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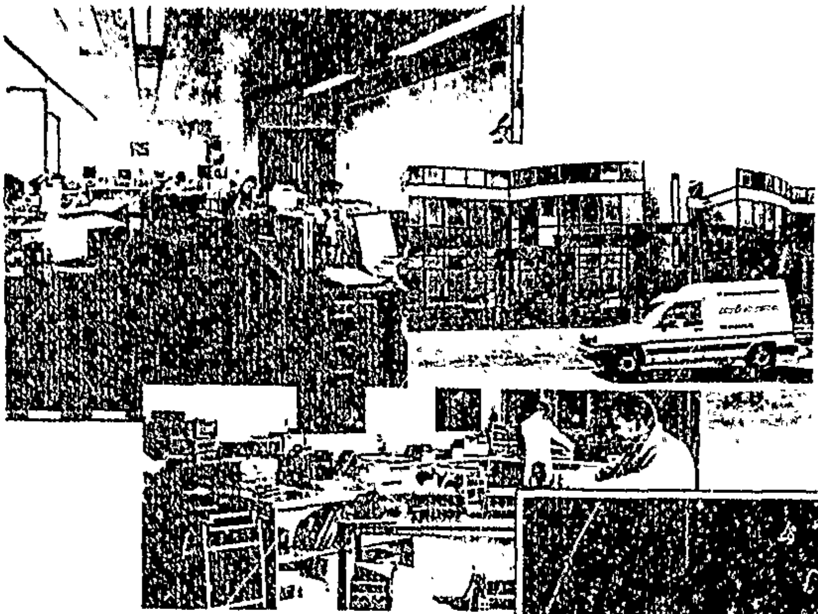
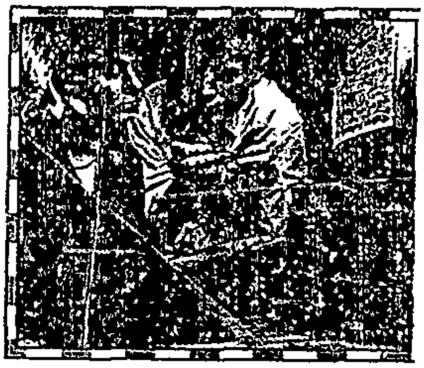
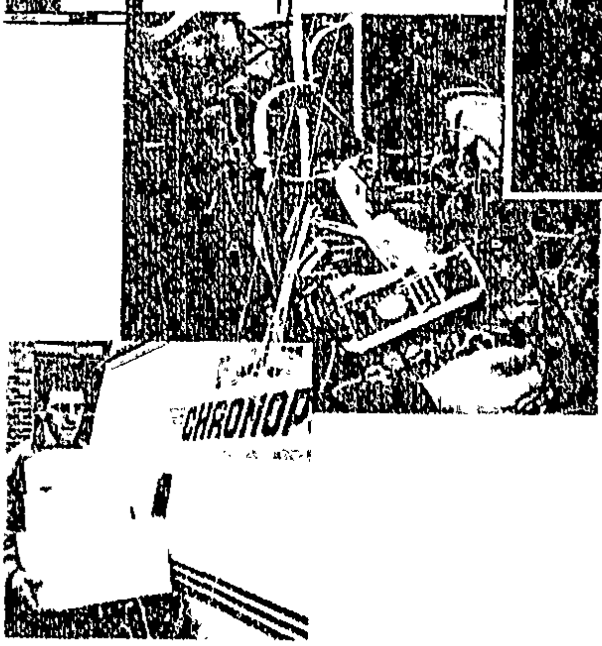




ELECTROCOMPONENTS PLC

ANNUAL REPORT & ACCOUNTS

1994

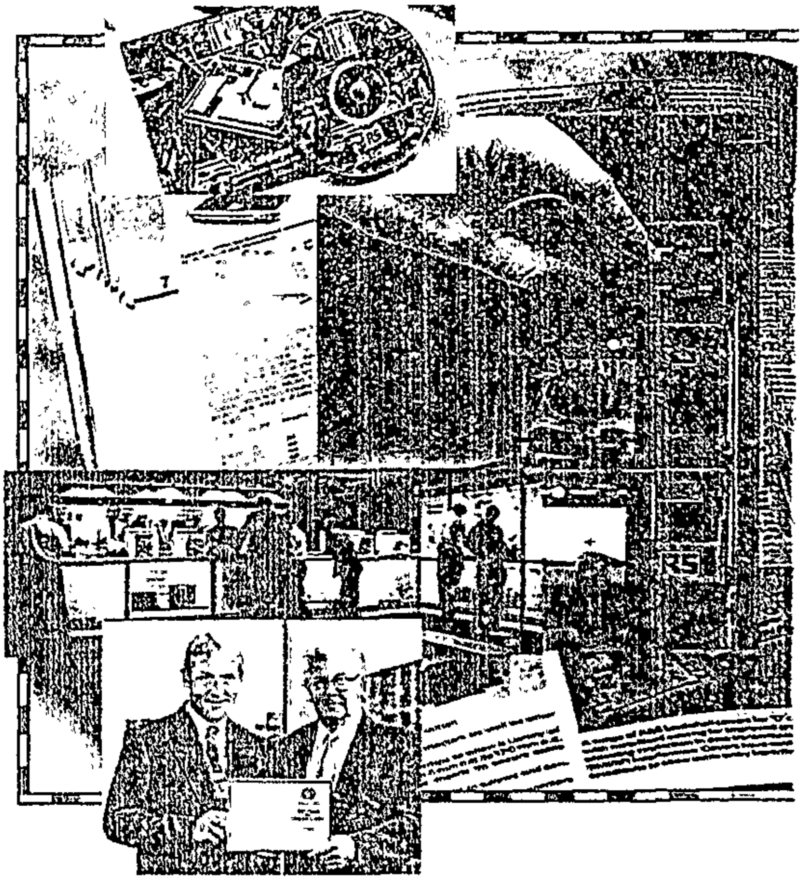


900,000

customers ordered

£396m of product

last year

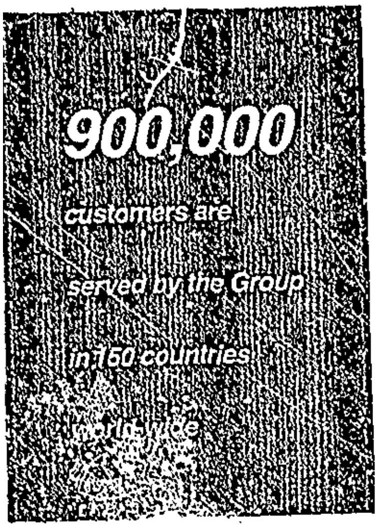


Contents

“Our future lies with our customers,

we have 900,000 customers world-wide”

Bob Lawson, Group Chief Executive



RS Components United Kingdom

RS COMPONENTS, ELECTROMAIL,
ELECTROSPEED, RS SERVICEPOINT

RS is the United Kingdom's largest high service distributor of electronic, electrical and mechanical components, instruments and associated tools. Its principal sales medium is the catalogue, which is issued to customers three times a year and now contains 47,000 products. Central stock is warehoused in Corby, Northamptonshire, where items ordered before 6.00 pm are despatched the same day. RS Servicepoint, which repairs and calibrates instruments, is also located at Corby. RS operates a growing number of trade counters, currently eight, which are based throughout the United Kingdom. Customers can collect goods or ask for the special courier service, which allows door to door delivery within a guaranteed time frame. Electrospeed is a high service level distributor of electro-mechanical products, specialising in providing bespoke services.

RS Components International

AUSTRALIA, AUSTRIA, DENMARK, FRANCE, GERMANY, INDIA,
ITALY, REPUBLIC OF IRELAND, NEW ZEALAND

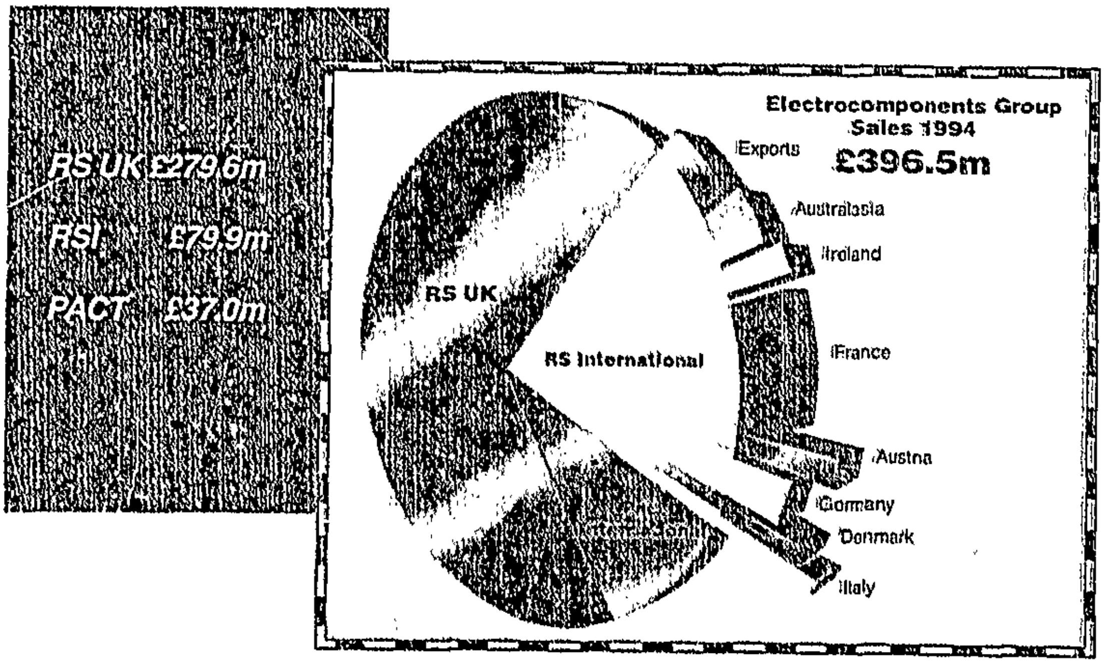
RS International provides high service distribution of electronic, electrical and mechanical products in major international markets. Its world-wide distribution is achieved through a network of distributors and local RS operations. RS International publishes catalogues in five European languages and uses a tailored version of the English language catalogue in other locations. The high service undertaking applies throughout the world, as the company recognises the importance of fast reliable delivery. RS International exports to 150 countries and also controls the sales and product procurement offices in Hong Kong and Taiwan.

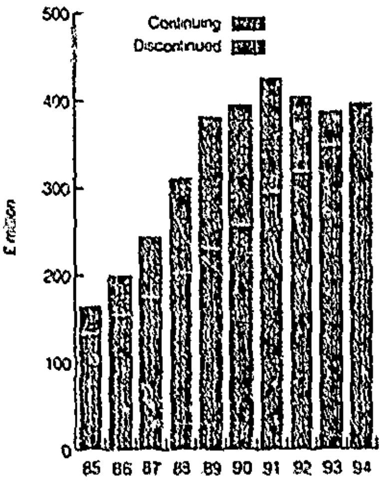
Pact International

UNITED KINGDOM

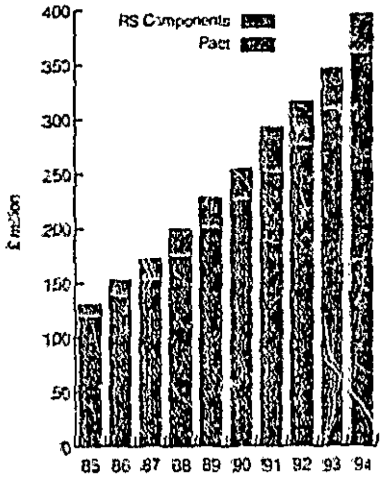
Pact is the leading distributor of display-packaged, electrical and audio accessories to retailers. Its customer base includes the major DIY sheds, multiple retailers and independent high street electrical stores. The company offers its retailers a choice of over 4,000 electrical products under major brands and its own PANDA, WELLCO and AVIX brands. Pact operates a same day despatch service with high availability from stock and no minimum order level.

Year to 31 March	1994 £m	1993 £m	
Turnover			
Continuing operations	395.6	346.6	14.1%
Acquisitions	0.9	-	-
Discontinued operations	-	40.9	-
	396.5	387.5	2.3%
Operating profit			
Continuing operations	69.9	60.1	16.3%
Acquisitions	-	-	-
Discontinued operations	-	(3.1)	-
	69.9	57.0	22.6%
Profit before taxation	72.7	51.9	40.1%
Earnings per share	22.9p	14.9p	53.7%
Adjusted earnings per share	22.9p	19.3p	18.7%
Dividend per share	9.5p	7.9p	20.3%
Net cash and investments	57.4	36.8	
Net assets	171.1	144.1	

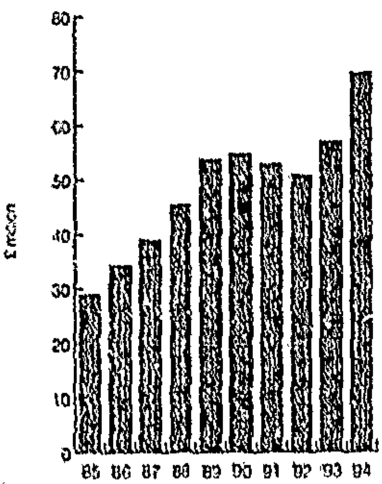




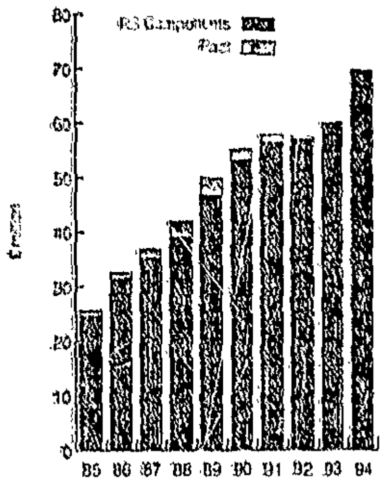
Group sales



Sales of continuing operations

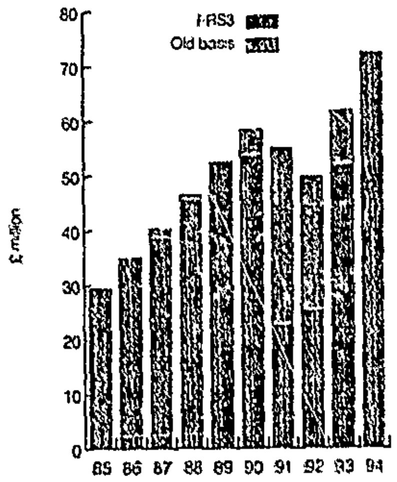


Group operating profit

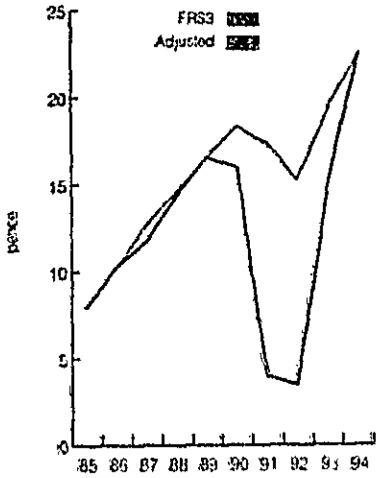


Operating profit of continuing operations

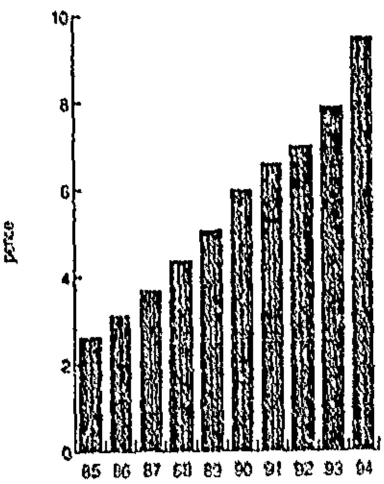
The information given in these graphs is taken *from the annual reports of Electrocomponents* for the years 1985 to 1994 as well as other published data. Detailed figures are to be found in the ten year record on page 38.



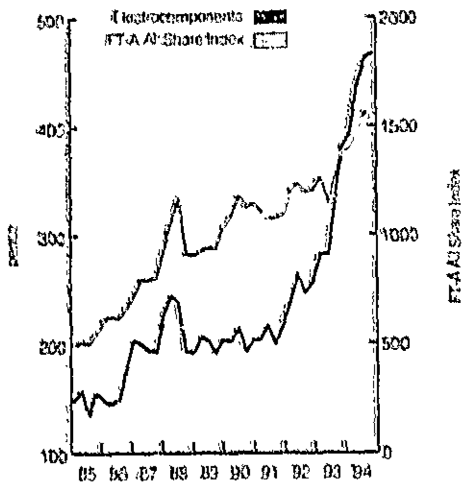
Profit before taxation



Earnings per share



Dividends per share



Share price

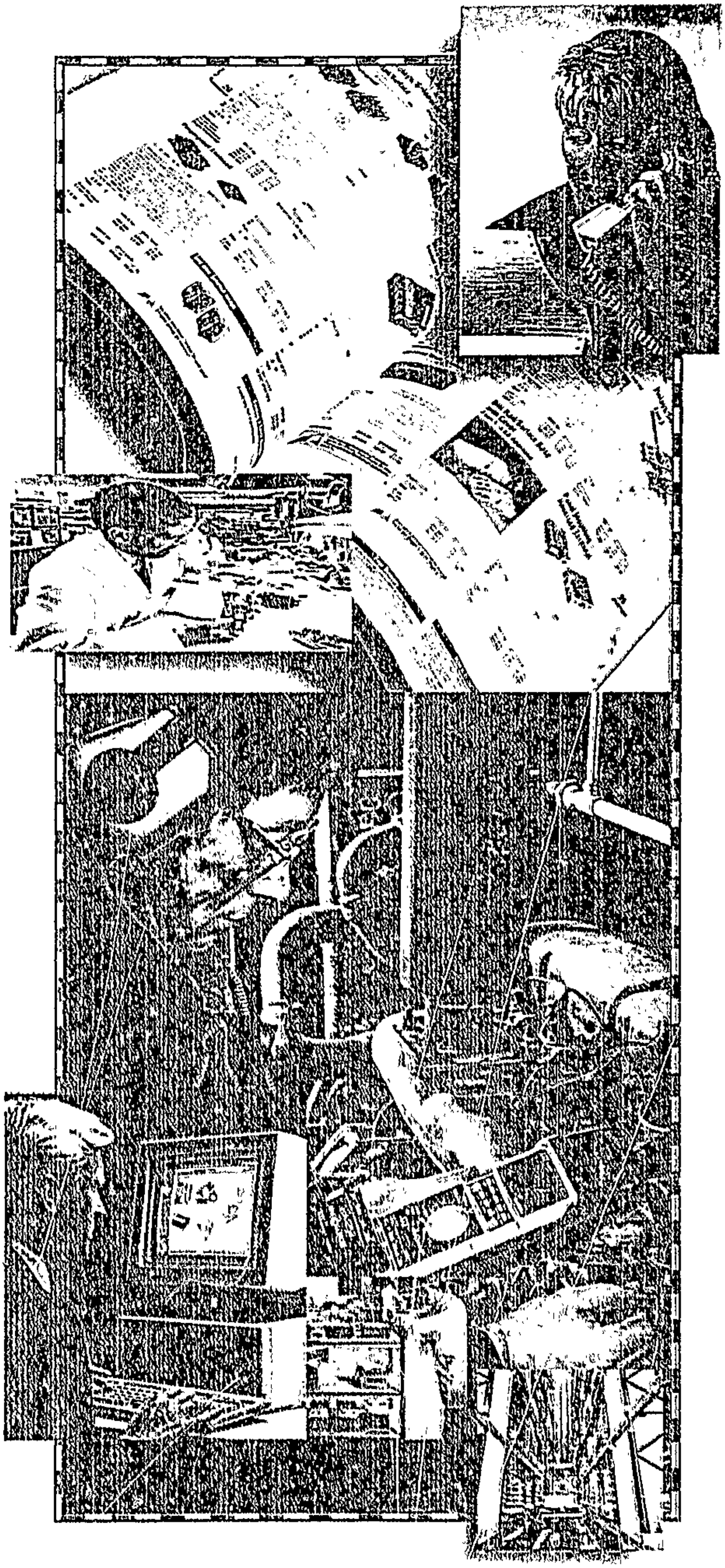
900,000

customers ordered

from our 93,000

strong product range

last year



"... a good past and looking forward to a great future"

I am pleased to report record profits before tax for the year of £72.7m (1993 £51.9m), an increase of 40.1%. These results reflect the start of the climb out of recession in Australia, Ireland and particularly the United Kingdom against the background of continuing recession in all other countries in which the Group operates. As a consequence, earnings per share increased by 53.7% to 22.9p (1993 14.9p); adjusted earnings per share, which removes the distorting effects of discontinued operations, grew by 18.7% to 22.9p (1993 19.3p).

The strong trading and the cash resources of the Group have enabled the Board to recommend a final dividend of 7.0p per share bringing the total dividend for the year to 9.5p, an increase of 20.3%.

As will be seen in the Group Chief Executive's Report, RS UK had a record year with sales increasing by 12.2%. To support continuing growth in the UK businesses and the required expansion of the international business, the Board has committed to an investment of around £35m over the next two years to cover the construction of a new warehouse at Nuneaton dedicated to handling larger products and the consequential upgrading of the existing RS facilities at Corby.

RS International sales grew by 35% to £79.9m in very difficult trading conditions. At constant exchange rates the growth would have been 31.5%. I am particularly pleased to report that RS International made a profit in the year. This reflected strong performance in all the countries in which it operates. In particular RS Germany made a profit for the month of March as planned.

The strategic development of the Group continues to focus on improving the quality and breadth of services offered to customers. We have again increased the number of products which are now offered to the market from differing technologies and improved our services. Two new trade counters were opened in the UK during the course of the year. Continued geographic expansion is reflected through the acquisition of Radio Spares in New Zealand and Radio-Parts in Denmark. We also entered into a joint venture in India. This expansion has been further enhanced by the strengthening of our world wide distributor network both through support to existing distributors and by the opening of new distributorships.

During the year Mr Norman King, having retired two years ago as a full-time executive, retired as a non-executive director. Once again, I thank him for his very significant contribution to the Group.

Five years ago the Board asked me to become Deputy Chairman and Chief Executive of the Company and to re-formulate the forward strategy. Those of you who have followed the Company will be aware of the changes made that, essentially, developed a formula to concentrate on the strengths in RS by taking the concept overseas and expanding the technology base by moving into other engineering products.

At that time I committed myself to a five year contract which ends in July this year. The Company now needs a Chairman to commit himself to a five year period, which I am not able to do. Therefore I am very pleased to say that Mr Roy Cotterill was appointed to the Board in April this year as Deputy Chairman and he will take over from me as non-executive Chairman on 31 July 1994. In Roy we have been lucky to find someone with the precise experience that will be so valuable to the Company. I wish him well and I am confident that he will fill the position with distinction.

It remains for me, therefore, to thank all my colleagues for their support over the last five years and especially through this last year of difficult trading conditions around the world.

For me it has been a privilege to work in this Company which has had a good past and looks forward to a great future.

I am pleased to say that the current financial year has started well with continuing sales growth despite the difficult trading conditions in Europe.

Keith Bright

Sir Keith Bright, Chairman

900,000

customers placed

16,000 telephone

orders every

working day

"The strategy will create a Group centred on generating premium margins"

The year to March 1994 has been one of significant achievement for the Company with profits for the year reaching record levels.

The profile of the Group has continued to broaden and international sales now represent 20% of turnover. We continue to develop our stated objective of increasing the proportion of Group turnover and profits generated outside the UK.

Our strategic goal of broadening the base of the Company's businesses by enhancing customer service will be further strengthened through the introduction of our electronic catalogue, a development that will place your Company firmly at the leading edge of technology.

RS Components UK Division

Sales increased by 12.2% to £279.6m. Growth in the second half of the year strengthened as a result of the gentle improvement in the UK economy and the success of marketing initiatives.

A fundamental and innovative change in the way we present products to customers will be seen with the launch in July of the CD-ROM based RS Electronic Catalogue, the first in the UK component distribution industry. The single compact disc contains not only digitised colour photographs representing 47,000 products, but also the associated support information essential to today's engineers. This development reinforces the company's ability to be at the leading edge of customers' requirements and heralds the introduction of electronic information systems. It also assists us in demonstrating the diversity of products we offer, thereby encouraging our customers to broaden their buying throughout the full range.

Customers continue to benefit from the expansion of our trade counter network, new counters opened this year in Newcastle and Nottingham and further openings are planned. This expanding network enables customers to make on-site purchases as well as addressing the day-to-day requirements of important sectors such as mobile service engineers. The positive results from our Glasgow branch, which opened one year ago, demonstrate the potential success of the network.

These developments, combined with the rapidly growing demand for RS products in the international market, have created the need for an increased warehousing capability. A specialised 290,000 sq ft warehouse at Nuneaton will be completed during 1995. This highly automated warehouse will be dedicated to handling larger products whilst the existing facilities at Corby will be further upgraded to specialise in processing medium and small sized products. This dedication within materials handling will enable the Company to satisfy growing customer demands whilst improving operational efficiency.

The UK element of the Verospeed Group was renamed Electrospeed in January this year. The activity has been repositioned to meet the electronic engineer's requirement for enclosure and panel technologies. The business is growing well with good profitability and is providing a targeted service complementary to the RS mainstream activity.

The prospects for RS UK remain sound, with RS continuing to maintain its leadership in high service distribution to engineers.

RS Components International Division

Strong growth continued throughout the year with sales increasing by 35% to £79.9m. The profit stream is expected to improve as the new companies move into profitability. During the year, two major construction projects were successfully completed. Radiospares Composants, based at Beauvais in France, moved into a custom designed warehouse of 120,000 sq ft, with 30,000 sq ft of offices. Within Gmund, RS Austria relocated to a 28,000 sq ft warehouse and office complex. Each development is wholly owned and designed to provide enough capacity for the next five years with sufficient land for future expansion.

In March we acquired our distributor's business in New Zealand and plans are already in place to share resources with RS Australia to provide comprehensive coverage of Australasia. We acquired Radio-Parts A/S, the leading component catalogue distributor in Denmark, and the existing RS Components branch will be integrated into that facility to provide customers with the full range of RS services from a local base.

The new companies in Germany and Italy have continued to develop well and growth prospects are excellent, particularly as the major European economies ease out of recession. Radiospares Composants has again performed strongly in spite of the economic recession in France and the company has further consolidated its market leadership.

Other developments have centred on strengthening our distributor partnerships elsewhere in Europe and the Middle and Far East.

The RS commitment to developing new international markets was maintained with the formation in February 1994 of a joint venture with the Control Group of Delhi. Our objective is to bring the high service distribution concept to India's fast growing technical markets through the Control Group's existing distributor network, overlaid with RS products, technical expertise and information systems skills.

The past year has demonstrated the potential of the RS concept in international markets. We shall continue to develop the necessary infrastructures and marketing programmes to support the Group in its existing markets whilst actively seeking further expansion opportunities.

Pact International

Pact sales declined by 3% to £37m, resulting in a small loss of £0.3m. The principal cause was the one-off costs associated with restructuring the business to improve efficiency. Staff numbers declined by 14% during the year.

Market conditions for the supply of electrical DIY products to the retail sector remain difficult. In spite of this, Pact has achieved worthwhile improvements in market share.

The company will continue to operate a very tight control on costs whilst maintaining the service standards for which Pact is recognised. Tactically, this positions the company to benefit from an upturn in DIY and retail activity.

People within Electrocomponents

Our aim, as a distribution company, is to offer the highest quality of service benchmarked against world-wide competition. Such standards can only be achieved through the work of highly trained and motivated people sharing common values and objectives. We have such teams of people.

As the Formula is not country-specific, we have the ability to roll out new initiatives across many markets. However, to do this successfully, we must continue to ensure that our people have the necessary expertise, and we are committed to continuing training programmes for all levels of employees. This year, one of our UK graduates has been selected by the European Commission's exclusive 'Executive Training Programme' to spend eighteen months in Japan learning how to do business there. In addition, our French company is sponsoring a French graduate to spend twelve months in the UK under the Jean Monnet Scheme, patronised by HRH The Prince of Wales.

The Queen's Award for Export Achievement has been granted to RS Components Limited. This is true recognition of the commitment within the RS UK and RS International teams to build a world class international business.

This year marks the tenth anniversary of the move from London to Corby, and it is particularly pleasing for me to report that many of our staff are celebrating ten years with the Company in Corby. Our people are committed to providing customers with a service of unequalled quality, and this is the foundation of our success.

Electrocomponents Group

The strategy for the Group is to focus on the high service distribution of products to users of technology. The characteristics of high service are:

- a comprehensive range of products to enable customers to purchase their requirements economically from a single source;
- systems that will ensure that all products are available from stock and can be delivered to the customer speedily and with absolute reliability; and
- effective communication by catalogues, supported by technical advice, enabling customers to solve their engineering problems.

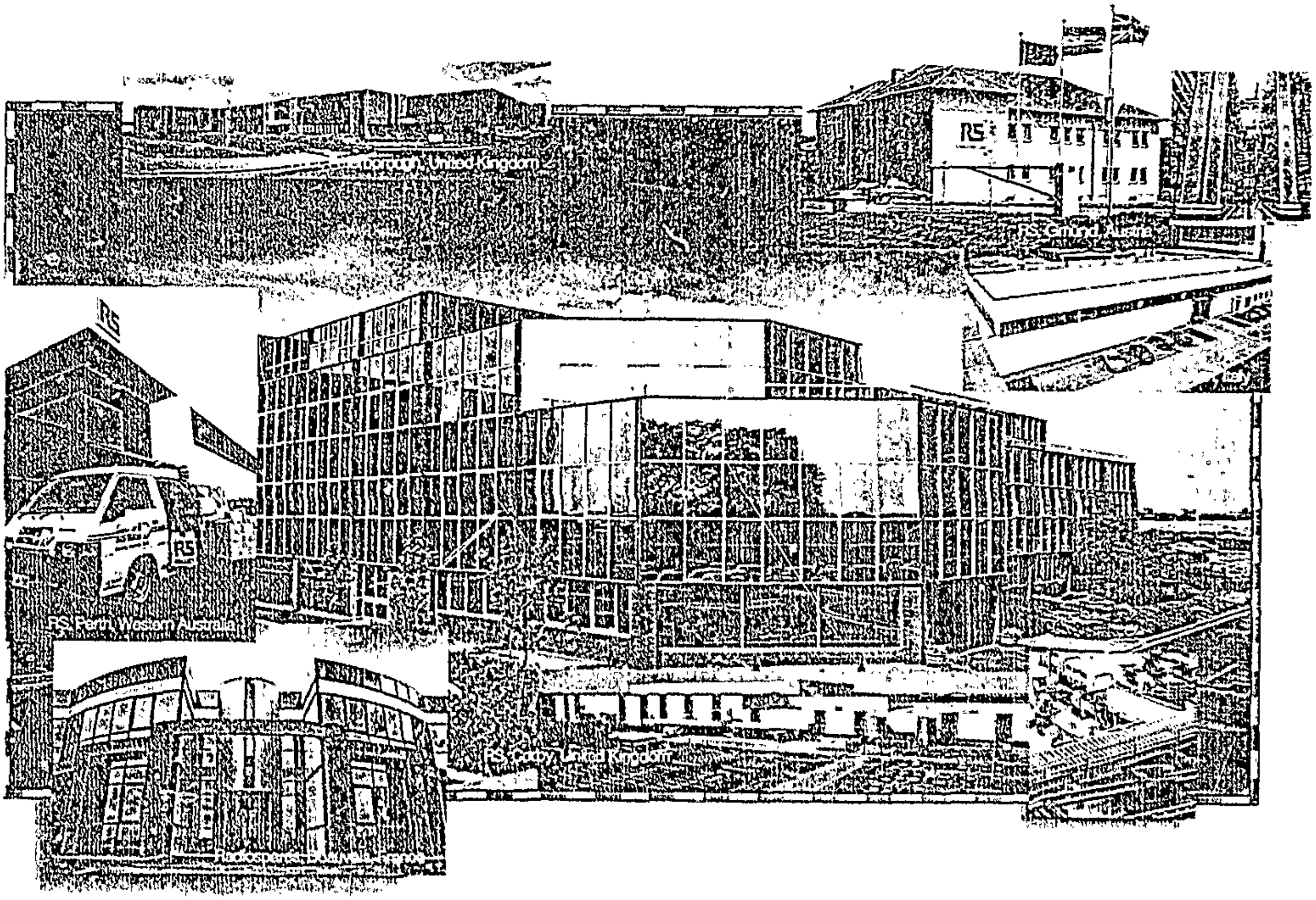
These three elements encourage customers to make purchases on a regular basis, thus building high levels of loyalty. The frequency and consistency of these order patterns emphasise the importance of our service concept, where quality and reliability are far more important than price.

Our strategy is to build on the core concept by increasing the product technologies offered in response to our customers' expanding requirements. We will also introduce the high service concept to new markets and wider geographical areas. The strategy will be delivered through a combination of organic growth, joint venture and acquisition. Internally, we are building the foundation logistics and information systems to produce consistent high standards of service at minimum cost to customers. These Group-wide processes will create differentiated businesses with a common aim: to be the customer's first choice distributor.

Our vision is to build a group of companies which will capitalise on the existing and emerging needs of those who use technology. By providing a distinctive mix of products and services, the Group will grow and strengthen its position. For the shareholder, the strategy will create a Group centred on generating premium margins and, therefore, capable of offering a sustainable high quality return.

Bob Lawson

Bob Lawson, Group Chief Executive


RS Corby, United Kingdom
RS Gmünd, Austria
RS Perth, Western Australia
RS Corby, United Kingdom

Sir Keith Bright BSc PhD FRSC FCIT
Chairman

Keith Bright, 62, joined as a non-executive director in 1986, was appointed Deputy Chairman and Chief Executive in March 1989, and Chairman on 2 April 1990, and will retire from the Board on 31 July 1994. He was formerly Chairman of London Regional Transport, before which he was Chief Executive of Huntley & Palmer Foods and earlier, Chief Executive of Sime Darby Holdings. Sir Keith has held a number of non-executive directorships and is currently Chairman of Brent Walker plc. † # §

R C G Cotterill AMIEE
Deputy Chairman

Roy Cotterill, 58, joined as a non-executive director and Deputy Chairman in April 1994. He will become Chairman in July 1994. He is an electrical engineer who has spent a large part of his working life with the General Electric Company plc, most of it in Overseas Operations. From 1986 until his retirement in 1993, he was variously Chairman, Chief Executive and director of Telemetrix plc, the electronics company. He is currently Chairman of Vocalis Ltd, Deputy Chairman of Division Group plc and a director of Longwall International Ltd. ** #

R E Artus CBE MA FIMR

Ronald Artus, 62, joined as a non-executive director in 1990. He was previously Chief Investment Manager of Prudential Corporation plc. He is an independent board member of the Securities and Futures Authority, a director of the General Electric Company plc, and member of the Financial Law Panel, established by the Bank of England and the Corporation of London. ** #

D S Winterbottom FCA FCT FRSA

David Winterbottom, 57, joined as a non-executive director in 1990. Until the recent takeover by Laporte plc, he was Group Chief Executive of Evode Group plc. Mr Winterbottom is Chairman of Alco-Qualcast Holdings Ltd, a director of Ruberoid plc, Barr & Wallace Arnold Trust plc and a director of Pincedale Group plc and other private companies. Additionally, Mr Winterbottom is a sector board member of BSI-Standards-Materials & Chemicals. ** #

R A Lawson MA MBA
Group Chief Executive

Robert Lawson, 49, joined as Group Managing Director on 1 April 1991 and was appointed Group Chief Executive in April 1992. His business career has spanned several United Kingdom and Continental groups, including RS Components Limited, where he was Sales Director from 1979 to 1987. Prior to joining Electrocomponents he was with Vinten Group plc, where he had been Managing Director for the previous three years. He is a qualified engineer with a business degree. * # §

R C Tomkinson MA FCA FCT
Group Finance Director

Robert Tomkinson, 52, joined as Group Finance Director in 1986. After qualifying as a Chartered Accountant, he spent nine years at KPMG Peat Marwick, followed by six years specialising in the energy industry, firstly as a merchant banker, and then as the Finance Director of a coal company. He joined Automotive Products plc as Group Finance Director in 1982 and, following its takeover, left to join Electrocomponents. He is also non-executive Deputy Chairman of Lloyd Thompson Group plc. * ** §

R Horrocks CBE CIMgt FIMI FRSA

Ray Horrocks, 64, joined as a non-executive director in 1986. He is currently Chairman of Chloride Group plc, and a director of Lookers plc together with several other companies. Prior to this he was an executive director of British Leyland. † ** #

R M Denny CEng FIEE CIMgt FRSA HON RCM

Ronald Denny, 67, joined as a non-executive director in 1984. Until his retirement in 1989 he was Chairman and Chief Executive of Rediffusion plc and a director of BET plc. † ** #

Company Secretary
R B Butler * § FCIS

** Member of Audit Committee
* Member of Group Executive Committee
† Member of Remuneration Committee
# Member of Share Option Committee
§ Member of Treasury Committee

A summary of the system of Corporate Governance adopted by the Company is set out below. The Board considers that Electrocomponents plc conforms to 17 out of the 19 paragraphs of the Code of Best Practice recommended by the Cadbury Committee, although the Group Finance Director is a member of the Audit Commmittee because it is believed that this contributes to its effectiveness. The final two paragraphs concerning Internal Control and Going Concern have not yet been implemented, since guidance is awaited from the Auditing Practices Board.

Board of Directors

The Board of Directors consists of the Chairman, who is part-time and retires from the Board on 31 July 1994, a non-executive Deputy Chairman who will succeed him and take his place on the committees detailed below, two executive directors and four independent non-executive directors. It meets monthly throughout the year and is responsible for overall Group strategy, acquisition and disposal policies, and the approval of major investment proposals. The Board reviews the performance of the Group and of individual trading subsidiaries and approves annual budgets and three year plans.

In the event of the recruitment of a new director, a nomination committee consisting of non-executive directors is established for that appointment.

The Board has a number of standing committees consisting of certain directors and senior managers. The Company Secretary acts as secretary except where stated. Their membership and function is outlined below.

Group Executive Committee

Consists of the Group Executive Directors, the Company Secretary and Managing Directors of the three principal operating Divisions. The Group Chief Executive is Chairman of this Committee, with a senior Group Executive acting as secretary. This Committee meets monthly and deals with the day-to-day running of the Group and has powers delegated to it by the Board.

Audit Committee

Consists of the non-executive directors and the Group Finance Director. Mr Ray Horrocks, a non-executive director, is Chairman of this Committee and the Group Financial Controller acts as secretary. The Committee meets three times a year to review the half year and full year results, the reports from the auditors and the Group Operational Audit department. The non-executive directors and the auditors can, if they so wish, meet privately.

Treasury Committee

Consists of the Chairman, the executive directors and the Company Secretary. The Group Finance Director is Chairman of this Committee. It meets as required to set the detailed treasury policy of the Group within overall guidelines set by the Board.

Share Option Committee

Consists of the Chairman (who chairs the Committee), Group Chief Executive and the non-executive directors and deals with the allocation and exercise of share options.

Remuneration Committee

Consists of the Chairman (who chairs the Committee) and two of the non-executive directors. The Committee sets the remuneration and terms and conditions of employment of the executive directors and, without him present, the Chairman. It also approves the remuneration of the executives who report to the Group Chief Executive.

Full details of the remuneration of the Chairman and the executive directors are set out in note 7 to the accounts. Each of the executive directors has a service contract which can be terminated by the Company giving notice not exceeding three years. The Chairman's contract expires on 31 July 1994. The executive directors' remuneration is set using comparisons provided by consultants. Performance bonuses, calculated as a percentage of base salary, are paid to the current Chairman and executive directors, dependent on an increase in earnings per share.

With the exception of the Deputy Chairman, whose contract can be terminated by the Company giving not less than six months' notice, no other non-executive director has a service contract.

The remuneration of all other non-executive directors is set by the Board of Directors.

Keith Bright

Sir Keith Bright, Chairman

"Increased Profit, Dividends and Earnings Per Share"

Group sales increased by 2.3% to £396.5m. Removing the effect of the disposal of the Misco businesses in the prior year, sales grew by 14.4%, and operating profits increased by 16.3% to £69.9m.

It is recommended that the total dividend for the year be increased by 20.3% to 9.5p slightly in advance of adjusted earnings per share. The dividend will be covered 2.4 times. The interim dividend was increased proportionately more than the final dividend to reduce partly the disparity between interim and final payments. The interim dividend was paid on 4 January 1994, while the final dividend will be paid on 5 September 1994.

Capital Structure and Treasury Policy

The Treasury activities of the Group are controlled by the Treasury Committee of the Board. Under its auspices Electrocomponents Group Treasury provides a service to Group companies and does not constitute a profit centre. The Group Treasury Policy is to cover, on a limited basis, transaction exposure but not balance sheet risk. In its currency hedging activities Group Treasury uses the forward and spot currency markets and the option market.

At 31 March 1994 the Group had gross cash and cash equivalents of £5[illegible]m, short term investments of £3.[illegible]m and borrowing facilities of £18.3m of which £7.2m had been drawn down to give net cash and investments of £57.4m. Group cash resources are invested primarily through the UK parent company and the subsidiary companies in Germany and Italy and are held principally in Sterling and Deutschmark bank deposits and short term fixed interest investments. Part of these resources are professionally managed by a subsidiary of S G Warburg Group plc. Borrowings are utilised to cover short term cash flow requirements and are principally in overseas operations. The small term loans are at beneficial rates of interest.

Cash Flow

The strong cash generation of the RS UK business is reflected by the net cash increase of £20.6m. The expansion of RS International, together with the continued growth of the UK operation, creates the need for additional working capital. Stock investments in the year 1993/4 absorbed £6.1m of funds and trade receivables £10.6m. To create the capacity required to support our business expansion the Board has committed £35m to cover both the construction of a new international distribution facility at Nuneaton and the consequential upgrading of the existing facility at Corby. The majority of this expenditure will be incurred during 1994/5.

The acquisition of Radio Parts in Denmark and Radio Spares in New Zealand were undertaken from the cash resources of the Group at a total cost of £4.7m.

Current Liquidity

Barring unforeseen circumstances, the Group has sufficient cash and unutilised borrowing facilities to fund its existing operations and the planned expansion. The Board sees no requirement to raise additional loan or equity capital. The Group is expected to be cash positive throughout the current financial year.

Balance Sheet Value and Shareholder Return

The Group's net asset value of £171.1m compares with a market capitalisation of £1,082m at 31 March 1994. This difference represents both the capacity of the UK business to generate strong profit growth and cash flow, and the prospects of continued growth in overseas operations. The primary strength of the business that is not reflected on the balance sheet is the base of some [illegible] customers worldwide.

During the period from 31 March 1993 to [illegible] June 1994 the share price has increased from 40[illegible]p to 468p, a 17% increase, which compares with a 7% rise in the FT-A All-Share Index and a [illegible] rise in the FT Actuaries Distributors Index.

Robert Tomkinson, Group Finance Director

The directors present their report on the affairs of the Group together with the audited accounts for the year ended 31 March 1994

Principal activity

The principal activity of the Group is the marketing of electronic electrical and mechanical products, supplies and services to industrial, commercial and retailer customers, through its distribution channels in the United Kingdom, Continental Europe, Australasia and the rest of the world Significant changes during the year are detailed in the Chairman's statement and the Group Chief Executive's report on pages 7 to 10

Results and dividends

Results for the year are set out in the profit and loss account on page 19, and an analysis of turnover profit and net assets by activity is shown in note 2 on page 24. The directors recommend a final dividend of 7 0p per share, to be paid on 5 September 1994 which, together with the interim dividend of 2 5p per share paid in January, amounts to 9 5p for the year (1993 7 9p)

Investment in subsidiaries

On 9 February 1994 RS Components Limited entered into a joint venture agreement with Controls & Switchgear Company Limited in India The new company, RS Components & Controls (India) Limited, had an initial share capital of Rs10m (£0.2m) and commenced trading in April 1994

On 25 February 1994 Electrocomponents UK Limited acquired the entire issued share capital of Radio - Parts A/S in Denmark for a consideration of DKK 28m (£2 8m)

On 1 March 1994 Electrocomponents UK Limited acquired the entire issued share capital of Radio Spares Components Limited in New Zealand for a cash consideration of NZ$4 2m (£1.6m)

Fixed assets

During the year, fixed asset additions amounted to £12 2m of which £5 2m was in respect of RS Components Limited

On 25 February 1994 the Company exchanged contracts to acquire 26 acres of freehold land at Bermuda Park Nuneaton Warwickshire for £4 5m On 11 April 1994 the Company completed the acquisition of the land

Further details of fixed asset movements are included in note 13 to the accounts

The freehold properties of the Group are purpose built buildings constructed for the requirements of the Group and are carried in the books at cost less depreciation Grants received on construction are carried in creditors and amortised A valuation of the principal properties located in the United Kingdom undertaken in March 1993 disclosed a value marginally lower than the current book value net of grants The directors do not regard this as a permanent diminution in value

Directors

The directors of the Company at the date of this report are shown on page 12

Mr R C G Cotterill was appointed as a non-executive director and Deputy Chairman of the Company on 12 April 1994 Mr N F Wilking retired as a non-executive director on 21 February 1994

Mr R A Lawson and Mr D S Winterbottom in accordance with Article 98 of the Company's Articles of Association retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election Mr R A Lawson has a service contract which expires on 25 December 2004 and his employment is subject to termination by the Company at any time giving not less than 3 years' notice Mr D S Winterbottom does not have a service contract

Mr R C G Cotterill in accordance with Article 105 of the Company's Articles of Association, retires and, being eligible offers himself for re-election at the forthcoming Annual General Meeting Mr Cotterill has a service contract which expires on the date of the 1999 Annual General Meeting and his employment is subject to termination by the Company at any time giving not less than 6 months notice

Directors' Interests

The beneficial interests of the directors in the shares of the Company, as shown by the register kept in accordance with the Companies Act 1985, are shown below

	At 31 March 1994			At 31 March 1993		
	Shares	Executive Options	Savings Related Options	Shares	Executive Options	Savings Related Options
R E Artus	10,000	-	-	10 000	-	-
Sir Keith Bright	27,954	193,900	9,333	27,954	293,900	9,333
R M Denny	2,000	-	-	2,000	-	-
R Horrocks	2,500	-	-	2,500	-	-
R A Lawson	4,050	191,600	8,333	4,050	191,600	8,333
R C Tomkinson	3,367	180,000	7,516	1.098	180,000	9,102
D S Winterbottom	1,000	-	-	1,000	-	-

Mr R C G Cotterill, who was appointed after the year end, has no interest in the shares of the Company

The Executive Options shown are options over ordinary shares granted under the terms of the Electrocomponents 1988 Executive Share Option Scheme and the Electrocomponents Share Option Scheme The Savings Related Options are options over ordinary shares granted under the terms of the Electrocomponents Savings-Related Share Option Scheme No change in these interests had been notified up to 2 June 1994

The weighted average exercise prices as at 31 March 1994 of the share options shown above are

	Executive Options	Savings Related Options
Sir Keith Bright	213.8p	196 1p
R A Lawson	253.6p	225.0p
R C Tomkinson	215 7p	239.5p

On 5 July 1993 Sir Keith Bright exercised an Executive Option over 100,000 shares at an exercise price of 210 4p The middle market price of the Company's shares on that day was 413p On 7 September 1993 Mr R C Tomkinson exercised a Savings Related Option over 3 769 shares at an exercise price of 191p The middle market price of the Company's shares on that day was 401p Mr R C Tomkinson was granted a Savings Related Option over 2,183 shares on 14 July 1993 at an exercise price of 316p The middle market price of the Company's shares on that day was 415p

The middle market price of the Company's shares at 31 March 1994 was 515p (1993 400p)

Mr R M Denny has a minority interest in GSS Limited, the RS Components Limited distributor in Malta The total sales to GSS Limited are not material No director had a material interest in any contract that was significant to the Group's business at any time during the year

Substantial shareholders

As at 2 June 1994 the following substantial shareholdings had been notified to the Company

	Number of shares	Percentage held
Prudential Portfolio Managers Limited	11,274,277	5.4%
Co-operative Insurance Society Limited	7,165,493	3.4%
Scottish Widows Investment Management Limited	7,143,873	3.4%
Allied Dunbar Assurance plc	6,775,000	3.2%
Abu Dhabi Investment Authority	6,455,000	3.0%

As far as the directors are aware there were no other notifiable interests

Directors' and officers' liability

Insurance cover is held by the Company to indemnify directors and officers against liability as permitted by section 310 of the Companies Act 1985

Tax status

In the opinion of the directors, the close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the Company

Group employment policies

The Group values highly the commitment of its employees, and has maintained its practice of communicating business developments to them wherever practicable. Regular staff appraisals and consultations take place with individuals and their representatives

The Group remains supportive of the employment and advancement of disabled persons

Share option schemes

Full details of options and shares issued under the terms of the Company's share schemes can be found in note 23 on page 33. The Company, in accordance with a shareholders resolution dated 3 May 1988, has adopted and approved an International Savings Related Share Option Scheme ("the Scheme") to enable its employees world-wide to participate on terms similar to the existing United Kingdom Scheme. The first invitations under the Scheme will be made on 14 June 1994

Share dealing service

The Company is pleased to offer a simple share dealing service which allows existing and potential shareholders to purchase or sell shares in Electrocomponents plc at an attractive commission rate. If you would like to receive full details about this service please complete and return the enclosed reply paid card

Annual General Meeting

The Notice of the Annual General Meeting, which will be held at 12 noon on 22 July 1994 at The Lanesborough, No 1 Lanesborough Place, London SW1X 7TA, is set out on pages 40 and 41

At the Annual General Meeting, as items of special business, the directors will seek shareholders' approval to renew for a further year authorities to purchase up to 10 million ordinary shares on the London Stock Exchange, being approximately 5% of the ordinary share capital of the Company currently in issue, to authorise the directors to allot up to 35 575 519 ordinary shares of the Company, and to disapply the statutory pre-emption provisions in relation to allotments of shares by way of rights issues and otherwise up to an amount equal to 5% of the aggregate nominal amount of the issued share capital of the Company as at 31 March 1994

The directors consider that it is appropriate for these authorities to be granted. The directors will only exercise the power to purchase the Company's shares when satisfied that any purchase will have a beneficial impact on earnings per share and be in the interests of shareholders. During the past year the Company did not purchase any of its own shares or make any issues of shares for cash otherwise than in connection with the Company's share option schemes. Except as a result of exercises of options under the share option schemes, the directors have no present intention of issuing any of the unissued share capital

Political and charitable contributions

The Group has made no political contributions during the year. Charitable contributions amounted to £37,238

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing the reappointment of KPMG Peat Marwick as auditors to the Company will be put to the Annual General Meeting

By order of the Board
R B Butler
Secretary, 8 June 1994

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and the Group and prevent and detect fraud and other irregularities

Auditors' report to the members of Electrocomponents plc

We have audited the financial statements on pages 19 to 37

Respective responsibilities of directors and auditors

As described above the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances consistently applied and adequately disclosed

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 March 1994 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985

Corporate governance matters

In addition to our audit of the financial statements we have reviewed the directors' statement concerning the Company's compliance with the Code of Best Practice as set out on page 13 insofar as it relates to the paragraphs of the Code which the London Stock Exchange has specified for our review, (namely paragraphs 1 4, 1 5, 2 3, 2 4, 3 1 to 3 3, 4 3 and 4 4). We carried out our review having regard to the Bulletin *Disclosures relating to corporate governance* issued by the Auditing Practices Board

The purpose of the directors' statement is to give readers information which assists them in forming their own views regarding the governance of the Company. In respect of the paragraphs of the Code specified for our consideration, we are required to draw attention to any aspects of the Company's non compliance with the Code which the directors have not properly disclosed. We are not required to review, and have not reviewed, the effectiveness of the Company's governance procedures

Through enquiry of certain directors and officers of the Company, and examination of relevant documents, we have satisfied ourselves that the directors' statement appropriately reflects the Company's compliance with the specified paragraphs of the Code

KPMG Peat Marwick

KPMG Peat Marwick
Chartered Accountants, Registered Auditors
London 8 June 1994

For the year ended 31 March

Note		1994 Continuing operations £m	Acquisitions £m	Discontinued operations £m	Total £m	1993 Total £m
1/2	Turnover	395.6	0.9	-	396.5	387.5
	Cost of sales	(216.3)	(0.5)	-	(216.8)	(214.9)
	Gross profit	179.3	0.4	-	179.7	172.6
	Distribution and marketing expenses	(56.0)	(0.1)	-	(56.1)	(60.8)
	Administrative expenses	(53.4)	(0.3)	-	(53.7)	(54.8)
	Operating profit	69.9	-	-	69.9	57.0
4a	Profit on sale of fixed assets - discontinued operations	-	-	-	-	1.0
4b	Loss on disposal of discontinued operations	-	-	(1.2)	(1.2)	(23.8)
4c	Less prior year provision	-	-	1.2	1.2	15.8
	Non-operating exceptional items	-	-	-	-	(7.0)
	Profit on ordinary activities before interest	69.9	-	-	69.9	50.0
5	Net interest receivable				2.8	7.9
2/8	**Profit on ordinary activities before taxation**				72.7	51.9
9	Taxation on profit on ordinary activities				(24.8)	(21.0)
	Profit on ordinary activities after taxation				47.9	30.9
	Minority equity interest				0.2	0.1
10	**Profit for the financial year**				48.1	31.0
11	Dividends				(20.0)	(16.6)
	Retained profit for the financial year				28.1	14.4
12	**Earnings per share**				22.9p	14.9p
	Adjustment to exclude discontinued operations					4.4p
	Adjusted earnings per share				22.9p	19.3p

Consolidated Statement of Total Recognised Gains and Losses

	1994 £m	1993 £m
Profit for the financial year	48.1	31.0
Currency translation differences	(0.5)	3.5
Total recognised gains and losses relating to the year	47.6	34.5

All profits and losses shown above are stated at historical cost

The statement of movements on reserves is in note 24

The notes on pages 22 to 37 form part of these accounts

Note	For the year ended 31 March	GROUP 1994 £m	GROUP 1993 £m	COMPANY 1994 £m	COMPANY 1993 £m
	Fixed assets				
13	Tangible fixed assets	59.1	52.8	7.6	6.8
14	Investments	0.1	-	93.6	73.7
		59.2	52.8	101.2	80.5
	Current assets				
16	Stock	77.4	70.2	-	-
17	Debtors amounts falling due within one year	91.4	80.2	4.8	19.0
18	Debtors amounts falling due after more than one year	1.8	1.9	3.7	3.6
19	Investments	3.5	-	-	-
	Cash at bank and in hand	56.1	38.6	36.1	26.6
		230.2	190.9	44.6	49.2
20	Creditors amounts falling due within one year	(103.6)	(83.3)	(56.6)	(42.9)
	Net current assets (liabilities)	126.6	107.6	(12.0)	6.3
	Total assets less current liabilities	185.8	160.4	89.2	86.8
21	Creditors amounts falling due after more than one year	(6.1)	(4.7)	(0.7)	(0.2)
22	Provisions for liabilities and charges	(8.6)	(11.6)	(0.4)	(0.7)
	Net assets	171.1	144.1	88.1	85.9
	Capital and reserves				
23	Called-up share capital	21.0	20.9	21.0	20.9
24	Share premium account	11.4	9.5	11.4	9.5
24	Profit and loss account	135.8	110.6	55.7	55.5
25	**Shareholders' funds - equity interests**	168.2	141.0	88.1	85.9
	Minority equity interest	2.9	3.1	-	-
		171.1	144.1	88.1	85.9

These accounts were approved by the Board of Directors on 8 June 1994 and signed on its behalf by

R C Tomkinson
Group Finance Director

The notes on pages 22 to 37 form part of these accounts

For the year ended 31 March

Note		1994 £m	1994 £m	1993 £m	1993 £m
26	**Net cash inflow from operating activities**		72.1		53.8
	Returns on investments and servicing of finance				
	Interest received	3.3		2.3	
	Interest paid	(0.6)		(0.6)	
	Dividends paid	(17.6)		(14.8)	
	Net cash outflow from returns on investments and servicing of finance		(14.9)		(13.1)
			57.2		40.7
	Taxation				
	United Kingdom corporation tax paid	(20.2)		(14.2)	
	Overseas tax paid	(0.7)		(0.4)	
	Tax paid		(20.9)		(14.6)
			36.3		26.1
	Investing activities				
	Purchase of tangible fixed assets	(12.2)		(7.4)	
	Receipt of capital grant	-		0.1	
	Purchase of computer software	(1.4)		(0.5)	
	Capitalisation of pre-trading expenses	-		(1.2)	
27	Purchase of subsidiary undertakings	(4.7)		-	
	Proceeds on sales of tangible fixed assets	0.7		2.9	
	Purchase of investments	(31.7)		-	
	Sale of investments	28.2		-	
28	Net proceeds from the disposal of subsidiary undertakings	-		7.5	
	Net cash (outflow) inflow from investing activities		(21.1)		1.4
	Net cash inflow before financing		15.2		27.5
	Financing				
	Repayment of bank loans	-		1.6	
	Redemption of loan notes	-		5.5	
	Issue of ordinary share capital	(2.0)		(3.4)	
	New bank loans	(0.4)		(0.4)	
29	**Net cash (inflow) outflow from financing**		(2.4)		3.3
31	**Increase in cash and cash equivalents**		17.6		24.2
			15.2		27.5

The notes on pages 22 to 37 form part of these accounts

a) Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards

b) Basis of consolidation

All subsidiary accounts are made up to 31 March and are included in the consolidated accounts The Group accounts comprise the consolidated accounts of the Company and its subsidiaries A separate profit and loss account is not presented in respect of the Company as provided by section 230 of the Companies Act 1985

The results and cash flows of companies acquired during the year have been consolidated from the effective date of the acquisition In the case of both Radio-Parts A/S and Radio Spares Components Limited the effective date was 1 March 1994

c) Goodwill

Goodwill arising on acquisition including that element arising from adjustments made to the value of separable net assets of companies acquired ("acquisition provisions"), is written off against reserves On disposal of a business, the gain or loss on disposal includes that goodwill previously written off on acquisition

d) Investments in subsidiary undertakings

Investments in subsidiary undertakings including long term loans are included in the balance sheet of the Company at cost less provisions made in respect of permanent diminutions in the value of the investments

e) Investments in associated undertakings

Investments in undertakings, other than subsidiary undertakings in which the Group has an investment representing not less than 20% of the voting rights and over which it exerts significant influence are treated as associated undertakings

f) Translation of foreign currencies

Overseas companies profits and cash flows are translated at weighted average exchange rates for the year and assets and liabilities at rates ruling at the balance sheet date Exchange differences arising on foreign currency net investments are taken to reserves Exchange differences arising in the normal course of trading are taken to the profit and loss account

g) Government grants

Government grants related to expenditure on tangible fixed assets are credited to the profit and loss account at the same rate as the depreciation on the asset to which the grants relate The unamortised balance of capital grants is included within creditors

h) Depreciation

No depreciation has been charged on freehold land Depreciation has been provided on other assets on a straight line basis at the following annual rates

Freehold buildings	2%
Leasehold premises	term of lease
Plant and machinery	
Warehouse systems	10-20%
Motor vehicles	25%
Mainframe computer equipment	20%
Other computer equipment	33%
Other office equipment	20%

i) Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value Work in progress and goods for resale include appropriate manufacturing, packaging and attributable overheads

j) Catalogue costs

Prior to the issue of a catalogue all related costs incurred are accrued and carried as a prepayment On the issue of a catalogue these costs are written off over its useful life Major investments in new catalogue design or compilation are written off over the period during which the benefits of those investments are anticipated such period not to exceed three years

k) Computer software costs

The cost of major computer software is written off over three years from the date of implementation of the software, the balance being carried forward as a prepayment. Other software costs are written off as incurred.

l) Pre-trading expenses

Pre-trading expenses of major new operations are written off over three years from commencement of trading, the balance being carried forward as a prepayment.

m) Deferred taxation

Deferred taxation is provided, using the liability method, at the appropriate rates of taxation on all timing differences to the extent that the relative tax liabilities may crystallise in the foreseeable future. Advance corporation tax recoverable is offset against the deferred taxation provision.

n) Leases

The Group has no material assets held under finance leases.

Operating lease rentals are charged to the profit and loss account on a straight line basis over the course of the lease period.

o) Pension costs

The Group operates a pension scheme providing benefits based on final pensionable pay for all eligible employees in the United Kingdom. The scheme is administered by a corporate trustee and the funds are independent of the Group's finances. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over the working lives with the Group of those employees who are in the scheme. There are no prepayments or provisions included in the balance sheet.

p) Short term Investments

Investments in marketable securities are valued at the lower of cost and market value and are included within current assets.

1 Turnover

Turnover represents the sale of goods and services to external customers and is stated net of sales taxes

Analysis by geographical destination	1994 £m	1993 £m
United Kingdom and the Republic of Ireland	322.6	298.5
Rest of Europe	52.7	57.9
Rest of World	21.2	31.1
	396.5	387.5

Analysis by geographical origin	1994 Total sales £m	1994 Inter-segment sales £m	1994 Turnover £m	1993 Total sales £m	1993 Inter-segment sales £m	1993 Turnover £m
United Kingdom and the Republic of Ireland	356.3	(18.3)	338.0	329.5	(18.7)	310.8
Rest of Europe	47.3	(0.1)	47.2	53.8	-	53.8
Rest of World	12.0	(0.7)	11.3	26.9	(4.0)	22.9
	415.6	(19.1)	396.5	410.2	(22.7)	387.5

2 Segmental analysis

	1994 Turnover £m	1994 Profit before taxation £m	1994 Net assets £m	1993 Turnover £m	1993 Profit before taxation £m	1993 Net assets £m
By class of business						
RS Group	359.5	70.2	149.7	308.4	59.8	137.4
Pact International	37.0	(0.3)	14.5	38.2	0.3	15.2
Discontinued operations	-	-	-	40.9	(10.1)	1.2
	396.5	69.9	164.2	387.5	50.0	153.8
Net interest/cash and investments	-	2.8	57.4	-	1.9	36.8
Unallocated liabilities	-	-	(50.5)	-		(46.5)
	396.5	72.7	171.1	387.5	51.9	144.1
By geographical location						
Continuing operations						
United Kingdom and the Republic of Ireland	338.0	67.1	138.6	305.5	59.6	134.2
Rest of Europe	47.2	0.4	22.2	31.7	(1.0)	15.7
Rest of World	11.3	2.4	3.4	9.4	1.5	2.7
Discontinued operations	-	-	-	40.9	(10.1)	1.2
	396.5	69.9	164.2	387.5	50.0	153.8
Net interest/cash and investments	-	2.8	57.4	-	1.9	36.8
Unallocated liabilities	-	-	(50.5)	-		(46.5)
	396.5	72.7	171.1	387.5	51.9	144.1

Unallocated liabilities comprise corporation tax payable dividend payable and provisions

3 Analysis of prior year profit and loss account

	1993 Continuing operations £m	Discontinued operations £m	Total £m
Turnover	346 6	40.9	387 5
Cost of sales	(192 6)	(22 3)	(214 9)
Gross profit	154 0	18 6	172 6
Distribution and marketing expenses	(45.5)	(15 3)	(60 8)
Administrative expenses	(48 4)	(6 4)	(54 8)
Operating profit	60 1	(3 1)	57 0

Discontinued operations comprise the Misco businesses (sold or closed during the year ended 31 March 1993)

4 Non-operating exceptional items

	1994 £m	1993 £m
a) Profit on sale of fixed assets		
Electro Lighting Group Limited	-	1 0
b) Loss on disposal of discontinued operations		
Misco (1993 including goodwill on acquisition of £9 1m)	-	(20 9)
Costs of closures of Misco companies	(1.2)	(2.8)
Mesa	-	(0 1)
	(1.2)	(23 8)
c) Utilisation of prior year provisions for disposals and closures		
Misco (1993 including goodwill on acquisition of £9 1m)	0.8	15 8
Electro Lighting Group Limited - provision released	0.4	-
	1.2	15.8

5 Net interest receivable

	1994 £m	1993 £m
Interest receivable	3.0	2 4
Interest payable on bank loans and overdrafts repayable within five years	(0.2)	(0.5)
	2.8	1.9

6 Employees

a) Numbers employed

The average weekly number of employees (including directors) during the year was

	1994	1993 as restated
Management	91	77
Administration	827	849
Distribution and marketing	1,728	1,568
Continuing operations	2,646	2,494
Discontinued operations	-	263
	2,646	2,757

2,166 of these staff were employed in the United Kingdom (1993 2,162)
Included above are 5 employees in respect of companies acquired
At 31 March 1994 these companies had 54 employees

b) Aggregate employment costs	£m	£m
Wages and salaries	46.3	39.7
Social security costs	5.2	3.9
Pension costs	2.7	2.6
Continuing operations	54.2	46.2
Discontinued operations	-	7.1
	54.2	53.3

The 1993 analysis has been restated to enable more direct comparison of the numbers employed and employment costs of continuing operations

c) Pension Schemes

In addition to the principal pension scheme operated in the United Kingdom certain pension benefits, which are not material, are provided for overseas employees by their employing companies. The funding of the United Kingdom defined benefit scheme is assessed in accordance with the advice of independent actuaries. The pension costs for the year ended 31 March 1994 amounted to £2.5m (1993 £2.3m). The last completed valuation of the scheme was carried out at 31 March 1992 using the projected unit cost method. The principal assumptions applied in the valuation calculations were that the investment return would be 9% per annum, with salary increases averaging 7% per annum and that pensions would increase at the rate of 5% per annum with dividends increasing at 4.5% per annum. At the date of this valuation the market value of the assets of the scheme was £44.2m and the actuarial valuation of the assets covered 135% of the required benefits that had accrued to members after allowing for expected future increases in earnings. The excess is being eliminated over the next 13 years, being the average remaining service lives of the members, after allowing for improvements in benefits, by means of a reduction in the level of employer contributions to the scheme.

7 Directors' emoluments

1994	Chairman Sir Keith Bright	Group Chief Executive R A Lawson	Group Finance Director R C Tomkinson	Others	Total
	£	£	£	£	£
Emoluments, including fees and benefits in kind	132,971	184,463	143,374	78,750	539,558
Performance related bonuses	39,575	56,197	41,791	-	137,563
Total, excluding pension costs	172,546	240,660	185,165	78,750	677,121
Provision for pension costs	83,439	93,891	69,256	-	246,586
Total directors' emoluments	255,985	334,551	254,421	78,750	923,707
1993					
Emoluments, including fees and benefits in kind	123,775	156,169	133,211	140,525	553,680
Performance related bonuses	68,750	88,000	72,600	-	229,350
Total, excluding pension costs	192,525	244,169	205,811	140,525	783,030
Provision for pension costs	92,863	101,052	79,906	-	273,821
Total directors' emoluments	285,388	345,221	285,717	140,525	1,056,851

Performance related bonuses are paid to the executive directors in respect of the achievement of an increase in earnings per share, and are calculated as a percentage of base salary

R A Lawson was the highest paid director in each year

The range of the emoluments of the non-executive directors was

	1994 Number	1993 Number
£ 10,001 - £ 15,000	1	4
£ 15,001 - £ 20,000	4	
£ 80,001 - £ 85,000	-	1

8 Profit on ordinary activities before taxation

Profit before taxation is stated after charging (crediting)	1994 £m	1993 £m
Auditors' fees in respect of		
audit and expenses	0.2	0.2
other services	0.2	0.4
Depreciation		
continuing operations	6.0	5.0
discontinued operations	-	0.9
Amortisation of government grants	(0.1)	(0.1)
Hire of plant and machinery	2.6	3.0
Operating loss on disposal of plant and machinery	-	0.1

9 Taxation

	1994	1993
	£m	£m
Taxation on the profit of the Group		
United Kingdom corporation tax at 33% (1993 33%)	23.7	20.2
United Kingdom deferred taxation	(1.0)	(0.5)
	22.7	19.7
Overseas taxation - current	1.6	0.8
Overseas taxation - deferred	0.5	0.5
	24.8	21.0

The effective rate of taxation at 34.1% (1993 40.5%) has improved due to reduced start-up losses in Germany and Italy, the elimination of Misco losses, and the utilisation of loss carry forward deriving from the trading activities of Misco companies in prior years

10 Profit for the financial year

	1994	1993
	£m	£m
Dealt with in the accounts of the Company	20.2	17.0
Retained by subsidiaries	27.9	14.0
	48.1	31.[illegible]

11 Dividends

	1994	1993
	£m	£m
Interim dividend - 2.5p per share (1993 2.0p)	5.3	4.2
Proposed final dividend - 7.0p per share (1993 5.9p)	14.7	12.4
	20.0	16.6

12 Earnings per share

	1994	1993
	£m	£m
Earnings - FRS3 basis	48.1	31.0
Discontinued operations		
Loss on ordinary activities before interest	-	10.1
Attributable taxation	-	(1.0)
Earnings - adjusted basis	48.1	40.1
Weighted average of shares in issue	209,775,246	208,323,137

There is no material dilution in earnings per share in respect of the potential issue of shares on the exercise of outstanding options under the Electrocomponents Share Option Schemes

Adjusted earnings per share removes the distortion of discontinued operations which under previous reporting conventions were treated as extraordinary items and therefore excluded from the value of Group earnings

13 Tangible fixed assets

	GROUP Land and buildings £m	Plant and machinery £m	Total £m	COMPANY Land and buildings £m	Plant and machinery £m	Total £m
Cost:						
At 1 April 1993	39.8	33.5	73.3	7.1	0.7	7.8
Additions	4.1	8.1	12.2	0.9	0.1	1.0
Disposals	(0.3)	(2.6)	(2.9)	-	(0.1)	(0.1)
Businesses joining the Group	0.7	-	0.7	-	-	-
At 31 March 1994	**44.3**	**39.0**	**83.3**	**8.0**	**0.7**	**8.7**
Depreciation:						
At 1 April 1993	5.1	15.4	20.5	0.5	0.5	1.0
Charged in the year	1.1	4.9	6.0	0.1	0.1	0.2
Disposals	(0.3)	(2.0)	(2.3)	-	(0.1)	(0.1)
At 31 March 1994	**5.9**	**18.3**	**24.2**	**0.6**	**0.5**	**1.1**
Net book value:						
At 31 March 1994	**38.4**	**20.7**	**59.1**	**7.4**	**0.2**	**7.6**
At 31 March 1993	34.7	18.1	52.8	6.6	0.2	6.8

	GROUP 1994 £m	1993 £m	COMPANY 1994 £m	1993 £m
Net book value of land and buildings				
Freehold land at cost	2.6	1.7	3.3	2.4
Freehold buildings	34.2	31.4	3.7	3.7
Long leasehold	0.9	1.0	-	-
Short leasehold	0.7	0.6	0.4	0.5
	38.4	34.7	7.4	6.6
Net book value of plant and machinery				
Plant and machinery	12.7	12.2	-	-
Computer hardware	4.2	3.2	-	0.1
Other office equipment	2.0	1.2	-	-
Motor vehicles	1.8	1.5	0.2	0.1
	20.7	18.1	0.2	0.2

Included within the net book value of freehold buildings (Group) is £nil (1993 £2.4m) representing assets in the course of construction

14 Investments

COMPANY	Shares	Long term loans	Total
Subsidiary undertakings - at cost	£m	£m	£m
At 1 April 1993	23.5	105.9	129.4
Advanced	-	20.6	20.6
Repaid	-	(0.3)	(0.3)
At 31 March 1994	23.5	126.2	149.7
Provisions:			
At 1 April 1993	12.8	42.9	55.7
Additions	0.8	0.8	1.6
Released	-	(1.2)	(1.2)
At 31 March 1994	13.6	42.5	56.1
Net book value:			
At 31 March 1994	9.9	83.7	93.6
At 31 March 1993	10.7	63.0	73.7

GROUP	Shares	Total
Associated undertakings - at cost	£m	£m
At 1 April 1993	-	-
Additions	0.1	0.1
At 31 March 1994	0.1	0.1

RS Components & Controls (India) Limited did not trade during the year

15 Acquisitions

Radio-Parts A/S

The Group acquired the entire issued share capital of Radio Parts A/S on 25 February 1994 for a cash consideration of DKK28m (£2.8m). Radio-Parts operates as a high service level distributor of electrical and electronic components in Denmark. In the year ended 30 June 1993 it had a turnover of £6.1m, and made operating profits of £0.4m. In the 8 month period to 25 February, it had a turnover of £4.1m and made operating profits of £0.3m. In the month of March it had a turnover of £0.7m, and broke even

Radio Spares Components Limited ('RSCL')

The Group acquired the entire issued share capital of RSCL on 1 March 1994 for a cash consideration of NZ$4.2m (£1.6m). The company operates as a high service level distributor of electrical and electronic components in New Zealand. The company had been the exclusive distributor for RS Components Limited in New Zealand since 1987. In the year ended 31 August 1993 it had a turnover of £1.5m and made operating profits of £0.3m. In the 6 month period to 28 February, it had a turnover of £0.7m and made operating profits of £0.2m. In the month of March it had a turnover of £0.2m and broke even

Fair value adjustments

	Radio-Parts	RSCL
	£m	£m
Tangible assets at book value	2.4	0.2
Property revaluation	(0.3)	
Working capital provisions	(0.2)	(0.1)
Deferred tax adjustments	0.2	
Tangible assets at fair value	2.1	0.1
Goodwill	1.1	1.4
	3.2	1.5
Cash consideration	2.8	1.6
Expenses of acquisition	0.1	-
Debt/(cash) acquired	0.3	(0.1)
	3.2	1.5

16 Stock - Group

	1994	1993
	£m	£m
Raw materials and consumables	3.4	3.0
Work in progress	2.1	1.4
Finished goods and goods for resale	71.9	65.8
	77.4	70.2

17 Debtors: amounts falling due within one year

	GROUP		COMPANY	
	1994	1993	1994	1993
	£m	£m	£m	£m
Trade debtors	78.6	67.0	-	-
Amounts owed by subsidiary undertakings	-	-	2.9	17.0
Other debtors	5.4	5.1	0.1	0.2
Other taxation and social security	0.1	0.4	1.4	1.6
Prepaid catalogue expenses	4.4	4.0	-	-
Computer software	0.9	0.9	-	-
Pre-trading expenses	0.5	1.2	-	-
Other prepayments and accrued income	1.5	1.6	0.4	0.2
	91.4	80.2	4.8	19.0

18 Debtors: amounts falling due after more than one year

	GROUP		COMPANY	
	1994	1993	1994	1993
	£m	£m	£m	£m
Advance corporation tax recoverable	-	-	3.7	3.6
Other debtors	0.4	0.5	-	-
Computer software	1.2	0.6	-	-
Pre-trading expenses	0.2	0.8	-	-
	1.8	1.9	3.7	3.6

19 Short term Investment

	GROUP		COMPANY	
	1994	1993	1994	1993
	£m	£m	£m	£m
UK Gilts listed on the London Stock Exchange	2.5	-	-	-
Other sterling government securities, listed	1.0	-	-	-
	3.5	-	-	-

20 Creditors: amounts falling due within one year

	GROUP		COMPANY	
	1994	1993	1994	1993
	£m	£m	£m	£m
Overdrafts and bank loans due within three months	1.3	1.2	29.0	21.2
Trade creditors	40.2	31.1	-	-
Amounts owed to subsidiary undertakings	-	-	4.6	2.8
Amounts owed to associated undertakings	0.1		-	
Corporation tax	27.1	22.5	6.0	5.0
Other taxation and social security	6.9	5.5	-	
Other creditors	2.2	1.7	0.2	-
Government grants	0.1	0.1	-	
Accruals and deferred income	11.0	8.8	2.1	1.5
Proposed dividend	14.7	12.4	14.7	12.4
	103.6	83.3	56.6	42.9

21 Creditors: amounts falling due after more than one year

	GROUP 1994 £m	GROUP 1993 £m	COMPANY 1994 £m	COMPANY 1993 £m
Bank loans repayable between one and two years	0.1	0.1	-	-
Bank loans repayable between two and five years	0.3	0.2	-	-
Bank loans repayable after five years	0.5	0.3	-	
Corporation tax	0.1	-	-	-
Other creditors	1.7	0.8	0.7	0.2
Government grants	3.4	3.3	-	-
	6.1	4.7	0.7	0.2

Bank loans are at variable rates of interest and are unsecured

22 Provisions for liabilities and charges

	GROUP Provisions for closures and disposals £m	GROUP Acquisition provisions £m	GROUP Deferred taxation £m	COMPANY Deferred taxation £m
At 1 April 1993	3.0	1.6	7.0	0.7
Advance corporation tax recovered		-	3.6	-
Profit and loss account			(0.5)	(0.3)
Released to reserves		(0.4)	0.3	-
Utilised in the year	(1.2)	(1.2)	-	-
Advance corporation tax recoverable	-		(3.7)	-
Businesses joining the Group			0.1	-
At 31 March 1994	1.8	-	6.8	0.4

	GROUP 1994 £m	GROUP 1993 £m	COMPANY 1994 £m	COMPANY 1993 £m
Provisions for closure and disposals	1.8	3.0	-	
Acquisition provisions	-	1.6	-	
Deferred taxation	6.8	7.0	0.4	0.7
	8.6	11.6	0.4	0.7

Deferred taxation

	GROUP 1994 £m	GROUP 1993 £m	COMPANY 1994 £m	COMPANY 1993 £m
Amounts provided				
Accelerated capital allowances	10.6	10.8	0.5	0.7
Other short term timing differences	(0.1)	(0.5)	(0.1)	
Advance corporation tax recoverable	(3.7)	(3.3)	-	
	6.8	7.0	0.4	0.7
Amounts not provided				
Rolled over capital gains	0.5	0.7	-	

23 Share capital

	1994 Number of shares	1993 Number of shares	1994 £m	1993 £m
Ordinary shares of 10p each				
Authorised	250,000,000	250 000 000	25.0	25 0
Called-up and fully paid	210,163,587	209,170 968	21.0	20 9

At 31 March 1994, the Company had outstanding options in respect of the following shares

	Under the Electrocomponents Share Option Scheme, the Electrocomponents 1988 Executive Share Option Scheme and associated schemes		*Under the Electrocomponents* Savings Related Share Option Scheme	
Date of grant	**Number of shares**	**Option price £**	**Number of shares**	**Option price £**
September 1984	84,248	1 445		
November 1986	137.576	1 855		
June 1987	67 005	2 380		
December 1987	197 345	1 760		
July 1988	207,585	2 070		
December 1988	26 750	1 954		
July 1989	225 59[illegible]	2 104		
July 1989	51 850	2 120		
December 1989	68 650	1 890		
July 1990	400 700	2 274		
December 1990	262,250	1 855	388 760	1 80
July 1991	337,250	2 502		
July 1992	3 400	2 942	219 601	1 94
December 1992	619,850	3 312	354 873	2.25
July 1993	24 150	4 125		
December 1993	63,250	4 772	616,271	3 16
Balance at 31 March 1994	**2,890,409**		**1,570,505**	

Options issued in July 1988 and thereafter were issued under the terms of the Electrocomponents 1988 Executive Share Option Scheme and associated schemes, previous options having been issued under the Electrocomponents Share Option Scheme. All these options are normally exercisable during the period between the third and tenth anniversaries of the date of grant. All options under the Electrocomponents Savings Related Share Option Scheme are normally exercisable during the period of six months following the fifth anniversary of the date of grant

During the year to 31 March 1994, under the terms of the Electrocomponents Share Option Scheme options in respect of 143 998 shares were exercised for a consideration of £259 086 74, under the terms of the Electrocomponents 1988 Executive Share Option Scheme, options in respect of 464,530 shares were exercised for a consideration of £931 291.29, and *under the terms of the Savings* Related Share Option Scheme, options in respect of 384 031 shares were exercised for a consideration of £735 402 89

During the year to 31 March 1994, 992 610 shares were issued as a result of exercises under the Share Option Schemes

24 Reserves

	Share premium account	Profit and loss account	
	GROUP AND COMPANY	GROUP	COMPANY
	£m	£m	£m
At 1 April 1993	9.5	110.6	55.5
Retained profit for the year	-	28.1	0.2
Currency translation differences	-	(0.5)	-
Goodwill arising on acquisitions	-	(2.5)	-
Acquisition provisions no longer required	-	0.1	-
Premium on share options exercised	1.9	-	-
At 31 March 1994	11.4	135.8	55.7

A cumulative amount of goodwill on acquisition of £33.4m (1993 £31.0m) has been written off to group reserves in respect of businesses and undertakings that form part of the Group's continuing activities at 31 March 1994

25 Reconciliation of movements in shareholders' funds

	1994	1993
	£m	£m
Profit for the financial year	48.1	31.0
Dividends	(20.0)	(16.6)
	28.1	14.4
Currency translation differences	(0.5)	3.5
New share capital subscribed	2.0	3.4
Goodwill arising on acquisitions	(2.5)	-
Acquisition provisions no longer required	0.1	1.8
Net addition to equity shareholders' funds	27.2	23.1
Opening equity shareholders' funds	141.0	117.9
Closing equity shareholders' funds	168.2	141.0

26 Net cash inflow from operating activities - Group

	1994			1993		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	£m	£m	£m	£m	£m	£m
Operating profit (loss)	69.9	-	69.9	60.1	(3.1)	57.0
Depreciation	6.0	-	6.0	5.0	0.9	5.9
Amortisation of capital grants	(0.1)	-	(0.1)	(0.1)		(0.1)
Amortisation of pre-trading expenses	1.3	-	1.3	1.3		1.3
Amortisation of computer software	0.8	-	0.8	1.0	0.1	1.1
Utilisation of acquisition provisions	(1.2)	-	(1.2)	(0.7)		(0.7)
Costs of closures	-	(1.2)	(1.2)	-	(2.3)	(2.2)
Loss on sale of tangible fixed assets	-	-	-	0.1	-	0.1
(Increase)/decrease in stocks	(6.1)	-	(6.1)	(6.8)	3.4	(3.4)
(Increase)/decrease in debtors	(10.6)	-	(10.6)	(3.5)	3.9	0.4
Increase/(decrease) in creditors	13.3	-	13.3	1.3	(6.8)	(5.5)
Net cash inflow/(outflow) from operating activities	73.3	(1.2)	72.1	57.7	(3.9)	53.8

27 Purchase of subsidiary undertakings

	£m
Net assets acquired:	
Goodwill	2.5
Tangible fixed assets	0.7
Stocks	1.2
Debtors	1.9
Creditors falling due within one year	(1.5)
Provisions for liabilities and changes	(0.1)
	4.7
Satisfied by:	
Cash paid	4.4
Borrowings in companies acquired	0.2
Costs of acquisition	0.1
	4.7

The companies acquired had no material effect upon the Group's operating cash flows for the year

28 Disposal of subsidiary undertakings - Group

In the year ending 31 March 1993 the Group sold its computer supplies businesses known collectively as the Misco Group for a consideration of £7.5m net of cash in companies sold and costs of disposal. Total losses of £20.9m including £9.1m of goodwill were realised in these disposals

29 Analysis of changes in financing during the year - Group

	1994 Share capital including premium £m	1994 Loans and loan notes £m	1993 Share capital including premium £m	1993 Loans and loan notes £m
At 1 April	30.4	0.6	27.0	7.1
Issue of ordinary share capital	2.0	-	3.4	
New bank loans	-	0.4		0.4
Repayment of bank loans	-	-		[illegible]
Redemption of loan notes	-	-		(5.5)
Exchange adjustment	-	(0.1)		[illegible]
At 31 March	32.4	0.9	30.4	0.6

30 Analysis of the balances of cash and cash equivalents - Group

	1994 £m	Change in the year £m	1993	Change in the year £m	1992 £m
Cash at bank and in hand	56.1	17.5	38.6	12.8	25.8
Overdrafts, bank loans and loan notes due within three months	(1.3)	(0.1)	(1.2)	12.4	(13.6)
	54.8	17.4	37.4	25.2	12.2

31 Analysis of changes in cash and cash equivalents during the year - Group

	1994 £m	1993 £m
At 1 April	37.4	12 2
Net cash inflow before adjustments for the effect of foreign exchange rate changes	17.6	24 2
Businesses joining the Group	(0.2)	-
Effect of foreign exchange rate changes	-	1 0
At 31 March	54.8	37 4

32 Capital commitments

Capital commitments at 31 March, for which no provision has been made in these accounts

	GROUP 1994 £m	GROUP 1993	COMPANY 1994 £m	COMPANY 1993 £m
Contracted	8.4	6 6	4.6	-
Authorised but not contracted	20.5	0 4	10.8	

33 Lease commitments

The Group has entered into non-cancellable leases in respect of plant and machinery, the payments for which extend over a period of up to 5 years The total annual rental (including interest) for 1994 was £2 6m (1993 £3 0m) The lease agreements provide that the Group will pay all insurance maintenance and repairs In addition the Group leases certain properties on short and long term leases the annual rental on these leases was £2 7m (1993 £2 9m) The rents payable under these leases are subject to renegotiation at various intervals specified in the leases The Group pays all insurance maintenance and repairs of these properties The minimum annual rentals under the foregoing leases are as follo

	GROUP Properties £m	GROUP Plant and machinery £m	COMPANY Properties £m	COMPANY Plant and Machinery £m
1994				
Operating leases which expire				
within one year	0.1	0.2	-	-
within two to five years	0.5	0.9	-	-
after five years	2.5	-	1.3	-
	3.1	1.1	1.3	-
1993				
Operating leases which expire				
within one year	0 2	0 1	-	-
within two to five years	0 6	2 1		
after five years	2 3	[illegible]	1 3	
	3 1	[illegible]	1 3	-

34 Contingent liabilities

At 31 March 1994 the following contingent liabilities existed:

GROUP

As part of the Group's business, various disputes arise which may lead to actual or potential litigation. In the opinion of the directors adequate provision has been made in these accounts for all such matters, and accordingly no material contingent exposure exists in relation to them.

COMPANY

Guarantees in respect of bank facilities available to certain subsidiaries up to a maximum of £1.5m.

GROUP AND COMPANY

Guarantee in respect of rent on premises occupied by Helix Lighting Limited, a former subsidiary, for the period of the lease which expires in 2009.

Guarantee in respect of rent on premises occupied by Misco Computer Supplies Limited, a former subsidiary, for the period of the lease which expires in 2013.

35 Principal subsidiary and associated undertakings

	Principal location	Country of incorporation
RS Components UK		
Mail order of electronic, electrical and mechanical products		
RS Components Limited	Corby	Great Britain
Electromail Limited*	Corby	Great Britain
Electrospeed Limited	Eastleigh	Great Britain
RS Servicepoint Limited	Corby	Great Britain
RS Components International		
Mail order of electronic, electrical and mechanical products		
RS Components Pty Limited*	Perth	Australia
RS Components GesmbH*	Gmund	Austria
Radio - Parts A/S*	Copenhagen	Denmark
RS Components A/S*	Copenhagen	Denmark
Radiospares Composants SNC*	Beauvais	France
RS Components GmbH*	Frankfurt	Germany
Electrocomponents Limited*	Kowloon	Hong Kong
RS Components & Controls (India) Ltd (50% owned)*	New Delhi	India
RS Components SpA*	Milan	Italy
Radio Spares Components Limited*	Auckland	New Zealand
Radionics Limited*	Dublin	Republic of Ireland
Pact International		
Distribution of retail electrical products and accessories		
Pact International Limited (70% owned)	Peterborough	Great Britain
Holding and Management Companies		
Electrocomponents UK Limited	London	Great Britain
Electrocomponents Inc*	Laytonsville, Md	United States of America
Electrocomponents France SARL*	Beauvais	F[illegible]

Except as indicated all of the above are wholly owned subsidiaries. Those subsidiaries marked with an asterisk are indirectly owned subsidiaries. The companies operate within their countries of incorporation. The companies above incorporated in Great Britain are all registered in England and Wales.

* RS Components & Controls (India) Ltd is a joint venture with Controls & Switchgear Company Ltd, a company registered in India. The authorised share capital of this company is Rs20 million, of which Rs10m is issued and owned in equal shares by RS Components Limited and its joint venture partner.

Ten Year Record

Year ended 31 March	1994	1993	1992	1991	1990
	£m	£m	£m	£m	£m
Turnover					
RS Group	359.5	308.4	275.2	251.1	225.5
Pact International	37.0	38.2	41.0	41.9	29.4
Discontinued businesses	-	40.9	87.5	132.0	139.5
Group	396.5	387.5	403.7	425.0	394.4
Operating profit					
RS Group	70.2	59.8	56.9	56.5	53.1
Pact International	(0.3)	0.3	0.6	1.3	2.0
Discontinued businesses	-	(3.1)	(6.6)	(4.8)	(0.3)
Group	69.9	57.0	50.9	53.0	54.8
Non-operating exceptional items	-	(7.0)	(24.7)	(29.6)	(2.3)
Net interest	2.8	1.9	(1.0)	(0.8)	1.2
Profit before taxation	72.7	51.9	25.2	22.6	53.7
Taxation	(24.8)	(21.0)	(18.[illegible])	(14.5)	(20.9)
Profit after taxation	47.9	30.9	7.[illegible]	8.1	32.8
Minority equity interests	0.2	0.1	0.2	(0.2)	
Group profit for the year	48.1	31.0	7.3	7.9	32.8
Dividends	(20.0)	(16.6)	(14.5)	(13.5)	(12.3)
Retained profit (loss)	28.1	14.4	(7.2)	(5.6)	20.5
Year end net cash and investments (debt)	57.4	36.8	5.1	(30.6)	14.0
Other net assets	113.7	107.3	116.0	138.6	120.9
Net assets employed	171.1	144.1	121.1	108.0	134.9
Number of shares in issue (million)					
Weighted average	209.8	208.3	206.3	204.9	204.7
Year end	210.2	209.[illegible]	207.5	205.3	204.8
Dividends per share					
Cost to company	9.50p	7.90p	7.00p	6.60p	6.00p
Gross equivalent	11.875p	10.[illegible]p	9.33p	8.80p	8.00p
Earnings per share					
FRS3 basis	22.9p	14.9p	3.5p	4.0p	16.0p
Adjusted	22.9p	19.3p	15.3p	17.4p	18.4p
Pre-tax return on capital employed	42.4%	[illegible]	20.8%	20.9%	39.6%
Average number of employees	2,646	2,757	3,305	4,108	3,800
Share price at 31 March	515p	400p	[illegible]	233p	200p
Net asset value per share	82p	69p	58p	53p	66p

The results of 1992 and earlier years have been restated following the adoption of FRS3 in the 1993 accounts.

For 1987 and earlier years numbers of shares and per share statistics have been restated to take account of the bonus issue in September 1987.

1989	1988	1987	1986	1985
£m	£m	£m	£m	£m
199.6	174.4	152.1	137.5	119.0
29.4	26.0	20.3	15.6	11.7
151.9	110.5	70.6	46.6	33.3
380.9	310.9	243.0	199.7	164.0
46.7	39.1	35.2	31.5	24.6
3.2	2.9	1.6	1.1	1.0
4.0	3.5	2.2	1.8	3.4
53.9	45.5	39.0	34.4	29.0
(0.9)	(1.1)	(1.9)	-	-
(0.3)	1.2	1.5	0.8	0.6
52.7	45.6	38.6	35.2	29.6
(18.8)	(16.3)	(14.5)	(14.2)	(13.1)
33.9	29.3	24.1	21.0	16.5
-	-	-	-	(0.2)
33.9	29.3	24.1	21.0	16.3
(10.4)	(8.9)	(7.5)	(6.4)	(5.3)
23.5	20.4	16.6	14.6	11.0
(2.3)	(6.3)	4.7	(1.5)	2.5
109.9	90.0	72.0	65.9	56.9
107.6	83.7	76.7	64.4	59.4
204.1	203.9	203.9	203.8	203.8
204.2	203.9	203.9	203.8	203.8
5.07p	4.37p	3.70p	3.13p	2.62p
6.76p	5.87p	5.70p	4.42p	3.75p
16.6p	14.4p	11.8p	10.3p	8.0p
16.6p	14.7p	[illegible]	10.3p	8.0p
49.0%	54.5%	50.3%	54.7%	49.8%
3,771	3,225	2,463	2,157	1,926
206p	197p	238p	203p	140p
53p	41p	38p	32p	29p

Notice is hereby given that the Annual General Meeting of the Company will be held at The Lanesborough, No 1 Lanesborough Place, London SW1X 7TA on Friday 22 July 1994 at 12 noon to conduct the following business:

1 To receive the accounts and the reports of the directors and the auditors for the year ended 31 March 1994.

2 To declare a final dividend on the ordinary shares.

3 To re-elect Mr R A Lawson as a director

4 To re-elect Mr D S Winterbottom as a director

5 To re-elect Mr R C G Cotterill as a director

6 To re-appoint KPMG Peat Marwick as auditors and to authorise the directors to agree their remuneration

Special business

7 To consider the following resolution, which will be proposed as a special resolution:

"THAT:

the Company is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 163 of the Companies Act 1985) of ordinary shares of 10p each in the capital of the Company ("ordinary shares") provided that:

(a) the maximum number of ordinary shares hereby authorised to be purchased is 10 million,

(b) the minimum price which may be paid for ordinary shares is 10p per ordinary share;

(c) the maximum price which may be paid for an ordinary share is an amount equal to 105% of the average of the middle market prices shown in the quotations for an ordinary share of the Company in the London Stock Exchange Daily Official List for the ten business days immediately preceding the day on which the ordinary share is purchased,

(d) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company unless such authority is renewed prior to such time, and

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

8 To consider the following resolution, which will be proposed as an ordinary resolution.

"THAT,

(a) the directors be and they are hereby generally and unconditionally authorised in accordance with section 80 of the Companies Act 1985 ("the Act") to exercise all powers of the Company to allot relevant securities up to an aggregate nominal amount of £3 537,551.50 during the period from the date of the passing of this Resolution until the conclusion of the next Annual General Meeting of the Company, whereupon such authority will expire, but so that this authority shall allow the Company to make offers or agreements before the expiry of this authority which would or might require securities to be allotted after such expiry and

(b) words and expressions defined in or for the purposes of Part IV of the Act shall bear the same meaning in this Resolution."

9 To consider the following resolution, which will be proposed as a special resolution

"THAT:

subject to the passing of resolution 8 set out in the Notice of this Meeting

(a) the directors be and they are hereby empowered, pursuant to section 95 of the Companies Act 1985 ("the Act"), to allot equity securities pursuant to the authority given in accordance with section 80 of the Act by Resolution 8 as if section 89 (1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

(i) in connection with an offer of securities, open for acceptance for a period fixed by the directors, by way of rights or similar offer to holders of ordinary shares, convertible loan stock and/or other securities in proportion (as nearly as may be) to their holdings on a record date fixed by the directors (but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with problems under the laws of any territory or the requirements of any regulatory body or any stock exchange in any territory or in connection with fractional entitlements or otherwise howsoever), (ii) pursuant to the terms of any share scheme for employees approved by the Members in General Meeting; and (iii) (otherwise than pursuant to sub-paragraphs (i) and (ii) above) up to an aggregate nominal amount of £1,050,817 90 during the period commencing on the date of passing of this Resolution and expiring at the conclusion of the next Annual General Meeting of the Company in 1995, or on 21 October 1995, whichever is the earlier,

but so that this power shall enable the Company to make offers or agreements prior to the expiry of this power which would or might require equity securities to be allotted after the expiry of this power, and

(b) words and expressions defined in or for the purposes of Part IV of the Act shall bear the same meanings in this Resolution."

By Order of the Board
R B Butler
Secretary

Dated 8 June 1994

Registered Office: 21 Knightsbridge London SW1X 7LY
Registered in England and Wales - No 647788

Notes

1 A member entitled to attend and vote at the Meeting is entitled to appoint one or more persons to attend and (on a poll) vote instead of him A proxy need not be a member of the Company

2 To be effective a proxy card and the authority (if any) under which it is signed or a notarially certified copy of such authority must be deposited at the offices of the Company's registrars, Barclays Registrars Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4BR, not less than 48 hours before the time fixed for the Meeting

3 In accordance with the requirements of the London Stock Exchange, the service agreements between the Company and its directors will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturdays and public holidays excluded) from the date of this notice until the date of the Meeting and also on the date and at the place of the Meeting from 11.45 a m until the conclusion of the Meeting

Auditors
KPMG Peat Marwick
1 Puddle Dock, Blackfriars, London EC4V 3PD

Bankers
Midland Bank plc
Poultry
London EC2P 2BX

Deutsche Bank AG
6 Bishopsgate, London EC2P 2AT

Merchant Bankers
S. G. Warburg & Co. Ltd
2 Finsbury Avenue, London EC2M 2PA

Registrars and transfer office
Barclays Registrars
Bourne House, 34 Beckenham Road
Beckenham, Kent BR3 4TU

Solicitors
Norton Rose
Bank of America House
25 Cannon Street
London EC4M 5SL

Stockbrokers
S. G. Warburg Securities
1 Finsbury Avenue, London EC2M 2PA

Company Secretary and Registered Office
R B Butler FCIS
21 Knightsbridge, London SW1X 7LY
Telephone (44) 071 245 1277
Registered in England and Wales
Number 647788

Announcement of results
The results of the Group are normally published at the following times
Interim report for the six months to 30 September in early November
Preliminary announcement for the year to 31 March in early June
Report and Accounts for the year to 31 March in late June

Dividend payments
Current policy is to make dividend payments at the following times
Interim dividend in early January
Final dividend in early September

1994 dates
Interim dividend 1993/94 was paid on 4 January 1994
Annual General Meeting will be held on 22 July 1994
Final Dividend 1993/94 is payable on 5 September 1994

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1994

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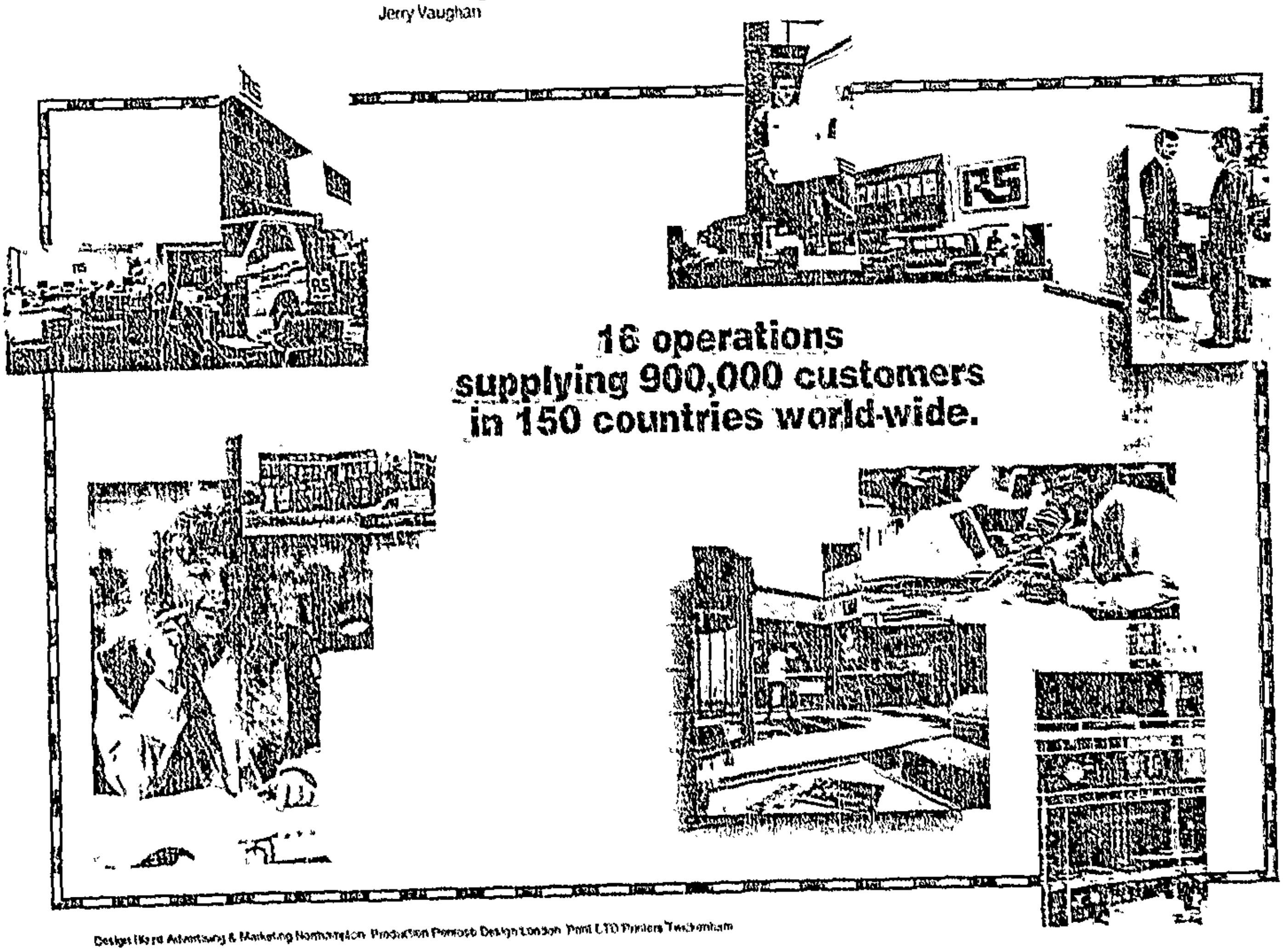
Product Manager
Mike Chang
Quality Manager
Jason Chong

*Member of Group Executive Committee



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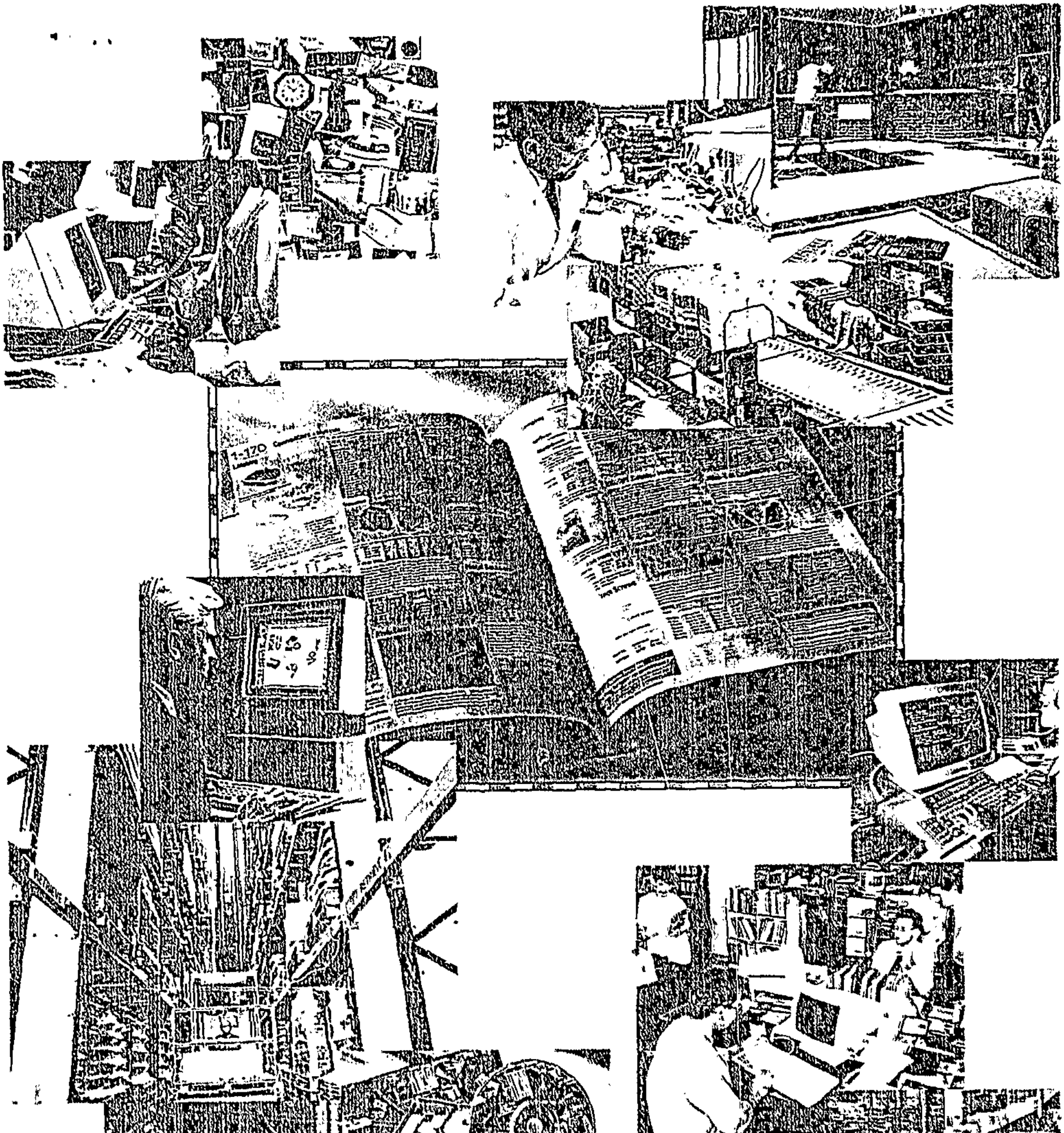

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