrying amounts of the Group's tangible and intangible assets with a definite useful life are reviewed at each balance sheet date to determine whether there is any indication of impairment to their value. If such an indication exists, the asset's recoverable amount is estimated and compared to its carrying value. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs. The recoverable amount of an asset is the greater of its fair value less disposal cost and its value-in-use (the present value of the future cash flows that the asset is expected to generate). In determining value in use the present value of future cash flows is discounted using a pre-tax discount rate that reflects current market assessments of the time value-of-money in relation to the period of the investment and the risks specific to the asset concerned.

Where the carrying value exceeds the recoverable amount a provision for the impairment loss is established with a charge being made to the income statement. When the reasons for a write down no longer exist the write down is reversed in the income statement up to the net book value that the relevant asset would have had if it had not been written down and if it had been depreciated.

For intangible assets that have an indefinite useful life the recoverable amount is estimated on an annual basis

### Measuring recoverable amounts

The Group tests goodwill and other non-monetary assets with indefinite useful lives for impairment annually or more frequently if there are indications that an impairment may have occurred. The recoverable amounts of the goodwill and other non-monetary assets with indefinite useful lives are determined from value-in-use calculations, except for the Toolstation Benelux and Toolstation France CGUs where fair value less cost of disposal ("FVL COD") calculations have been used. The valuation is considered to be level 3 in the fair value hierarchy due to unobservable inputs used in the valuation.

The key assumptions for the value-in-use are those regarding the discount rates, growth rates and like-for-like market volume changes which impact sales and therefore cash flow projections and maintenance capital expenditure. The FVL COD calculations are those regarding the discount rate, growth rates, sales volume and operating margin Management estimates pre-tax discount rates that reflect current market assessments of the time-value of money and the risks specific to the CGU groupings that are not reflected in the cash flow projection.

In developing these assumptions, management has considered the possible impacts of climate risks. This has included consideration of the impact of climate risks on the Group's required capital expenditure, on energy costs directly in the business and the supply chain and the impact of the changes on the Group's markets and customers.

At the end of the financial year the recoverable amount of goodwill and intangible assets with indefinite useful lives in all segments was in excess of their book value for all CGUs except for Toolstation France and certain Benchmarx branches discussed in note 3. The Benchmarx branches form part of the Travis Perkins General Merchant group of CGUs. The value-in-use and FVL COD calculations require the use of assumptions.

# Notes to the consolidated financial statements continued

For the year ended 31 December 2023

## Risk continued

### 28. Impairment continued

#### Key assumptions

The key financial assumptions used in the estimation of the recoverable amount for the UK CGUs are set out below. The key financial assumptions for the Toolstation France and Toolstation Benelux CGUs are discussed separately. The values assigned to the key assumptions represent management's assessment of current market conditions and future trends and have been based on historical data from both external and internal sources.

	2023	2022
Pre-tax discount rate	12.1%-13.3%	12.8%-14.1%
Long-term growth rate	2.0%	1.7%

The pre-tax discount rate used in the estimation of the recoverable amount for the Travis Perkins General Merchant CGU was 12.9%.

Management determined the values assigned to these financial assumptions as follows:

- Pre-tax discount rates: these are calculated by reference to the weighted average cost of capital ("WACC") of the Group and reflect specific risks relating to the Group's industries and the countries in which the Group operates. The pre-tax discount rate is adjusted for risks not adjusted for in the cash flow forecasts, including risks related to the size and industry of each CGU.
- Long-term growth rate: This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. This represents the forecast GDP growth for the final year considered in the Office for Budget Responsibility's most recent Economic and Fiscal Outlook report.

Cash flow forecasts are derived from the most recent Board-approved strategic plans. The key operating assumptions used in the estimation of future cash flows for the UK CGUs are:

- Sales market volume growth on which the approved corporate plans are based are derived from a variety of sources including construction and consumer outlook reports, current and forecast housing-market transaction numbers and mortgage-approval levels. The Directors consider this to be the principal operating assumption as it determines management's approach to the interlinked factors underlying the operating margin percentage.
- Operating margin percentage is forecast in the context of the sales market volume growth assumptions and is based on historical experience of operating margins, adjusted for the impact of changes to product costs and cost-saving initiatives.

For the less-mature Toolstation Europe businesses, the key operating assumption is future average sales growth. This assumption is set in the context of the store opening profile and historical data from the Toolstation UK and Toolstation Europe businesses on the store maturity profile.

Cash flows beyond the corporate plan period (2027 and beyond for the UK CGUs, 2034 and beyond for non-UK CGUs) have been determined using the long-term growth rate. The longer period used in the FVLCO models for the Toolstation France and Toolstation Benelux CGUs are consistent with market practice for valuing high-growth loss-making businesses.

#### Result

The recoverable amount of goodwill and intangible assets with indefinite useful lives was in excess of their book value in all CGUs and therefore no impairments have been recognised, except in respect of the Toolstation France CGU discussed below and in respect of certain Benchmark branches as disclosed in note 3. No impairments were recognised in 2022.

There are no reasonably possible changes in the key assumptions used in the impairment reviews that would cause the recoverable amounts of £1,833.1m to be materially lower than the carrying amounts, except in respect of the Toolstation Benelux CGU for which sensitivity disclosures are provided.

The Benchmark branches form part of the Travis Perkins General Merchant CGU for which no impairment was recognised and for which there are no reasonably possible changes in the key assumptions used that would cause the recoverable amount to be materially lower than the carrying amount of £1,215.0m.

#### Toolstation France

Following the annual impairment review of goodwill and intangible assets, an impairment of £33.1m has been recognised in respect of the Toolstation France CGU. Trading conditions in the French market have been challenging and as a consequence expectations of future sales growth were reduced in the FVLCO calculations. This impairment charge relates to £14.4m of right-of-use assets, £7.2m of tangible fixed assets, £9.6m of goodwill and £1.9m of other acquisition-related intangible fixed assets. The carrying value of these fixed assets relating to the Toolstation France business is now nil. There are no reasonably possible changes in the key operating assumptions used in this impairment review that would result in a materially different impairment charge. The pre-tax discount rate used in this calculation was 11.8% and the long-term growth rate was 2.0%.

#### Toolstation Benelux

The recoverable amount calculated in the impairment review of the Toolstation Benelux CGU exceeded the carrying amount of £134.9m by £210.4m. Whilst the Directors believe the assumptions are realistic, there are reasonably possible changes in key assumptions that would cause the recoverable amount of the Toolstation Benelux CGU to be lower than the carrying amount. The key variables applied to the fair value less cost of disposal calculations and the value at which the recoverable amount would be equal to the carrying amount were:

	Assumption	Sensitivity
Pre-tax discount rate	9.5%	17.1%
Average annual sales growth (2023–2033)	17.6%	15.4%
Peak operating profit in 2033	11.7%	4.0%

The Toolstation Benelux impairment review is not sensitive to reasonably possible changes to the long-term growth rate. All other variables have been held equal.

#### Key estimates over assumptions used in value-in-use calculations

In testing for impairment, the recoverable amount of goodwill and intangible assets is determined by reference to the value-in-use or fair value less cost of disposal of the CGU grouping to which they are attributed. In addition the Directors have made certain estimates concerning discount rates, future cash flows and the future development of the business that are consistent with its corporate plan. Whilst the Directors consider their assumptions to be realistic, should actual results, including those for future sales growth, be different from expectations, for instance due to a worsening of the Dutch or Belgian economy, then it is possible that the value of goodwill and other intangible assets included in the balance sheet could become materially impaired. The range of reasonably possible outcomes includes an impairment charge in respect of the £134.9m carrying value of assets of up to £17.4m, arising in a scenario where the pre-tax discount rate is 1ppt higher and sales are cumulatively 27.6% lower over the period of the modelled cash flows.

### 29. Capital commitments

£m	2023	2022
Contracted for but not provided in the accounts	9.9	8.3

## Group structure

### 30. Business combinations and disposals

#### Accounting policy

All business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition of a subsidiary comprises the:

- Fair values of the assets transferred
- Liabilities incurred to the former owners of the acquired business
- Equity interests issued by the Group
- Fair value of any asset or liability resulting from a contingent consideration arrangement
- Fair value of any pre-existing equity interest in the subsidiary

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 – Business Combinations are recognised at their fair value at the acquisition date except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 – Income Taxes and IAS 19 – Employee Benefits respectively
- Liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 – Share-based Payments

Liabilities for contingent consideration are classified as fair value through profit and loss.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill.

The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred. Where a business combination is achieved in stages, the Group's previously-held interest in the acquired entity is remeasured to fair value at the acquisition date and the resulting gain or loss, if any, is recognised in the income statement.

# Notes to the consolidated financial statements *continued*

For the year ended 31 December 2023

## People

### 31. Staff costs

#### a. Average number of persons employed

The average monthly number of persons employed (including Executive Directors):

No.	2023	2022
Sales and distribution	17,703	18,453
Administration	1,469	1,503
	19,172	19,956

#### b. Aggregate remuneration

£m	2023	2022
Staff costs – wages and salaries	586.1	594.7
Staff costs – social security costs	57.0	54.2
Staff costs – other pension costs (note 17)	22.2	21.3
Share-based payments (note 32)	14.6	17.0
	679.9	687.2

Director's remuneration, including pension contributions and Long-Term Incentive plan awards, is set out in the Single Total Figure of Remuneration table in the Directors' Remuneration report on page 123.

The total amounts received or receivable by Directors under long-term incentive schemes in respect of qualifying service in the year is £81,000 (2022: £127,000). The aggregate of gains made by the Directors in the year on the exercise of share options equated to £nil (2022: £nil). Details with respect to share options exercised in the year are set out on page 128.

### 32. Share-based payments

#### Accounting policy

The Group issues equity-settled share-based payments to colleagues: long-term incentives, executive share options and Save As You Earn ("SAYE"). These payments are measured at fair value at the date of grant using the Black-Scholes option-pricing model taking into account the terms and conditions upon which the options were granted. The cost of equity-settled awards is recognised on a straight-line basis over the vesting period, based on the Group's estimate of the number of shares that will eventually vest.

#### a. Fair value of options

The Black-Scholes option-pricing model is used to calculate the fair value of the options and the amount to be expensed. The probability of the performance conditions being achieved was included in the fair-value calculations. The inputs into the model for options granted in the year expressed as weighted averages are as follows:

£m	2023		2022	
	SAYE	Nil-price options	SAYE	Nil-price options
Share price at grant date (pence)	828.6	828.6	889.4	1,245.0
Option exercise price (pence)	690.0	–	710.0	–
Volatility (%)	35.6%	40.4%	44.5%	44.0%
Option life (years)	3.4	3.0	3.3	2.9
Risk-free interest rate (%)	4.4%	3.4%	4.4%	1.4%
Expected dividends as a dividend yield (%)	4.4%	4.0%	2.5%	1.8%

Volatility is based on historic share prices over a period equal to the vesting period. Option life used in the model has been based on options being exercised in accordance with historical patterns. For executive share options the vesting period is three years.

If options remain unexercised after a period of ten years from the date of grant, these options expire. Options are forfeited if the colleague leaves the Group before options vest. SAYE options vest after three or five years and expire three and a half or five and a half years after the date of grant.

The risk-free interest rate of return is the yield on zero-coupon UK Government bonds on a term consistent with the vesting period. Dividends used are based on actual dividends where data is known and future dividends estimated using a dividend cover of three times (within the Board's target range).

The expected life of options used in the model has been adjusted, based upon management's best estimate, for the effect of non-transferability, exercise restrictions and behavioural considerations.

#### **b. Income statement charge and shares granted**

A description of the share schemes operated by the Group is contained in the Remuneration Report on page 108. The estimated fair values of the shares under option granted under the Group's share schemes in 2023 are as follows:

Share scheme	Grant date	Fair value for the Group £m
Restricted Share Plan (nil-price options)	20 March 2023	5.1
Deferred Share Bonus Plan (nil-price options)	20 March 2023	-
Restricted Share Plan (nil-price options)	4 April 2023	0.4
Restricted Shares Plan (nil-price options)	8 September 2023	0.1
Save As You Earn	27 September 2023	8.1

The Group charged £14.6m (2022: £17.0m) to the income statement in respect of equity-settled share-based payment transactions.

#### **c. Share options for the Group**

The number and weighted average exercise price of share options is as follows:

	The Group					
	2023			2022		
In thousands of options	Weighted average exercise price (pence)	Number of options	Number of nil price options	Weighted average exercise price (pence)	Number of options	Number of nil price options
Outstanding at the beginning of the year	823	5,276	2,568	1,054	4,185	2,997
Forfeited during the year	652	(2,649)	(279)	1,107	(1,863)	(225)
Exercised during the year	747	(4)	(925)	909	(544)	(902)
Granted during the year	690	2,509	865	710	3,498	698
Outstanding at the end of the year	527	5,132	2,229	823	5,276	2,568
Exercisable at the end of the year	352	201	417	1,314	38	152

Details of the options outstanding at 31 December are as follows:

	The Group					
	2023			2022 (restated*)		
	Executive options	SAYE	Nil price options	Executive options	SAYE	Nil price options
Range of exercise prices (pence)	898-1,958	690-1,411	-	1,061-1,958	710-1,411	-
Weighted average exercise price (pence)	1,328	749	-	1,200	814	-
Number of shares (thousands)	3	5,132	2,229	120	5,156	2,568
Weighted average expected remaining life (years)	-	2.7	1.8	0.2	2.6	1.2
Weighted average contractual remaining life (years)	-	3.2	8.6	7.7	3.1	8.1

# Notes to the consolidated financial statements *continued*

For the year ended 31 December 2023

## People *continued*

### 32. Share-based payments *continued*

#### d. Impact of vesting and exercise

If all SAYE shares are acquired on the first possible day, 1.5m of shares will be issued for a consideration of £13.6m in the years below:

	2024		2025		2026		2027		2028	
	No. m	£m	No. m	£m	No. m	£m	No. m	£m	No. m	£m
Options	0.3	-	0.5	-	-	-	0.1	-	-	-
SAYE	0.2	3.3	1.1	8.4	-	0.6	0.2	1.2	-	0.1

The table above shows theoretical amounts. For the Group to receive the cash indicated in the periods shown, the following must occur:

- All performance conditions on executive share options must be fully met
- Options must be exercised on the day they vest (option holders generally have a seven year period post vesting to exercise the option)
- The share price at the exercise date for SAYE options must exceed the exercise price and every holder must exercise
- All option/SAYE holders must remain with the Group, or leave on good terms

If none of the requirements are met then the Group will receive no consideration.

### 33. Key management personnel

The remuneration of the key management personnel of the Group is set out below in aggregate for each of the categories specified in IAS 24 – Related Party Disclosures.

£m	2023	2022
Short-term employee benefits	9.9	10.9
Post-employment benefits	0.5	0.4
Share-based payments	5.2	7.8
	<b>15.6</b>	<b>19.1</b>

### 34. Related party transactions

The Group has a related party relationship with its subsidiaries, its Directors and with its pension schemes (note 17). Transactions between Group companies, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

## Other

### 35. Impact of new standards and interpretations

A number of new or amended standards became applicable for the current reporting period and as a result the Group has applied the following standards:

- IFRS 17 – Insurance contracts
- Classification of liabilities as current or non-current (amendments to IAS1)
- Disclosure of accounting policies (amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of accounting estimates (amendments to IAS 8)
- Deferred tax related to assets and liabilities arising from a single transaction (amendments to IAS 12)
- International tax reform – Pillar Two Model Rules (amendments to IAS 12)

The above requirements did not have a material impact on the Group and have been adopted without restating comparatives.

At the date of the approval of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue, but not yet effective:

- Lease liability in a sale-and-leaseback (amendments to IFRS 16 – Leases)
- Classification of liabilities as current or non-current, and non-current Liabilities with covenants (amendments to IAS 1 – presentation of Financial Statements)
- Supplier finance arrangements (amendment to IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments: Disclosures)

Based on their initial assessment, the Directors anticipate that adoption of these standards and interpretations in future periods will not have a material impact on the financial statements of the Group.

# Company balance sheet

As at 31 December 2023

£m	Notes	2023	2022
<b>Assets</b>			
<b>Non-current assets</b>			
Tangible assets		0.1	0.2
Investment in subsidiaries	2	1,921.9	1,868.6
Derivative financial instruments	9	2.9	4.3
<b>Total non-current assets</b>		<b>1,924.9</b>	<b>1,873.1</b>
<b>Current assets</b>			
Debtors	4	644.0	472.2
Cash and cash equivalents, excluding bank overdrafts		108.9	195.7
<b>Total current assets</b>		<b>752.9</b>	<b>667.9</b>
<b>Total assets</b>		<b>2,677.8</b>	<b>2,541.0</b>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Issued capital		23.8	23.8
Share premium account		545.6	545.6
Cashflow hedge reserve		2.9	4.3
Merger reserve		326.5	326.5
Own shares		(14.1)	(34.3)
Other reserves		1.4	1.4
Accumulated profits		1,317.2	1,107.8
<b>Total equity</b>	5	<b>2,203.3</b>	<b>1,975.1</b>
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	6	420.5	322.5
Amounts due to subsidiaries	7	-	32.9
<b>Total non-current liabilities</b>		<b>420.5</b>	<b>355.4</b>
<b>Current liabilities</b>			
Interest-bearing loans and borrowings	6	-	192.5
Derivative financial instruments	9	0.4	0.2
Amounts due to subsidiaries	7	36.1	0.8
Other creditors	10	17.5	16.9
Deferred tax liabilities	3	-	0.1
<b>Total current liabilities</b>		<b>54.0</b>	<b>210.5</b>
<b>Total liabilities</b>		<b>474.5</b>	<b>565.9</b>
<b>Total equity and liabilities</b>		<b>2,677.8</b>	<b>2,541.0</b>

The Company's profit for the year was £296.7m (2022: loss of £2.8m), and total comprehensive income for the year was £295.7m (2022: profit of £0.4m).

The financial statements of Travis Perkins plc, registered number 824821, were approved by the Board of Directors on 11 March 2024 and signed on its behalf by:

**Nick Roberts**  
Director

**Duncan Cooper**  
Director

# Company statement of changes in equity

For the year ended 31 December 2023

£m	Share capital	Share premium	Merger reserve	Hedging reserve	Own shares Treasury	Own shares ESOT	Other	Retained earnings	Total equity
At 1 January 2022	25.2	545.6	326.5	-	(53.8)	(7.6)	-	1,373.2	2,209.1
Profit and total comprehensive loss for the year	-	-	-	4.3	-	-	-	(3.9)	0.4
Dividends	-	-	-	-	-	-	-	(81.7)	(81.7)
Shares purchased in share buyback and held as treasury shares	-	-	-	-	(125.5)	-	-	-	(125.5)
Shares purchased in share buyback and held as own shares by ESOT	-	-	-	-	-	(46.6)	-	-	(46.6)
Sale of own shares	-	-	-	-	-	3.8	-	-	3.8
Own shares movement	-	-	-	-	-	16.1	-	(16.1)	-
Cancelled shares	(1.4)	-	-	-	179.3	-	1.4	(179.3)	-
Equity-settled share-based payments net of tax	-	-	-	-	-	-	-	15.6	15.6
At 31 December 2022	23.8	545.6	326.5	4.3	-	(34.3)	1.4	1,107.8	1,975.1
Profit and total comprehensive loss for the year	-	-	-	(1.4)	-	-	-	297.1	295.7
Dividends	-	-	-	-	-	-	-	(82.1)	(82.1)
Shares purchased in share buyback and held as treasury shares	-	-	-	-	-	-	-	-	-
Shares purchased in share buyback and held as own shares by ESOT	-	-	-	-	-	-	-	-	-
Sale of own shares	-	-	-	-	-	-	-	-	-
Own shares movement	-	-	-	-	-	20.2	-	(20.2)	-
Cancelled shares	-	-	-	-	-	-	-	-	-
Equity-settled share-based payments net of tax	-	-	-	-	-	-	-	14.6	14.6
At 31 December 2023	23.8	545.6	326.5	2.9	-	(14.1)	1.4	1,317.2	2,203.3



# Notes to the Company's financial statements

For the year ended 31 December 2023

## General information

### Overview

Travis Perkins plc is the ultimate parent of the Travis Perkins plc Group ("the Group"). The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 2 to 86. The Company is incorporated and is domiciled in the United Kingdom as a public limited company under the Companies Act 2006. The address of the registered office is given on page 201.

These financial statements are presented in pounds sterling, the currency of the primary economic environment in which the Group operates.

### Basis of accounting

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 and as such these financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards, but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

As permitted by section 408 of the Companies Act 2006, the income statement of the Company has not been presented.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- The requirements of IFRS 2 Share Based Payments in respect of group settled share-based payments
- The requirements of IFRS 7 "Financial Instruments: Disclosures"
- The requirements of paragraphs 91 to 99 of IFRS 13 "Fair Value Measurement"
- The requirement in paragraph 38 of IAS 1 "Presentation of Financial Statements" to present comparative information in respect of paragraph 79(a)(iv) of IAS 1
- The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 "Presentation of Financial Statements"
- The requirements of IAS 7 "Statement of Cash Flows"
- The requirements of paragraphs 30 and 31 of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Error"
- The requirements of paragraphs 17 and 18A of IAS 24 "Related Party Disclosures"
- The requirements in IAS 24 "Related Party Disclosures" to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 "Impairment of Assets"

Where required, equivalent disclosures are given in the consolidated financial statements of Travis Perkins plc.

### Basis of preparation

The financial statements have been prepared on the historical cost basis, except that derivative and other financial instruments and contingent consideration arising from business combinations are stated at fair value through profit and loss and also designated financial instruments are stated at fair value through other comprehensive income.

### Foreign currencies

Transactions denominated in foreign currencies are recorded at the rates ruling on the date of the transaction.

At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

### Going concern

After reviewing the Group's forecasts and risk assessments and making other enquiries, the Board has formed the judgement at the time of approving the financial statements that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the 12 months from the date of signing this Annual Report and Accounts. For this reason the Board continues to adopt the going concern basis in preparing the financial statements.

In arriving at their opinion the Directors considered:

- The Group's cash flow forecasts and revenue projections
- The impact on trading performance of severe but plausible downside scenarios. Key assumptions include significant reductions in revenue, removal of property profits and limited reductions in fixed overheads, as well as mitigating actions such as delayed capital expenditure, reduced overhead investment and dividend suspension
- The committed debt facilities available to the Group and the covenants thereon
- The Group's debt maturity profile
- The Group's robust policy towards liquidity and cash flow management
- The Group's ability to successfully manage the principal risk and uncertainties outlined on pages 74 to 85 during periods of uncertain economic outlook and challenging macroeconomic conditions.

# Notes to the Company's financial statements *continued*

For the year ended 31 December 2023

## General information *continued*

The downside scenarios tested, outlining the impact of severe but plausible adverse scenarios based on a severe recession and housing market weakness, show that there is sufficient headroom for liquidity and covenant compliance purposes for at least the next 12 months from the date of approval of these financial statements.

### Significant accounting policies

The principal accounting policies adopted in preparing the financial statements are provided throughout the notes to the financial statements.

### Standards issued but not yet effective

New standards, amendments and interpretations which are in issue but not yet effective are not expected to have a material impact on the Company's financial statements.

### Key judgements and estimates

The preparation of financial statements requires the Directors to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. Future events and their effects cannot be determined with certainty. Therefore, the determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience and current and expected economic conditions. The Directors frequently re-evaluate these significant factors and make adjustments as facts and circumstances dictate.

### 1. Income statements disclosures

The audit fee for the Company and the consolidated financial statements is disclosed in note 4(c) of the Group consolidated financial statements. Fees payable to KPMG LLP for audit and non-audit services to the Company are not required to be disclosed because the Group financial statements disclose such fees on a consolidated basis. Details of the Company's policy on the use of auditors for non-audit services, the reasons why the auditor was used rather than another supplier and how the auditor's independence and objectivity were safeguarded are set out in the Audit Committee Report.

Revenue represents dividend income from subsidiaries of the Company and totalled £426.2m (2022: £255.5m) in the year.

#### Staff costs (including Directors):

£m	2023	2022
Wages and salaries	6.5	6.6
Social security costs	0.9	0.9
Other pension costs	0.2	0.2
Share-based payments (note 12)	5.4	7.5
	<b>13.0</b>	15.2

The average monthly number of persons employed including Directors during the year was 51 (2022: 52).

### 2. Investments in subsidiaries

#### Accounting policy

Investments in subsidiaries are carried at cost less impairment.

£m	2023	2022
Cost		
At 1 January	3,003.6	2,930.1
Additions	144.2	73.5
At 31 December	<b>3,147.8</b>	3,003.6
Provision for impairment		
At 1 January	(1,135.0)	(921.2)
Impairment charge	(90.9)	(213.8)
At 31 December	<b>(1,225.9)</b>	(1,135.0)
Net book value at 31 December	<b>1,921.9</b>	1,868.6

The additions to investments in 2023 represent the capitalisation of a £44.8m (2022: £53.2m) intercompany loan with Toolstation Europe Limited, other additions recorded as part of the Group's ongoing project to simplify its legal structure and share-based payments to employees of subsidiary undertakings.

The impairment charge in 2023 relates to the Company's investment in Travis Perkins Finance Company Limited and followed the payment of intercompany dividends in 2023 which resulted in a reduction in the subsidiary's net assets below the carrying amount of the investment held by the Company. Accordingly an impairment loss was recognised.

The Directors have carried out an impairment review of the Company's investments and concluded that the investments are not impaired, except in respect of the specific legal-entity restructuring activity.

A full listing of all related undertakings is provided in note 11.

### 3. Deferred tax

£m Liability/(asset):	At 1 Jan 2022	Recognised in income	Recognised in equity	Recognised in other comprehensive income	At 1 Jan 2023	Recognised in income	Recognised in other comprehensive income	At 31 Dec 2023
Share-based payments	(2.9)	0.8	1.4	-	(0.7)	(1.3)	-	(2.0)
Cash flow hedge	-	-	-	1.1	1.1	-	(0.4)	0.7
Other timing differences	(0.2)	(0.1)	-	-	(0.3)	0.1	-	(0.2)
	(3.1)	0.7	1.4	1.1	0.1	(1.2)	(0.4)	(1.5)

### 4. Debtors

#### Accounting policy

Debtors are originally recognised at fair value. Subsequent to the initial recognition they are measured at amortised cost using the effective interest rate method.

£m	2023	2022
Current:		
Amounts owed by subsidiaries	572.4	376.3
Other financial assets – loan notes	1.7	4.0
Other debtors	69.9	91.9
	644.0	472.2

Amounts owed by subsidiaries include loans and other balances. The loans are interest-free and repayable on demand.

### 5. Share capital and reserves

#### Accounting policy

Equity instruments represent the ordinary share capital of the Company and are recorded at the proceeds received, net of directly attributable incremental issue costs.

#### a. Share capital

Ordinary shares of 10p (authorised, issued and fully paid)	No.	£m
At 1 January 2022	225,025,926	25.2
Share consolidation	(12,516,592)	(1.4)
At 1 January and December 2023	212,509,334	23.8

The Company has one class of ordinary share that carries no right to fixed income. The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets. See Group note 18 for the explanation of movements in share capital and own shares.

# Notes to the Company's financial statements *continued*

For the year ended 31 December 2023

## General information *continued*

### 5. Share capital and reserves *continued*

#### b. Own shares

No.	2023		2022		
	ESOT shares	Total	Treasury shares	ESOT shares	Total
At 1 January	2,596,684	2,596,684	3,533,419	507,371	4,040,790
Transferred to ESOT	-	-	(3,533,419)	3,533,419	-
Reissued	(928,002)	(928,002)		(1,444,106)	(1,444,106)
At 31 December	1,668,682	1,668,682	-	2,596,684	2,596,684

The own shares held by the Employee Share Ownership Trust are to satisfy options under the Group's share option schemes. None of the own shares have been allocated to grants of executive options and all rights attaching to the shares are suspended until the shares are reissued.

#### c. Reserves

A description of the nature and purpose of each reserve is given below:

- The share premium represents the amounts above the nominal value received for shares sold
- The cash flow hedge reserve represents the cumulative gain or loss on the fair value of effective hedging instruments used in cash flow hedges which have not yet been reclassified to profit or loss
- The merger reserve represents the premium on equity instruments issued as consideration for the acquisition of BSS
- The own shares reserve represents the cost of shares purchased in the market and held by the Employee Share Ownership Trust to satisfy options under the Group's share option schemes
- Retained earnings represents cumulative results for the Company

#### Distributable reserves

The distributable reserves accessible to the Company broadly approximate its accumulated profits. When required the Company can receive dividends from its subsidiaries to increase the available distributable reserves.

### 6. Interest bearing loans and borrowings

#### Accounting policy

Interest-bearing bank loans and overdrafts, loan notes and other loans are recognised in the balance sheet at amortised cost. Finance charges associated with arranging non-equity funding are recognised in the income statement over the life of the facility. All other borrowing costs are recognised in the income statement in accordance with the effective interest rate method.

£m	2023	2022
Bonds	250.0	430.0
Finance charges netted off borrowings	(4.5)	(2.5)
Term loan	75.0	75.0
Senior unsecured notes	100.0	-
Overdraft	-	12.5
	420.5	515.0
Current liabilities	-	192.5
Non-current liabilities	420.5	322.5
	420.5	515.0

£m	2023	2022
Borrowings repayable:		
On demand or within one year	-	192.5
More than one year, but not more than five years	325.0	325.0
More than five years	100.0	-
Gross borrowings	425.0	517.5
Unamortised fees	(4.5)	(2.5)
	420.5	515.0

At 31 December 2023 all borrowings were denominated in sterling (2022: sterling).

## 6. Interest bearing loans and borrowings *continued*

In respect of income earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date.

	2023		2022	
	Effective interest rate	£m	Effective interest rate	£m
<b>Assets:</b>				
Short-term deposits	5.2%	101.5	3.3%	194.0
<b>Liabilities:</b>				
2026 £250m bond	3.8%	250.0	3.8%	250.0
2023 £300m bond	4.5%	-	4.5%	180.0
£75m term loan	4.6%	70.0	4.6%	75.0
£100m senior unsecured notes	6.3%	100.0	-	-
	-	420		505.0

Details of the bonds, term loan and senior unsecured notes are given in note 21 to the consolidated financial statements.

## 7. Amounts due to subsidiary undertakings

£m	2023	2022
Amounts due to subsidiary undertakings – non-current	-	32.9
Amounts due to subsidiary undertakings – current	36.1	0.8
	36.1	33.7

Amounts due to subsidiary undertakings relate to loans and other balances. These loans are interest-free.

## 8. Financial risk management

For more details of the Group's hedging instruments see notes 26 and 27 of the Group financial statements.

£m	2023	2022
<b>Non-current assets</b>		
Interest rate swap – cash flow hedge	2.9	4.3
Total non-current derivative financial instrument assets	2.9	4.3

# Notes to the Company's financial statements continued

For the year ended 31 December 2023

## General information continued

### 8. Financial risk management continued

The Company's hedging reserve relates to the following hedge instrument:

£m	Interest rate swaps
At 1 January 2022	-
Change in fair value of hedging instrument recognised in OCI	4.3
Deferred tax	(1.1)
At 1 January 2023	3.2
Change in fair value of hedging instrument recognised in OCI	(1.4)
Deferred tax	0.4
At 31 December 2023	2.2

The following amounts were recognised in the Group's profit and loss:

£m	2023	2022
Net loss on foreign currency forwards not qualifying as hedges included in other gains/(losses)	-	(0.3)

£m	2023	2022
Carrying amount (non-current assets)	2.9	4.3
Notional amount	75.0	75.0
Maturity date	15 August 2027	15 August 2027
Hedge ratio	1:1	1:1
Change in fair value of hedging instruments for the year	4.3	4.3
Weighted average hedged rate for the year	4.61%	2.43%

### 9. Financial instruments

For the full details of the cashflow hedging instrument and the resulting accounting policy, see notes 26 and 27 of the Group accounts.

#### a. The carrying value of categories of financial instruments

£m	2023	2022
Financial assets:		
Loans and receivables (including cash and cash equivalents) at amortised cost	686.1	583.0
Designated instrument-by-instrument as either FVTPL or FVOCI	2.9	4.3
	689.0	587.3
Financial liabilities:		
Mandatorily at FVTPL	0.4	0.2
Borrowings (note 6)	420.5	515.0
Trade and other payables at amortised cost	44.2	44.7
	465.1	559.9

### b. Liquidity analysis

The following table details the Company's liquidity analysis for its derivative financial instruments and other external financial liabilities. The table has been drawn up based on the undiscounted net cash flows on the derivative instruments that settle on a net basis and the undiscounted gross cash flows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest and foreign currency rates as illustrated by the yield curves existing at the reporting date.

£m	2023				
	0-1 year	1-2 years	2-5 years	5+ years	Total
Total gross settled: foreign exchange forward contracts	(22.9)	-	-	-	(22.9)
Total net settled: Interest rate swap – cash flow hedge	1.9	1.9	3.1	-	6.9
Total derivative financial instruments	(21.0)	1.9	1.9	-	(16.0)
Net settled:					
Borrowings	(20.9)	(20.8)	(353.5)	(143.9)	(539.1)
Trade and other payables at amortised cost	(47.4)	-	-	-	(47.4)
Total financial instruments	(68.3)	(20.8)	(353.5)	(143.9)	(586.5)

£m	2022 (*restated)				
	0-1 year	1-2 years	2-5 years	5+ years	Total
Total gross settled: foreign exchange forward contracts	(33.9)	-	-	-	(33.9)
Total net settled: Interest rate swap – cash flow hedge	0.5	1.5	2.8	-	4.8
Total derivative financial instruments	(33.4)	1.5	2.8	-	(29.1)
Net settled:					
Borrowings	(199.8)	(14.7)	(349.4)	-	(563.8)
Trade and other payables at amortised cost	(44.7)	-	-	-	(44.7)
Total financial instruments	(244.5)	(14.7)	(349.4)	-	(608.5)

\* The 2022 liquidity analysis has been restated to include £48.8m of projected interest payments on the Company's borrowings. The previously reported undiscounted cash outflow on borrowings disclosed was £515.0m which had not included projected payments.

## 10. Other creditors

### Accounting policy

Other creditors are measured at amortised cost. The Company has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

£m	2023	2022
Other creditors	8.1	4.9
Accruals	9.4	12.0
	17.5	16.9

# Notes to the Company's financial statements continued

For the year ended 31 December 2023

## General information continued

### 11. Related undertakings

The registered office of all subsidiary undertakings is Lodge Way House, Lodge Way, Harlestone Road, Northampton NN5 7UG except for companies with a superscript where the registered office is given after the list of subsidiary companies and investments.

#### Active subsidiary companies (100% ownership and UK registered)

CCF Limited	TP Property Company Limited
Independent Construction Technologies Limited <sup>1</sup>	Travis Perkins Group Holdings Limited
Keyline Civils Specialist Limited <sup>2</sup>	Travis Perkins (Properties) Limited
Staircraft Group Limited <sup>1</sup>	Travis Perkins Finance Company Limited
The BSS Group Limited	Travis Perkins Leasing Company Limited
The Cobtree Scottish Limited Partnership <sup>1</sup>	Travis Perkins P&H Group Holdings Limited
Tools & Fasteners Solutions Limited	Travis Perkins Trading Company Limited
Toolstation Holdings Limited	Wickes Properties Limited
Toolstation Limited	

#### Dormant & non-trading subsidiary companies (100% ownership and UK registered)

Benchmark Kitchens and Joinery Limited
British Steam Specialties (International) Limited (The)
BSS (UK) Limited
BSS GPS Trustee Limited
Builders Mate Limited
Built For Trade Limited <sup>3</sup>
Cobtree Nominees Limited
E. East & Son Limited
IJM Enterprises Limited <sup>3</sup>
JS Towell Limited <sup>3</sup>
MD-DOR3 Limited <sup>3</sup>
MD-DOR4 Limited
Monteith Building Services Limited <sup>4</sup>
P. H. Properties Limited <sup>1</sup>
P.T.S. Plumbing Trade Supplies Limited
Terant Supplies Limited
Tile It All (UK) Limited <sup>3</sup>
The BSS EBT Company Limited
Tile Giant Holdings Limited
TP Directors Ltd
TP General Partner (Scotland) Limited <sup>1</sup>
TPG Management Services Limited
Travis Group Limited
Travis & Arnold Limited
Travis Perkins Capital Partner Limited
Travis Perkins Financing Company No.3 Limited
Travis Perkins Merchant Holdings Limited
Travis Perkins (PSL2015) Limited <sup>3</sup>
Tricom Group Limited

\* companies in voluntary liquidation

#### Other subsidiary companies

BSS (Ireland) Limited <sup>5</sup>
Gestion Tolstation inc. <sup>6</sup>
Toolexpert Benelux BV <sup>7</sup>
Toolstation BV <sup>7</sup>
Toolstation NV/SA <sup>8</sup>
Toolstation Europe BV <sup>7</sup>
Toolstation Europe Limited
Toolstation Netherlands BV <sup>7</sup>
Toolstation SAS <sup>10</sup>
Travis Perkins Hong Kong Limited <sup>11</sup>
Travis Perkins Sourcing (Shanghai) Ltd <sup>12</sup>



## Investments

Company Name	Registered	% ownership	Status
Hermitage Park Management Company Limited <sup>13</sup>	United Kingdom	25	Active

### Registered offices (not Lodge Way House)

- 1 Ryehill House, Ryehill Close, Lodge Farm Industrial Estate, Northampton, England, NN5 7UA, United Kingdom
- 2 50 Mauchline Street, Glasgow, G5 8HQ, United Kingdom
- 3 C/O Mazars LLP, 1st Floor Two Chamberlain Square, Birmingham, B3 3AX, United Kingdom
- 4 C/O Mazars LLP, Restructuring Services Apex 2, 97 Haymarket Terrace, Edinburgh, EH12 5HD, United Kingdom
- 5 White Heather Industrial Estate, South Circular Road, Dublin, 8, Ireland
- 6 5303 boul. Saint-Laurent, Montréal Québec H2T1S5, Canada
- 7 Brandpuntlaan Zuid 12, 2665NZ, Bleiswijk, Netherlands
- 8 Boomsesteenweg 58, 2630 Aarselaar, Belgium
- 9 Regus Building, Kranhaus 1, Business Centre GmbH Co KG, Im Zollhafen 18, 50678 Koln, Germany
- 10 61 Route de Grenoble, 69800 Saint Priest, Lyon, France
- 11 Suite 2401, 24/F, China Insurance Group Building, 141 Des Voeux Road, Central, Hong Kong
- 12 Building No.17, No. 800 Changde Road, JingAn District, Shanghai 200040
- 13 C/O Bruton Knowles LLP 2 Paris Parklands, Railton Road, Guildford, Surrey, United Kingdom, GU2 9JX

## 12.Share-based payments

The Company operates a number of share incentive plans. A description of the share schemes operated by the Group, including that of the Company, is contained in the remuneration report on page 108 and pages 126 to 128 and in note 32 to the consolidated financial statements.

## 13.Related party transactions

The Company has a related party relationship with its subsidiaries, its Directors and with its pension schemes. In addition the remuneration of the Directors, and the details of their interests in the share capital of the Company are provided in the audited part of the remuneration report on pages 106 to 133. Other than the payment of remuneration there have been no related party transactions with Directors.

Details of balances outstanding with subsidiary companies are shown in notes 4 and 7 and in the balance sheet on page 191.

## Five-year summary

### Consolidated income statement

	2023 £m	2022 £m	2021 £m	2020 (re-presented) £m	2019* £m
Revenue	<b>4,861.9</b>	4,994.8	4,568.7	3,697.5	6,955.7
Operating profit before amortisation and adjusting items	<b>180.4</b>	295.3	352.8	128.3	441.5
Amortisation	<b>(10.5)</b>	(10.5)	(11.1)	(8.6)	(9.0)
Adjusting items – operating	<b>(60.0)</b>	-	6.8	(92.7)	(200.4)
Operating profit	<b>109.9</b>	284.8	348.5	27.0	232.1
Adjusting items – business acquisitions	-	-	-	-	40.3
Share of associates' results	-	-	-	0.1	(4.3)
Net finance costs	<b>(39.9)</b>	(39.8)	(42.9)	(47.4)	(87.3)
Profit/(loss) before tax	<b>70.0</b>	245.0	305.6	(20.3)	180.8
Adjusting items – deferred tax	-	-	(4.7)	(9.0)	(27.1)
Income tax expense	<b>(31.9)</b>	(52.8)	(60.1)	(5.8)	(30.9)
Net profit/(loss) from continuing operations	<b>38.1</b>	192.2	240.8	(35.1)	122.8
Net profit from discontinued operations	-	-	38.1	13.2	-
Profit/(loss) for the period	<b>38.1</b>	192.2	278.9	(21.9)	122.8
Basic earnings/(loss) per share from continuing operations	<b>18.1p</b>	90.8p	103.9p	(14.3p)	48.9p
Basis earnings per share from discontinued operations	-	-	16.4p	5.3p	-
Adjusted earnings per share	<b>45.7p</b>	94.6p	107.3p	21.0p	112.7p
Dividend declared per ordinary share	<b>18.0p</b>	39.0p	73.0p	-	48.5p
Number of branches at 31 December (includes branches of associates)	<b>1,507</b>	1,484	1,513	1,389	2,154
Average number of colleagues	<b>19,172</b>	19,956	18,833	17,512	30,059

\* The comparative numbers for 2019 were not re-presented for discontinued operations

## Consolidated free cash flow statement

	2023 £m	2022 £m	2021 £m	2020 (re-presented) £m	2019* £m
Adjusted operating profit	<b>180.4</b>	295.3	352.8	128.3	441.5
Less: Profit on disposal of properties	<b>(15.1)</b>	(25.3)	(48.9)	(9.2)	(20.6)
Adjusted operating profit excluding property profit	<b>165.3</b>	270.0	303.9	119.1	420.9
Depreciation of property, plant and equipment	<b>80.3</b>	73.6	69.2	60.0	97.5
Amortisation of internally generated intangibles	<b>4.6</b>	6.5	9.7	11.5	23.5
Share-based payments	<b>14.6</b>	17.0	19.1	12.2	19.9
Movement on working capital	<b>(22.2)</b>	(76.5)	(151.8)	197.4	(128.7)
Other net interest paid	<b>(25.0)</b>	(16.9)	(13.6)	(28.3)	(26.2)
Interest on lease liabilities	<b>(26.2)</b>	(21.5)	(21.2)	(21.3)	(57.0)
Income tax paid	<b>(40.6)</b>	(57.6)	(59.9)	(27.6)	(52.9)
Capital expenditure excluding freehold purchase	<b>(108.6)</b>	(110.0)	(95.0)	(87.1)	(120.9)
Disposal of plant and equipment	<b>2.0</b>	10.1	4.4	5.4	19.4
Free cash flow	<b>44.2</b>	94.7	64.8	241.3	195.5

\* The comparative numbers for 2019 were not re-presented for discontinued operations.

## Consolidated balance sheet

	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	848.4	847.3	800.1	830.4	882.0
Goodwill and other intangible assets	947.8	974.9	978.7	1,670.5	1,691.7
Right-of-use assets	530.4	451.7	439.8	1,145.5	1,276.8
Interest in associates	-	-	-	-	1.9
Other receivables	14.2	17.2	0.7	-	-
Retirement benefit asset	100.6	135.9	275.8	178.4	57.5
Investment property and other investments	-	-	-	9.2	6.7
Derivative financial instruments	2.9	4.3	-	-	-
Deferred tax asset	18.0	15.0	13.9	-	-
<b>Current assets</b>					
Inventories	727.6	727.8	724.4	840.7	937.8
Trade and other receivables	689.6	725.9	706.7	892.7	1,239.7
Tax debtor	14.5	0.7	-	6.5	-
Derivative financial instruments	-	-	0.2	-	-
Cash and cash equivalents	131.5	235.7	459.8	505.6	207.9
Assets held for sale	-	-	-	-	138.0
<b>Total assets</b>	<b>4,025.5</b>	<b>4,136.4</b>	<b>4,400.1</b>	<b>6,079.5</b>	<b>6,440.0</b>
<b>Capital and reserves</b>					
Issued capital	23.8	23.8	25.2	25.2	25.2
Share premium account	545.6	545.6	545.6	545.6	545.6
Merger reserve	326.5	326.5	326.5	326.5	326.5
Own shares	(14.1)	(34.3)	(61.4)	(39.5)	(50.8)
Other reserves	23.5	27.4	14.6	15.5	13.6
Accumulated profits	1,135.0	1,213.2	1,387.3	1,840.5	1,722.6
Equity attributable to owners of the Company	2,040.3	2,102.2	2,237.8	2,713.8	2,582.7
Non-controlling interests	-	-	-	-	4.4
<b>Total equity</b>	<b>2,040.3</b>	<b>2,102.2</b>	<b>2,237.8</b>	<b>2,713.8</b>	<b>2,587.1</b>
<b>Non-current liabilities</b>					
Interest-bearing loans and borrowings	445.1	349.1	575.2	575.7	583.3
Lease liability	518.8	438.3	414.7	1,168.3	1,253.6
Derivative financial instruments	-	-	-	-	-
Retirement benefit obligations	-	-	-	-	4.9
Long-term provisions and other payables	3.8	4.9	6.8	21.9	8.0
Deferred tax liabilities	92.8	96.0	140.4	77.2	62.7
<b>Current liabilities</b>					
Interest-bearing loans and borrowings	-	192.5	-	-	-
Lease liability	89.6	74.3	74.5	158.8	158.7
Derivative financial instruments	0.4	0.2	-	1.6	2.5
Trade and other payables	795.4	852.4	921.1	1,304.2	1,613.9
Tax liabilities	-	-	0.4	-	13.4
Short-term provisions	39.3	26.5	29.2	58.0	60.4
<b>Total liabilities</b>	<b>1,985.2</b>	<b>2,034.2</b>	<b>2,162.3</b>	<b>3,365.7</b>	<b>3,761.4</b>
Liabilities held for sale	-	-	-	-	91.5
<b>Total equity and liabilities</b>	<b>4,025.5</b>	<b>4,136.4</b>	<b>4,400.1</b>	<b>6,079.5</b>	<b>6,440.0</b>

# ESG data report (including SASB data)

	Unit of Measure	SASB reference	2023	2022	2021	2020	2019
<b>Energy and fuel</b>							
Total energy consumed	kWh	N/A (SECR compliance)	<b>311,809,636</b>	322,116,912	364,826,976	339,716,233	415,844,450
Total UK energy consumed	kWh		<b>306,260,839</b>	313,744,004	358,494,358	334,383,277	415,844,450
Total Non-UK energy consumed	kWh		<b>5,548,797</b>	8,372,908	6,332,618	5,332,957	0
Total energy consumed	Gigajoules (GJ)	CG-MR-1.30a.1	<b>1,122,515</b>	1,080,095	1,313,377	1,222,978	1,497,040
Grid energy	%	CG-MR-1.30a.1	<b>34.58</b>	34.67	28.35	33.35	27.40
Renewable energy	%	CG-MR-1.30a.1	<b>21.85</b>	23.50	5.83	0	0
Fuel consumption	Litres	N/A	<b>19,600,396</b>	20,680,219	22,650,200	21,430,651	28,068,903
<b>Waste</b>							
Non-hazardous Waste	Tonnes	N/A	<b>28,149</b>	27,238	28,175	18,946	27,561
Hazardous Waste	Tonnes	N/A	<b>252</b>	297	229.0	236	457
Landfilled Waste	Tonnes	N/A	<b>1,075</b>	1,622	1,492	1,353	1,773
Recycled Waste	Tonnes	N/A	<b>10,837</b>	8,656	10,084	9,614	11,535
Incinerated Waste	Tonnes	N/A	<b>16,237</b>	16,960	16,829	8,216	14,710
Total waste	Tonnes	N/A	<b>28,401</b>	27,535	28,404	19,182	28,018
<b>Data Security</b>							
Data breaches	#	CG-MR-230a.2	<b>0</b>	0	0	1	1
Involving Personally Identifiable Information ("PII")	%	CG-MR-230a.2	<b>0</b>	0	0	100	100
Customers affected	#	CG-MR-230a.2	<b>0</b>	0	0	9	4
Description of approach to identifying and addressing data security risks	Text	CG-MR-230a.1	"See text below the table"				
<b>Labour practices</b>							
Average hourly wage	£	CG-MR-310a.1	<b>13.21</b>	13.54	12.8	12.4	12.2
In-branch colleagues earning minimum wage by region	%	CG-MR-310a.1	<b>0.0%</b>	0.0%	0.7%	7.4%	4.4%
Voluntary turnover rate for in-branch colleagues	Rate	CG-MR-310a.2	<b>17.3%</b>	20.6%	19.6%	10.7%	20.3%
Involuntary turnover rate for in-branch colleagues	Rate	CG-MR-310a.2	<b>7.1%</b>	5.7%	4.2%	9.9%	5.5%
Total amount of monetary losses as a results of legal proceedings associated with labor law violations	£m	CG-MR-310a.3	<b>0.0</b>	0.0	0.0	0.0	0.0
<b>Workforce Diversity and Inclusion</b>							
<b>Gender</b>							
<b>Management</b>							
Female	%	CG-MR-330a.1	<b>21.6%</b>	23.6%	20.6%	18.3%	19.6%
Male	%	CG-MR-330a.1	<b>78.4%</b>	76.4%	79.4%	81.7%	80.4%
Not available or Not disclosed	%	CG-MR-330a.1	<b>0%</b>	0%	0%	0%	0%
<b>All other employees</b>							
Female	%	CG-MR-330a.1	<b>25.0%</b>	25.6%	25.7%	20.7%	19.6%
Male	%	CG-MR-330a.1	<b>75.0%</b>	74.4%	74.3%	79.3%	80.4%
Not available or Not disclosed	%	CG-MR-330a.1	<b>0%</b>	0%	0%	0%	0%

## ESG data report (including SASB data) continued

	Unit of Measure	SASB reference	2023	2022	2021	2020	2019
<b>Ethnic group</b>							
<b>Management</b>							
Asian	%	CG-MR-330a.1	2.4%	2.5%	1.9%	2.0%	2.0%
Black or African American	%	CG-MR-330a.1	0.7%	0.7%	0.5%	0.3%	0.3%
Hispanic or Latino	%	CG-MR-330a.1	0.9%	0.8%	0.9%	0.7%	0.6%
White	%	CG-MR-330a.1	80.0%	80.1%	82.5%	85.9%	74.3%
Other	%	CG-MR-330a.1	0.3%	0.3%	0.4%	0.5%	0.3%
Not available or Not disclosed	%	CG-MR-330a.1	15.7%	15.7%	13.7%	10.7%	22.5%
<b>All other employees</b>							
Asian	%	CG-MR-330a.1	2.7%	2.5%	2.6%	2.0%	1.5%
Black or African American	%	CG-MR-330a.1	1.3%	1.2%	1.0%	0.7%	0.6%
Hispanic or Latino	%	CG-MR-330a.1	1.5%	1.5%	1.6%	1.4%	1.2%
White	%	CG-MR-330a.1	64.0%	65.1%	64.3%	67.8%	60.3%
Other	%	CG-MR-330a.1	2.5%	0.5%	0.7%	0.7%	0.5%
Not available or Not disclosed	%	CG-MR-330a.1	28%	29.3%	29.8%	27.4%	36.0%
Total amount of monetary losses as a result of legal proceedings associated with employee discrimination	£m	CG-MR-330a.2	0.01	0	0	-	0.04
<b>Product Sourcing, Packaging and Marketing</b>							
Revenue from products third-party certified to environmental and/or social sustainability standards	£m	CG-MR-410a.1	407	538	555	386	445
Description of processes to assess and manage risks and/or hazards associated with chemicals in product	Text	CG-MR-410a.2	"See text below the table"				
Discussion of strategies to reduce the environmental impact of packaging	Text	CG-MR-410a.3	"See text below the table"				
<b>Water consumption</b>							
Water consumption	m <sup>3</sup>	N/A	277,610	258,321	316,852	281,050	260,845

### CG-MR-230a.1: Description of approach to identifying and addressing data security risks

Travis Perkins Group approaches the identification of vulnerabilities in its information systems through a combination of people, process and technology, and uses the NIST CyberSecurity Framework to track its maturity and alignment to ISO 27001.

The activities of building, procuring, deploying, running and managing IT systems (some or all of which are underway at any point in time) are conducted in accordance with policy and standards, the currency of which is maintained through periodic review. Any exceptions to policies or standards are risk-assessed, managed and monitored via a stringent exceptions process, including sign off by system and data owners. The Group allocates specific funding for delivery of security-related projects to improve our security maturity and manage risk within appetite.

Regular data protection training is a required part of every colleague's learning plan and cyber awareness training is available to the business. Furthermore, colleagues are targeted regularly with phishing campaign testing using a market leading approach.

Technology is deployed across the IT estate to both protect and detect against cyber threats and attacks, such as firewalls, proxies, data loss prevention, XDR and continuous monitoring and logging into a Security Information and Event Management (SIEM). Security events are monitored 24/7/365 to ensure the detection of events is achieved in a timely manner.

From a testing perspective, regular penetration tests and vulnerability scans are performed on components of the IT infrastructure and systems to identify any exploitable vulnerabilities. Where vulnerabilities are found these are assessed, actioned and tracked by the Information Security Team.

The Group also regularly tests its incident response capabilities via table top exercises to ensure the effectiveness of its incident response plans and playbooks.

The approach described above forms part of the Group's internal control and assurance framework and will be reviewed as determined by the Internal Audit Plan, to ensure that risks are adequately mitigated.

### CG-MR-410a.2: Description of processes to assess and manage risks and/or hazards associated with chemicals in product

The Group requires its suppliers to adhere to its published 'Supplier Commitments' (<https://www.travisperkinsplc.co.uk/media/eywditos/2542360-group-plc-supplier-commitments-document-update-july-2021-hr-3.pdf#62>). Suppliers are required to notify immediately where any product supplied contains substances of very high concern (SVHCs), explosives precursors or poisons or has other restrictions on sale and to take steps to replace any products that contain restricted substances or SVHCs with suitable alternatives. For such products, suppliers are required to provide a Safety Data Sheet (SDS). The business undertakes supplier assessments either via an Online Risk Assessment or via factory audits, based on risk, to assess adherence to the Supplier Commitments. The supplier assessment programme covers both private label and branded product suppliers. Restricted products are flagged within the business systems, triggering processes at point of sale to ensure they're not sold to underage customers (i.e. solvents). This includes, for example,

- corrosive products, under the Offensive Weapons Act 2019, including acids and chemicals which may burn the skin but not normal strength household bleach and cleaners); and
- solvents, under the Psychoactive Substances Act 2016, including glues and adhesives, flammable products such as fire lighter fluid, solvent cement, paint stripper, thinners, essentially any substances which are capable of producing a psychoactive effect in a person who consumes it and it is not an exempted substance; and
- spray paint and aerosols; under the Anti-Social Behaviour Act 2003.

There is a requirement in the Group Supplier Manual (<https://www.travisperkinsplc.co.uk/media/r5mjnvcn/2554116-group-plc-supplier-manual-update-oct-21-v01-2.pdf>) for suppliers delivering to the Group's sites to provide a safety data sheet for all substances delivered which are harmful to health.

### CG-MR-410a.3: Discussion of strategies to reduce the environmental impact of packaging

The Group is committed to reducing its environmental impact relating to packaging. For more information on objectives and progress, please refer to page pages 40 to 41. The Group held a number of webinars during 2023 focusing on different ESG topics. A 'Packaging & Waste' webinar was attended by over 50 suppliers in September 2023. The session focussed on the new EPR requirements and outlined some of the good practice packaging reductions achieved by suppliers through-out the year. The webinar also reiterated the request for suppliers to review packaging materials and continue eliminating single use plastic, increase the amount of recycled content and improve recyclability. Throughout 2023 the Group also worked with the direct sourcing team to optimise the amount of material used, achieving packaging reductions and improvements. The Group continued to obtain packaging data from its suppliers which is differentiated by packaging levels; primary, secondary and tertiary, and by material type.

In terms of influencing others, the Group will continue its work with the Supply Chain Sustainability School (SCSS) to raise awareness and share best practice on packaging reductions and transitioning to more sustainable packaging solutions.

Travis Perkins and BSS branches continue to backhaul cardboard, plastic and wood packaging to their distribution centres where it is processed and sent for reprocessing.

## Other shareholder information

### Financial diary

Ex-dividend date	28 March 2024
Record date	2 April 2024
Annual General Meeting	22 April 2024
Trading statement	25 April 2024
Payment of final dividend	9 May 2024

### Annual General Meeting (“AGM”)

The AGM will be held on 22 April 2024 at 9am.

### Registrars

For information about shareholdings and dividends and to report changes to your address, bank details or any other account information please contact the Company’s registrars:

Link Group  
Central Square  
29 Wellington Street  
Leeds  
LS1 4DL

Shareholder portal: [www.travisperkins-shares.com](http://www.travisperkins-shares.com)  
Email: [shareholderenquiries@linkgroup.co.uk](mailto:shareholderenquiries@linkgroup.co.uk)  
Telephone: +44 (0) 371 664 0300\*

### Shareholder portal

You can view and manage your shareholder account online via the shareholder portal [www.travisperkins-shares.com](http://www.travisperkins-shares.com). You will need to register to use this service and to do so you will require your unique investor code (“IVC”), which can be found on your share certificate or dividend confirmation.

### Dividends

It is more secure to have your dividends paid directly into your bank account than by cheque. If you do not already have your dividends paid directly into your account and would like to do so, you can do this on the shareholder portal [www.travisperkins-shares.com](http://www.travisperkins-shares.com) or you can contact Link Group and they will send you the relevant form to complete. Shareholders outside the United Kingdom may be able to make use of Link’s International Payment Service facility to have dividends converted into your chosen currency. For further details please contact Link or visit <https://ww2.linkgroup.eu/ips>.

### Shareholder communications

Company website Travis Perkins plc Annual and Interim Reports, results announcements and presentations are available on the Investors section of our website [www.travisperkinsplc.co.uk](http://www.travisperkinsplc.co.uk). The website also carries a range of information about the Group and its principal brands, products and services which can be accessed via the “Our Businesses” section.

### Annual Report

The Annual Report is published on our website and a hard copy will be posted to shareholders who have requested it. All other shareholders will be notified of its availability on the website, either in writing or by email. A paper copy is available by writing to the Company Secretary at the following address:

Lodge Way House  
Lodge Way  
Harleston Road  
Northampton  
NN5 7UG

Email: [cosec@travisperkins.co.uk](mailto:cosec@travisperkins.co.uk)

### Electronic shareholder communications

The Company prefers that you receive your shareholder communications electronically. This is a faster, more environmentally friendly and more effective way to communicate with you. If you have received a paper copy of this report or notification of its availability by post and would like to receive fully electronic communication, please register your preference on the shareholder portal [www.travisperkins-shares.com](http://www.travisperkins-shares.com).

### Shareholder services

The Company’s registrars provide a number of other services that, as a shareholder, might be useful to you:

#### Duplicate share register accounts

If you are receiving more than one copy of our report, or notification by post of its availability online, it may be that your shares are registered in two or more accounts on our register of members. If that is not your intention you may wish to consider merging the accounts into one single entry. Please contact Link Group who will be pleased to help you.

#### Dividend Re-Investment Plan (“DRIP”)

This is a scheme which allows shareholders resident in the United Kingdom, Channel Islands and Isle of Man to use your dividends to buy shares in Travis Perkins. For any shareholders who wish to re-invest dividend payments in the Company, a facility is provided by Link Market Services Trustees Limited in conjunction with the Company’s Registrar. Full details are available by calling Link on +44 (0) 371 664 0381. Alternatively, you can sign up for this service on the shareholder portal (by clicking on “Manage your account” followed by “Dividend payments” and following the on-screen instructions).

#### Share-dealing services

Share-dealing services are available to shareholders resident in the UK, Channel Islands and Isle of Man from the Company’s Registrar:  
On-line dealing: [ww2.linkgroup.eu/share-deal/](http://ww2.linkgroup.eu/share-deal/)  
Telephone dealing: +44 (0) 371 664 0445\*

These services are only available to private shareholders resident in the UK.

\* Calls will be charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate; lines are open 9.00am to 5.30pm, Monday to Friday with the exception of share-dealing lines which are open from 8.00am to 4.30pm