

ANNUAL REPORT
AND ACCOUNTS



667788



EDX *EGCTT00S* 95
COMPANIES HOUSE 8179



Bob Lawson, Chief Executive

"People are at the heart of our success story. We're an international family of companies built on an understanding of local markets by local people, a proven service formula and a commitment to leading the way in distribution."

The Group has again

generated high returns

through its focus on high

service distribution.

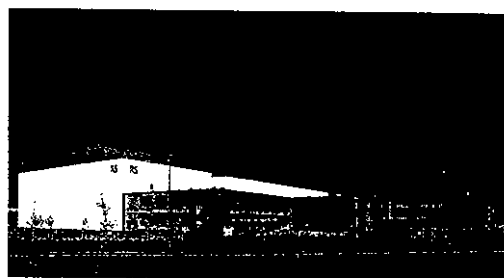
Our tactics are to accelerate

our growth internationally



Contents

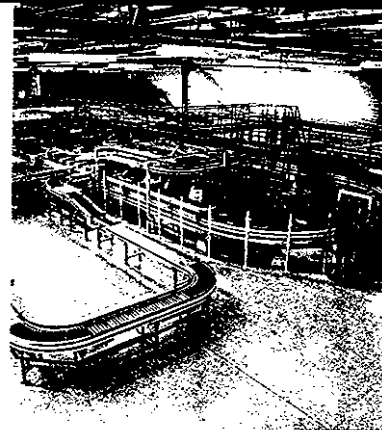
Financial highlights	3
Group strategy	4
Group organisation	6
Chairman's statement	8
Chief Executive's report	10
Financial review	16
Ten year highlights	18
Board and GEC biographies	20
Remuneration Committee	22
Report of the directors	25
Report of the auditors	29
Consolidated profit and loss account	30
Balance sheets	31
Consolidated cash flow statement	32
Principal accounting policies	33
Notes to the accounts	35
Registered office and advisers	49
Ten year record	50
Notice of Annual General Meeting	52
Financial calendar	54
Subsidiaries	56



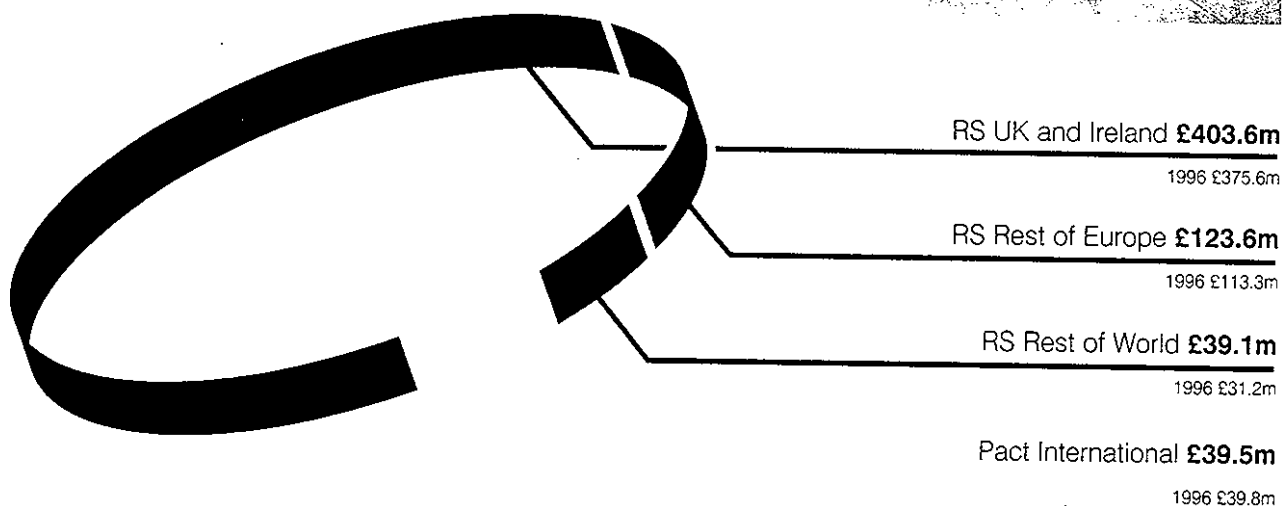
RS Nuneaton

A further year of solid**financial progress****Bob Johnson,
Site Controller**

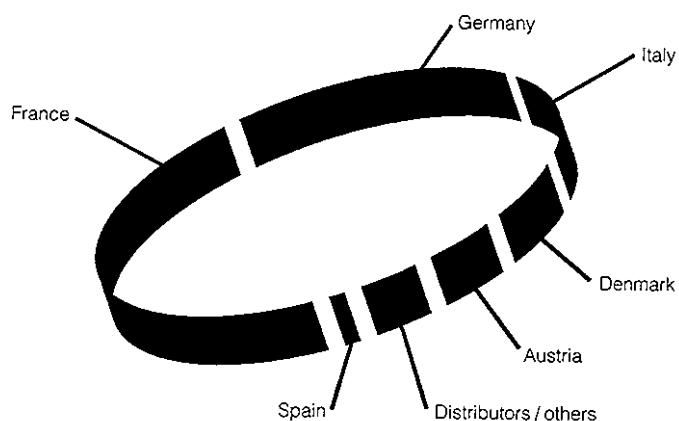
"It's great to see investments bearing fruit. We're now supporting the UK and other markets with approaching 100,000 stock products and the fastest order turnaround times we've ever achieved. We're already part of Europe."



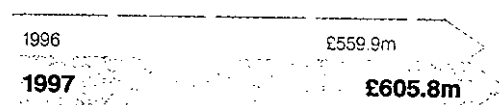
Electrocomponents Group Turnover £605.8m



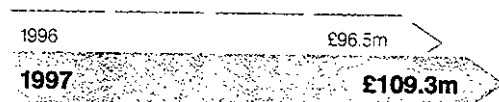
RS Rest of Europe in detail



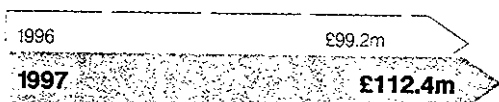
Turnover increased by 8.2%



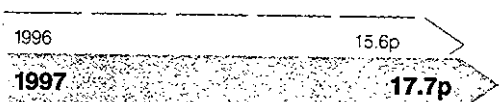
Operating profit increased by 13.3%



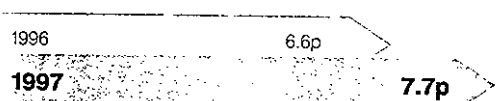
Profit before taxation increased by 13.3%



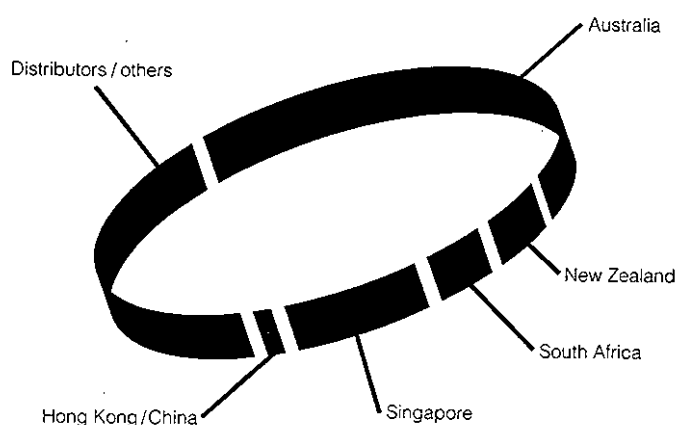
Earnings per share increased by 13.5%



Dividend increased by 16.7%



RS Rest of World in detail

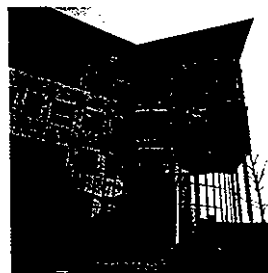


Turnover is by destination

GROUP



STRATEGY



RS Germany

Aggressive acceleration in

Europe and leading high service

distribution growth in Asia



 **Harald Hedderich,**
State Qualified Technician

"German customers expect the best. To succeed here, RS had to provide a very high level of service. The company is growing so strongly, we've already upgraded the materials handling."

Leadership of the high service segment of whatever distribution market the Group serves is the basis of our strategy. We more than meet the service expectations of our customers through sustained investment and by the commitment of our people. This strategy generates high returns for our shareholders over the long term.

The Group strategy builds on the long experience gained from creating and developing high service distribution in the UK. The continued growth of RS in the UK reflects successive developments of the product and service offers. New product ranges attract new customers and build the frequency and size of orders. Our experience shows that a radical extension of the product range into such areas as Mechanical and Health and Safety brings new customers with the same demand for high service, as does the provision of new services such as trade counters, extended hours, CD-ROM and electronic trading.

High service is what differentiates the Group from other distributors and wholesalers. Our customers value service above price and it is the margin from this value proposition that provides the finance for growth. A sophisticated infrastructure is required for a new service or a new product offer or a new geographic market. We serve users whose demand is immediate but usually small so whilst average order value is low the number of customers is large as is the range of products that must be immediately available.

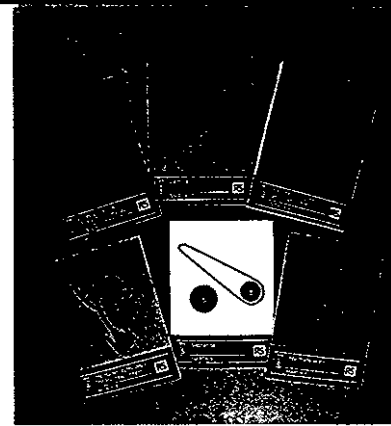
From day one the service must be right - demanding good systems, good catalogues and a fully trained team. This means a substantial front end investment, but also presents a considerable barrier to new entrants.

The Group creates growth by identifying opportunities for high service distribution businesses in markets that have the potential to support such a business. In recent years bases have been established in France, Germany and Italy (and elsewhere) and our customers' need for the service and willingness to pay for the value received has been proven. The size of the manufacturing sectors of these economies show that each present opportunities to the Group at least as large as that of the UK. As a natural consequence our strategy is to accelerate growth in these markets by viewing Europe as a region with common core products and services. This will mean a rapid expansion of the product offer, more investment in local services and the management of stocks, warehouse facilities and catalogues as regional assets.

The Group's experience and size in the UK gives us great confidence in structuring such an aggressive European strategy.

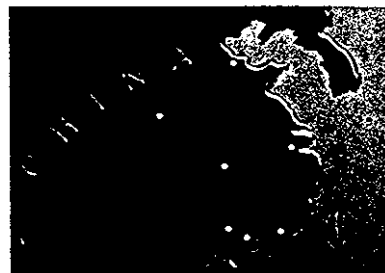
Asia, as the highest growth manufacturing region of the world is also a high priority for us. We intend to create the leading high service distribution Group in this region, supported not only by the UK, but also by the well established business in Australia. Singapore is developing rapidly as the hub for the ASEAN countries whilst Hong Kong is the base for entry into China.

It is only in the United Kingdom and USA where the high service concept of distribution has really



become established. The US market is both large and dynamic and a presence there at the appropriate time is desirable. Such a resource commitment would need to be consistent with achieving a leading market position and deriving positive shareholder value.





**Radical change to our
organisation will strengthen
market penetration
throughout Europe and Asia**

This year major changes have taken place in the Group's internal organisation. In the first half of the decade, the primary



**Liu Chun Ming,
Assistant Store Supervisor**

"Many people don't realise how advanced this region is. Did you know that China takes many RS catalogues on CD-ROM? We're growing very fast and already have six offices in mainland China."

objective was to create European bases capable of delivering the Group's high service distribution offer in the individual countries. This has been achieved by a combination of greenfield start-ups and acquisitions. The network is now largely complete within Europe and the focus for network building has been redirected towards Asia.

Within Europe, the emphasis is now to grow our market penetration by leveraging the product offer, service initiatives and stock availability across the region. To achieve this, a radical change to the Group's internal organisation is necessary and this is being implemented.



The organisational design for the next phase of development is to create a series of common processes which will underpin the operating companies' service delivery to customers. The diagram provides an overview of the new structure.

Operating Companies Serve local customers with an unequalled mix of information, services and products drawn from the common processes. The businesses are staffed by local people and measured on sales and local contribution generated.

Product Teams Identify and select products to be sold by the Group and to purchase them in the most effective manner. These teams are international and are measured on sales and gross profit by product.

Supply Chain Responsible for the logistics of product supply, including stockholding policies. The team is measured on stockholding efficiencies and effectiveness in meeting customer order fulfilment.

Group Marketing Development Provides the central expertise for market and customer information capture, relationship marketing and customer communication. This expertise is then deployed by local operating companies. The measurements are excellence of support and cost effectiveness.

Facilities Provides the expertise to manage our warehousing capacity and properties internationally. This team, together with the Supply Chain, provides the integrated logistics requirement for the Group. The measurement is cost effectiveness and efficiency.

Information Systems Responsible for all hardware, software and systems development. An important responsibility is to monitor and assess systems innovation. The team is measured on cost effectiveness and benefits achieved.

People Responsible for the recruitment, development, motivation and retention of management. There is a central core team which is supported by local expertise. Key measures are the availability of



RS Hong Kong

skills to meet business needs and their retention.

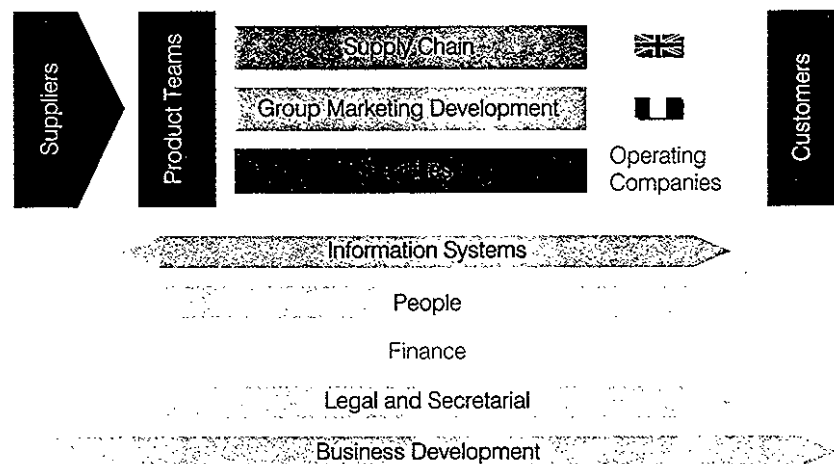
Finance Provides guidance and support for forecasting and measuring business performance. Individuals form part of operating company and process management teams, whilst a central resource manages external reporting, tax, treasury and operational audit.

Legal and Secretarial Provides expertise and control to ensure conformance to international and local laws and regulations. The measurement is effective compliance and cost effectiveness.

Business Development A team that is focused on developing new ways of serving current and emerging customer groups. Most initiatives will be leveraged from the Group's core skills.

During the next eighteen months the Group will develop this structure further to support the European strategy. In addition, the structure will provide the support necessary for the accelerated development of the Asian network.

Electrocomponents Organisational Model





Roy Cotterill

**We're building the foundation
for the next stage of our
development**

It is a pleasure to report on another year of considerable progress for your Company. In rather more difficult market conditions, sales increased by 8.2% to £605.8m and profit before tax by 13.3% to £112.4m - our first profit century. In view of the 13.5% increase in adjusted earnings



**Ann Chen,
Senior Customer Service Coordinator**

"It's very exciting - the company's growing fast. I'm talking to customers in all the surrounding countries. I've not been working here long, but I've already been on two training courses. I like the responsibility and involvement."

per share and as a demonstration of our continuing confidence in the future, your Board recommends an increase in the final dividend of 15.2% to 5.3p, making a total for the year of 7.7p, an increase of 16.7%. The dividend will be covered 2.3 times and will represent the 29th year of consecutive increase. For the similarity between the above and last year's opening paragraph, I make no apology.

Your Board has continued to meet, usually on a monthly basis and the various committees of the Board have met as required. A nomination committee was formed to seek a new non-executive director and at last year's AGM we were able to introduce Mr Nick Temple, who joined us having retired from the role of Chief Executive of IBM UK Limited. We welcome him.

When Robert Tomkinson advised us of his wish to retire at the 1997 Annual General Meeting, we began to seek a new Finance Director. We are fortunate indeed to have secured Jeff Hewitt for this role. He comes with very relevant City and operational experience, having been for several years Finance Director of Unitech plc and before that Strategy Director of Coats Viyella plc. From the time he joined the Board in November, Jeff has made an impact on financial measurements and on our strategy discussions. We also welcome him and look forward to many years of fruitful and enjoyable association.

At the Annual General Meeting we shall say goodbye to Robert Tomkinson as a member of the Board. During Robert's 11 years with Electrocomponents, there have been many changes – the

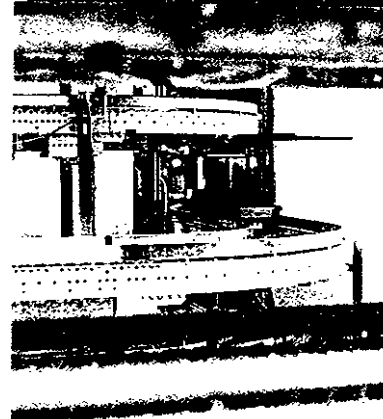
Group has grown in size and market capitalisation manyfold and no small part of the credit goes to Robert. We wish him well in his retirement.

Both phases of the new Nuneaton facility, which effectively duplicates our Corby warehousing, have been brought into operation on time and within budget; a very considerable achievement for a project comprising more than half a million square feet at a cost of nearly £60m. The project team responsible are to be congratulated on this success.

During the year, we acquired our distributor's business in Hong Kong and have established six representative offices in China. This complicated and strategic achievement was a job well done and will be important to our future development.

However, I should not single out individuals or specific teams for our thanks. Such success as Electrocomponents has is the result of the efforts of all our people, both as individuals and as a team. To meet our customer service goals, all aspects of our performance must be not just right, but perfect. Order receipt, account preparation, picking, packing and despatch must all be exact. We must select the range properly, catalogue it conveniently and have sufficient technology and facilities to make sure that it is in stock. When all these things come together, the sequel is a happy customer; and our thanks go to all of our people who, as our results show, achieve this goal.

During the last two years much has been planned and done to bring our structure to a shape which will be most suitable for the next period of our development. Biographical information of the Group Executive Committee members is shown elsewhere and the Chief Executive's Report gives details of their roles on the Committee, of which he is Chairman. The objectives are, first and foremost, a levelling up of the product



and service offers across Europe, together with the rapid development of our infrastructure in Asia, both of which require enhanced and expandable worldwide information systems. It is most appropriate that, as we go into our 61st year, this important evolution of our strategy has been set out and we have in place the right structure to achieve it. As always, the costs of these developing initiatives will arise before profits flow through, but we are sure that this is the correct policy to increase shareholder value.

The current year has started well with growth in all our important markets and an indication of improving market conditions in mainland Europe. Our sales are increasing in the UK, however the continued strength of sterling has had an impact on the export oriented manufacturing industry which is an important area for our business.

**Roy Cotterill,
Chairman**



RS Trade Counter Singapore



Bob Lawson

**We're creating a truly
international business for
long term growth**

The results demonstrate the planned shift to create a more international and therefore resilient business. The proportion of sales now represented by the UK is around 70% of the whole RS activity. The objective is to move Electrocomponents from



Marc Filliau,
Regional Sales Manager

"Look at our Beauvais centre. We are doubling the size to cope with increasing business. Our customers demand that we stock so many products that we now have our own two-part catalogue. And our policy of opening trade counters in key regions has been successful."

being a UK company with an effective export operation to a business that is truly international. Independent of location, we will be able to provide an equivalent standard of service to customers and quality of employment to our people. This has significant implications for the organisation and the means by which value is delivered to customers and shareholders.

This year, the style of my report has been changed to give senior managers within the Group, who are not Board members, the opportunity to report on their activities. This will enable you to gain a better understanding of the people who manage the Group, as well as providing an insight into future development. The Board has a small executive representation which ensures that decision making is swift and the executive is given the right degree of challenge to create long term shareholder value. Reporting to the Board is the Group Executive Committee, which after Robert Tomkinson's retirement comprises seven people and myself. Each person has specific responsibility for critical areas of the business. Elsewhere in the report are the biographies of the team and I would like to detail the responsibilities:

Tom Anderson oversees France and Italy, with additional responsibilities for the international development of our people.

Richard Butler has responsibility for developing our presence in the important markets in Asia. Richard is

also responsible for the development of the group marketing function, as well as facilities and the legal and secretarial function.

Jeff Hewitt Group Finance Director, is not only responsible for all financial matters, but is the custodian of management information which is so critical today to ensure that decisions are effective.

Ian Mason is responsible for business development for the Group.

Grant Rabey is responsible for the UK and German businesses, together with information systems.

Rob Smethers is responsible for Pact International, our distribution to retail activity.

Jerry Vaughan is responsible for the remaining territories of Europe and the creation of the groupwide supply chain and product management function.

This team is now heavily deployed in creating the essential infrastructure to deliver our first phase objective over the next two years. This is to provide a uniform market offer of a comprehensive range of products and similar services within the main European economies, i.e. a single market offer. To achieve this in the time frame required will demand substantial investment in the current year and is fundamental to enhancing our position as the major high service distributor within Europe.

The investment will be centred upon building supply chain structures that can purchase, based on the total Group demand, warehouse in the optimum location and supply products to customers in a timely manner, wherever they may be. A substantial investment in information systems will be required to enable this objective to be achieved whilst enhancing customer service. The European network must also provide the essential support to the nascent infrastructure of Asia. This strengthened infrastructure is the prerequisite to creating additional



product and service offers for new and existing customers. It is for these reasons that the revenue investment for the coming year is the highest in the Group's history. This will provide the required foundation for sustained premium growth well into the 21st century.

The future for the Group is predicated on providing more products and services to an ever larger band of commercial and industrial customers in more geographies. Group operating companies increasingly will be able to provide their total requirements from a single source.

The UK market has been less buoyant than we had expected, but nevertheless, the UK business achieved significant sales growth of 7.8% to £397m, enhancing its market share. The UK market is far from mature and indeed continues to be the test bed for most initiatives, such as the next generation of catalogue



Radiospares Composants

presentation which was launched in March this year. This is a multi-volume offer with each book aimed at meeting a specific set of needs. The customer selects only those elements that he finds of use, but can take comfort in the knowledge that the full offer is





always available at the end of the telephone. One of the many service initiatives launched this year was "365 Live", which enables a customer to order and to receive product and support 24 hours a day, every day of the year. Such enhancements enable customers to feel secure that, whenever they have a problem, RS will

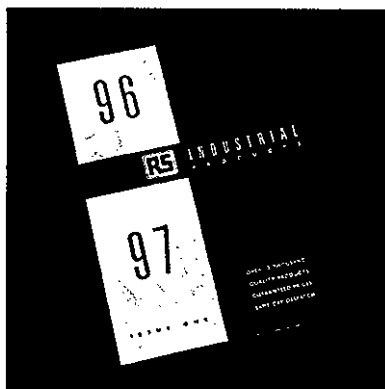
The essential infrastructure will soon be in place

be available to support them. The product range increased through the year from 62,900 to 81,000, an increase of 29%. This trend is planned to continue in the current year. Nuneaton has now begun small order fulfilment for UK customers as I write and this marks the end of a major project spanning three years with a total investment of just under £60m. The project has been delivered on time



Debra Baxter,
Marketing Executive

"We've gone a long way towards solving the distance problem by investing in strategic distribution centres. This means we can get products to our customers sooner than the competition and with our Industrial catalogue we now have many more customers."



and to cost and the volume testing now underway indicates that it will exceed the original planned levels of throughput. This provides, for the first time in RS UK's history, the required resiliency to enable the business to serve our customer needs from two separate locations.

Within our main Continental European Markets, the extension of the French building is underway and will come on stream later this year, effectively doubling its capacity. Our business in France continues to be the largest outside Britain and, in spite of the well publicised economic slowdown, generated a worthwhile increase in sales and profits. Germany has enjoyed a successful year and by managing costs carefully has generated a healthy increase in profits above the rate of sales growth. Italy continues to reinforce its position as the leading high service business in that country and will open its first trade counter in Turin during June. In spite of these substantial revenue investments, Italian profits were on plan resulting in the first full year of profitability. As part of the levelling up of services in Europe local language CD-ROM catalogues will be launched into the French and Italian markets in September.

Elsewhere in Europe satisfactory progress was achieved, with

the highlights being the rapid growth in Austria as a result of combining the product offer with Germany and the improving performance in Denmark. Profitability was constrained by the continued investment in the Spanish company, a strategic distributor acquired during the previous year.

In Asia there was significant development and RS Singapore became fully operational. This will provide one of the Asian hubs, principally to serve the ASEAN markets.

The business of our Hong Kong distributor was acquired during the year. This operation was relocated to a larger warehouse in January and commenced full trading on April 1st. This will serve not only the vibrant market of Hong Kong itself, but also is the supply point for the six recently opened sales offices in the Peoples Republic of China. Within the PRC we now have over 40 staff who are trained in the skills of high service distribution and we plan to grow this team and its activity aggressively in the period ahead. In this phase of the Asian development, we are investing to develop our market positions and so profits are not envisaged in the short term.

Australia and New Zealand also performed well in the year, with sales growing satisfactorily. Australia continues to provide a valuable development market for service initiatives. These initiatives, which included a new Industrial catalogue for the Australian market, held profits to prior year levels, but margins and costs were to plan.

Asia represents the next theatre for our organic expansion and I hope that this brief overview gives you a feeling for the fundamental thrust of this exciting development.

For Pact, sales for the year were flat, but the improving quality of these sales is reflected in the 11% profit increase to £1.0m. During the year,



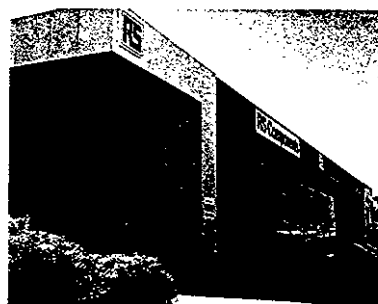
Pact has invested in major brand awareness campaigns supported by a new catalogue format for the independent retailer segment. With the strengthened customer and supplier relationships, Pact remains on course for further progress.

I began this report by detailing the responsibilities for each of the Executive management. Each year I will invite two members of the Group Executive Committee to include a report on the activities for which they are responsible, such that over time you will be able to increase your knowledge of the Group and its people. For this year, I have asked Grant Rabey and Jerry Vaughan to give you an insight into our information systems strategy and the approach to managing our supply chain on a European and, ultimately, global basis.



Grant Rabey

The Group views information systems as a key enabler in the delivery of competitive advantage. The emphasis during the



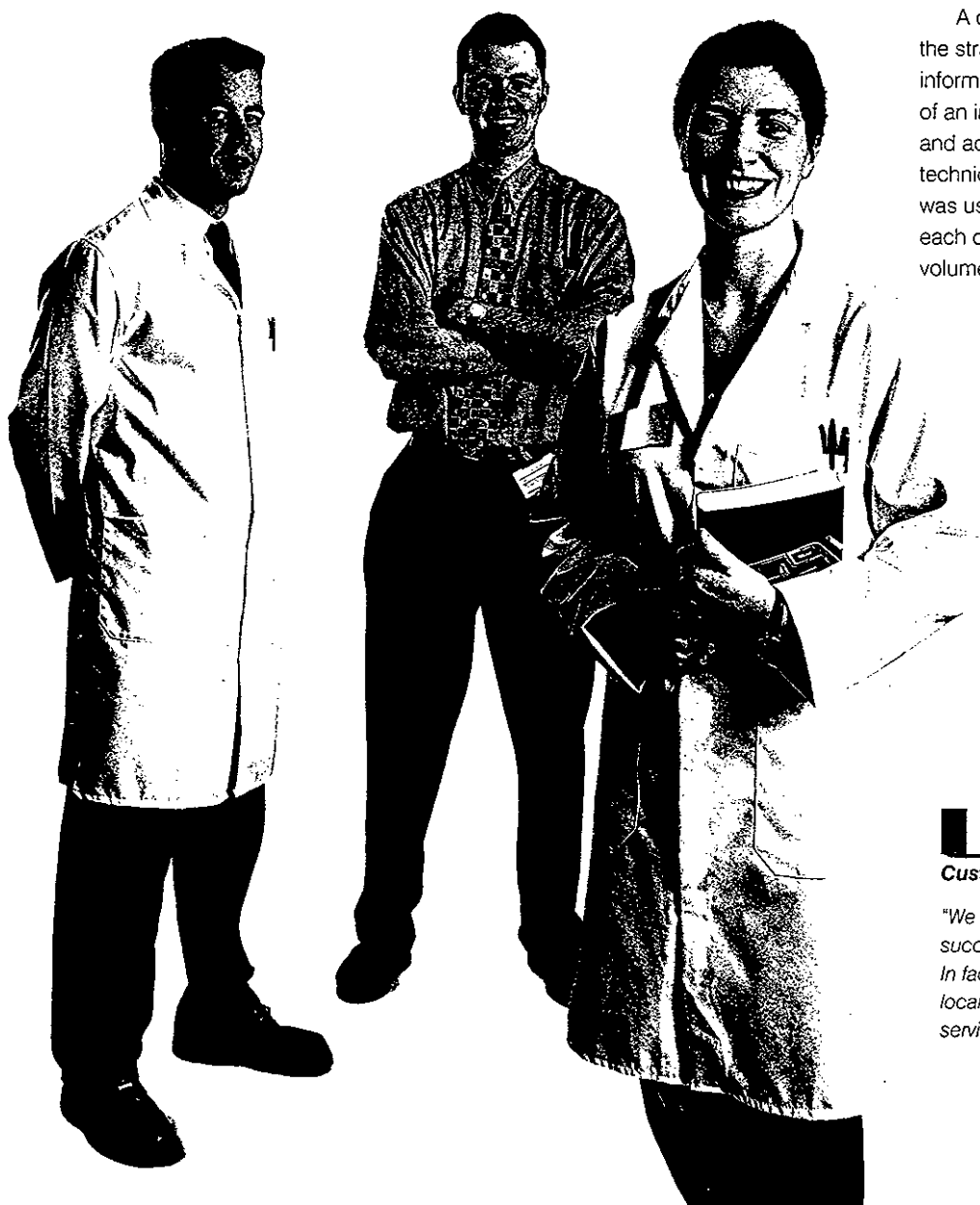
RS Australia



last year has been to develop a clear vision of how information systems can improve our understanding of customer needs and how these needs will be met in operationally effective ways. This forward looking view will be delivered by systems built upon a robust and flexible technical infrastructure.

**A major programme to transfer
skills and experience quickly
is already well advanced**

A challenge for IS is to manage the strategic use of groupwide information. This requires the creation of an integrated information system and advanced 'data mining' techniques. For example data mining was used to define the content of each of the RS UK 6-part catalogue volumes.



 **Anne Horkan,**
Customer Services Coordinator

"We usually find that services which succeed in the UK work well here, too. In fact, we're just about to add more local collection points for even better service to our customers."

Related to this capability has been the use of information warehousing and database marketing systems to assist in the targeting of new products and services within all our markets.

The marketing focus has not been at the expense of systems investment to improve operational effectiveness. For example, the new Nuneaton



facility, an integrated operational system, has been developed with dual site capability to link Nuneaton seamlessly with Corby.

For all leading edge IS functions, the challenge is to avoid becoming remote from the business. We have achieved this by deploying IS people throughout the Group, bringing them closer to the operational requirement whilst ensuring that expertise and knowledge is shared.

This approach has created world class IS skills that are fully integrated within a Groupwide organisation.



Jerry Vaughan

Currently, around the world we have approximately 150,000 different products available. Our objective is to make all of these readily accessible to

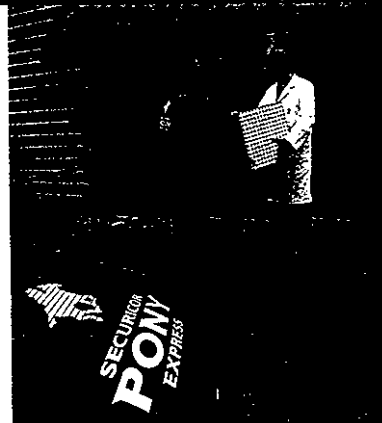
customers in every market that we serve. In addition, we plan to expand the depth and breadth of product range by continuing to accelerate the new product introduction programmes.

We have experience of the growth potential realisable from mechanical and industrial components from the successful launch in the UK. In the latter part of this year, these products have been launched in France, Germany and Italy and the early results are encouraging.

Clearly, growth in our product range, whilst delivering benefits to customers, creates challenges for us to manage working capital effectively. Across the Group the investment in stocks must be optimised whilst maximising the customer service level in individual markets. During this year we have realigned the local stocks held to market activity, which has had a beneficial impact on working capital. The reserve stocks to support these leaner local stocks has been repositioned to ensure enhanced service levels to customers.

The development of these skills is fundamental to enabling a broader product and service offer to be made available to customers within the small economies, which could not otherwise support the required investment.

A major programme is underway to transfer skills and experience quickly among our operations by moving people between companies. New key performance measures are now being introduced to drive the effectiveness of our supply chain measured against external benchmarks from other industries. This will ensure that the Group supply chain utilises best of breed capabilities at the lowest cost.



I believe that, whilst the markets have not been as buoyant as in the past, your Group has performed well in the last year and moved forward in its quest to create an ever stronger position in the markets that it serves. We shall be investing heavily during this current year to build a single European market which will be a substantial creator of value in the years ahead. This investment is not only to create the infrastructure, but to train and inculcate the skills in our people to create a truly international business. I believe that investors commit to Electrocomponents because we are a business with a demonstrable record of strengthening our strategic position within the markets that we serve. For customers, there will be an unequalled service, wherever they may be; for suppliers, a distributor with unequalled reach; for staff, a great place to work; and for you, our owners, a resilient investment that will provide premium returns over the short, medium and long term.

We, within the Group, are proud to manage this business on your behalf and remain committed to being the best at what we do.

Bob Lawson

**Bob Lawson,
Chief Executive**



Jeff Hewitt

Our investment and growth

strategy will generate superior

returns for the long term

Turnover, profits and earnings

Group turnover increased by 8.2% to £605.8m, whilst operating profit increased by 13.3% to £109.3m. Operating margin improved to 18.0% from 17.2%, reflecting higher gross margins (46.9% versus 46%).

High turnover growth was achieved by RS internationally, most significantly in the main European markets. Despite difficult economies, the businesses in France, Germany and Italy achieved turnover growth in local currencies of 18%, 25% and 24% respectively and also improved profits.

The RS activities in the United Kingdom and Ireland faced difficult



Samuela Patella,
Telemarketing Operator

"We brought a whole new level of service to Italy. Customers were amazed they could get their orders so quickly. They love our customer support and we can't wait until our Turin trade counter is up and running."

trading conditions, but still achieved 7% turnover growth and higher profit margins (22.7% against 21.6%). The strength of Sterling depressed export orientated manufacturing customers and budget pressures constrained public sector customers. The substantial investments by RS UK during the year underline our commitment to creating new opportunities in our largest and most developed, but not mature, market. The Group increased overall revenue investment levels in marketing, systems and other key support areas.

Net interest income increased 29.2% to £3.1m due to higher average cash balances and higher interest rates. Consequently, profit before tax rose by 13.3% to £112.4m.

The increased strength of Sterling during the year reduced turnover by £7.2m and profit before tax by £0.5m. At constant exchange rates, turnover grew by 9.5% and profit before tax by 13.8%.

The tax rate of 32.9% was similar to last year and benefited from tax loss utilisation in the overseas businesses.

The profit for the year amounted to £75.3m, up 12.9%. Adjusted earnings per share increased by 13.5% to 17.7p. Dividends per share (including the recommended final dividend of 5.3p per share) were raised 16.7% and dividends were covered 2.3 times.

A scrip dividend alternative will again be made available, subject to shareholders' approval.

Cash flow and balance sheet

Free cash flow increased sharply to £74m from £3.7m and so demonstrated the considerable cash generating capacity of the Group. After dividends, acquisitions and share issue receipts, the year end net funds were £84.5m up £43.3m.

Despite the increased turnover, stocks declined to £110.8m from £121.9m and so stock turn improved to 2.9 times from 2.5 times. Some stocks built up in 1995/96, as a buffer against unreliable product availability, were no

longer required and system improvements were also continued. Order fill rates were maintained at high levels, however, consistent with our commitment to improve customer service.

Capital expenditure of £26.9m was lower than expected due to re-phasing of some expenditures into 1997/98. The new general products warehouse at Nuneaton was the main project and information systems expenditure was also significant. Programmes are also in hand to manage the Year 2000 and Euro conversions. To reflect the growing interdependence of computer software and hardware, software prepayments have been reclassified as fixed assets.

Treasury

The Group maintained its cautious, risk averse policy on treasury matters. This activity is managed as a service and not as a profit centre. As the Group has become more international, the increased importance of an effective treasury function has been recognised. Currency hedges, in the main European currencies and US Dollar, were used to cover transactions over periods relevant to catalogue lives such that gross margins were protected from short term exchange rate movements. The Group adhered to its policy of not hedging the translation of overseas profits.

Local currency financing of overseas businesses, however, has been used when appropriate, whilst the higher profits of overseas businesses have allowed increased intra-Group dividends to the UK. The mainly Sterling cash balances were invested with counterparties of good credit standing.

Financial returns

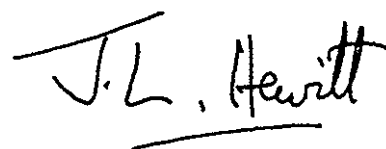
Profit before tax on capital employed was 39.6% for the year, similar to last year and after tax, the return was 26.6%. These returns were

substantially higher than the Group's cost of capital. This spread underpinned the total return to shareholders, which was 15.3%, made up of share price appreciation (12.8%) and dividends (2.5%).

The year's results demonstrate that, as the Group grows, it continues to generate attractive returns to shareholders. Managed acceleration of growth, therefore, should enhance returns over the long term. The Group has proven in the United Kingdom that attractive returns can be realised from investing aggressively in its core high service distribution activities and this experience is now being fully applied to the international base.

During the year, plans were developed to accelerate growth in Europe and in Asia. Implementation had commenced by the year end. The investment is mainly in logistics to build product and service availability, in marketing and information systems support, and in people development. These plans require significantly increased revenue investment ahead of turnover growth with the consequent effect on short term profit growth rates.

It's my great pleasure to write this first report as Finance Director. The Electrocomponents team has supported the transition wonderfully, for which I am grateful. My best wishes for the future go to Robert Tomkinson.



Jeff Hewitt,
Group Finance Director



TEN YEAR



HIGHLIGHTS



RS Austria

**A decade of growth in
sales, profits and
shareholder returns**

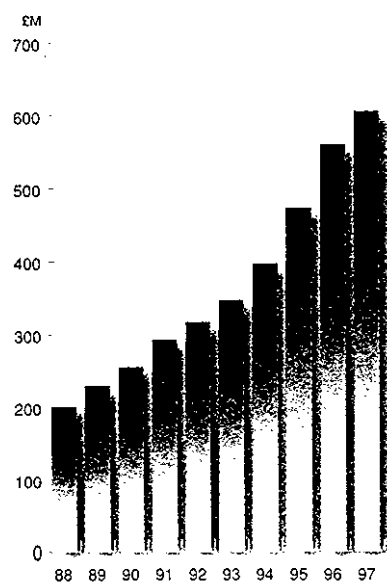


 **Anton Eder,
Senior Product Manager**

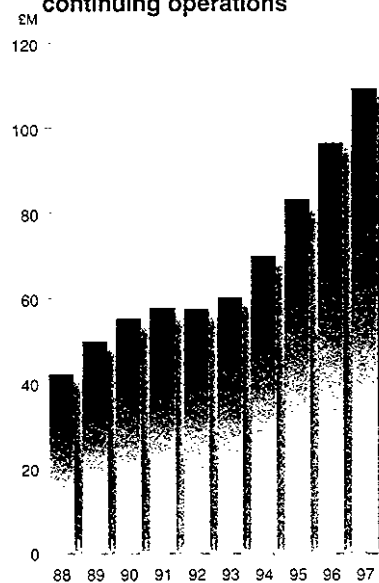
"It's taken us only seven years as an RS company to become Austria's leading distributor. The future looks bright and our success with the German product offer shows what can be done. We also have the fast-developing markets of Eastern Europe on our doorstep."



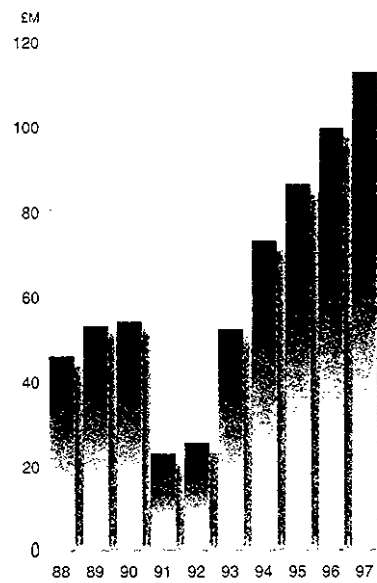
Sales of continuing operations



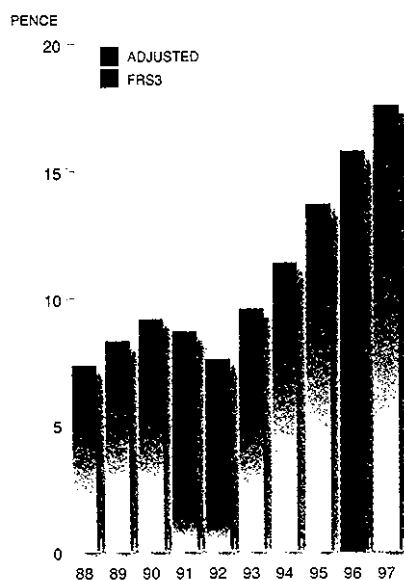
Operating profit of continuing operations



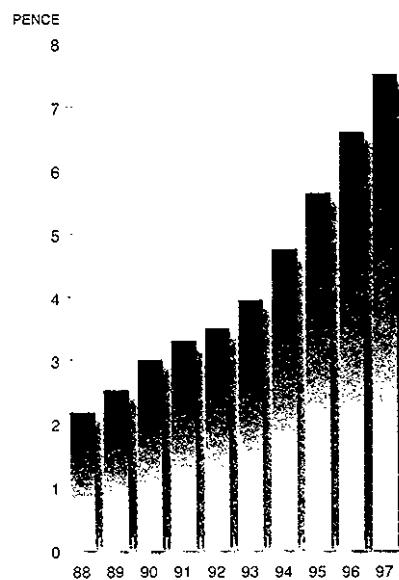
Profit before tax



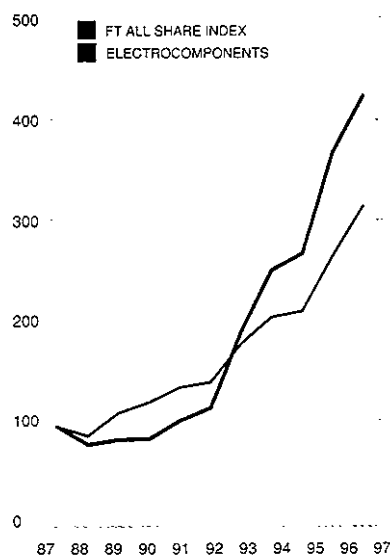
Earnings per share

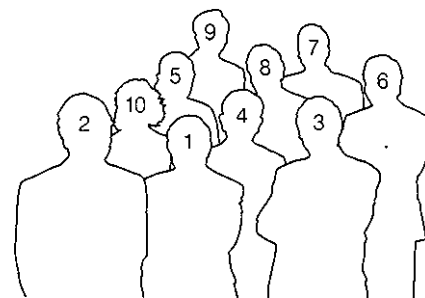


Dividends per share



Total shareholder returns





Vision, leadership and depth of experience

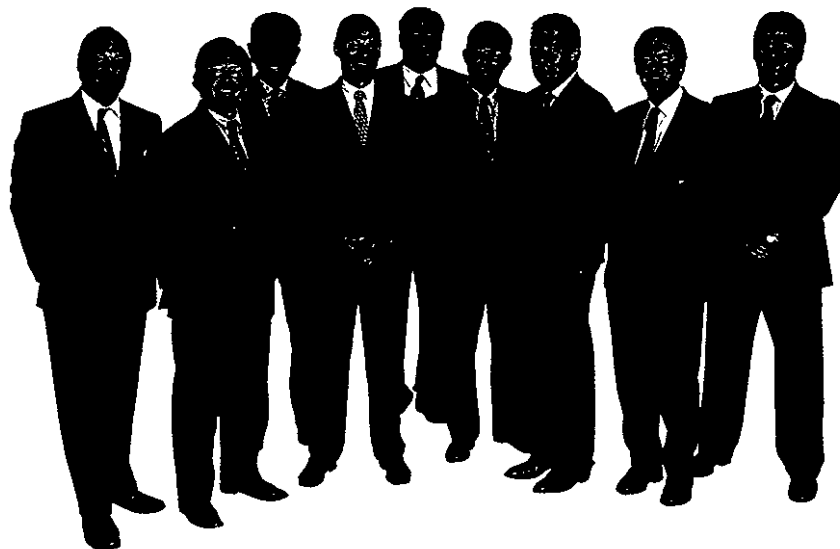
1 **R C G COTTERILL** AMIEE *Chairman*

Roy Cotterill, 61, joined as a non-executive director in April 1994 and became Chairman in July 1994. He is an electrical engineer who has spent many years working for the General Electrical Company plc outside the United Kingdom. From 1986 until his retirement in 1993, he was variously Chairman, Chief Executive and Director of Telemetrix plc, the electronics company. He is currently non-executive chairman or a director of a number of other companies.

2 **R A LAWSON** MA MBA *Group Chief Executive*

Bob Lawson, 52, joined as Group Managing Director in April 1991 and was appointed Group Chief Executive in April 1992. He is a qualified engineer with a business degree. His career has spanned several United Kingdom and continental groups, including RS Components Limited, where he was Sales Director from 1979 to 1987. Prior to his return to the Group, he spent three years with Vitec Group plc as Managing Director. He is currently a non-executive director of Bridon plc.





Group Executive Committee from left to right

3 J L HEWITT MA FCA MBA

Group Finance Director

Jeff Hewitt, 49, joined as Group Finance Director in November 1996 from Unitech plc, where he held a similar position. He joined Unitech in 1991 from Coats Vyella plc, where he was Group Strategy Director and a Divisional Chairman. Previously he was with The Boston Consulting Group and Arthur Andersen & Co. He is also a non-executive director of Fulmar plc.

R A LAWSON MA MBA

Director of RS International and has been with the Group since 1981.

G F RABEY BComm MA
Grant Rabey, 51, joined the Group in 1986 as Commercial Director for RS. In 1991 he was appointed Managing Director of RS UK. He is currently responsible for RS UK, RS Germany and Group Information Systems.

R C TOMKINSON MA FCA FCT

Financial Controller

J C VAUGHAN
Jerry Vaughan, 41, was General Manager of Verospeed, France from its launch in 1986. In 1990 the Verospeed Group was acquired and in January 1996 he was appointed to the GEC. He is responsible for Rest of Europe, Operations and Product Marketing/Supply Chain for the Group.

T J ANDERSON CEng MIEE

Tom Anderson, 58, is responsible for the development of the French and Italian operating companies and Group Human Resources. Previously he was Managing

Director of RS International and has been with the Group since 1981.

R G SMETHERS FCA

Rob Smethers, 47, is currently responsible for Pact International. He joined the Group as Financial Controller in 1976. Other roles held by him have been in operational management in RS and strategic development in Electrocomponents.

R B BUTLER FCIS

Richard Butler, 37, joined the Group as Company Secretary. He is responsible for Asia, Rest of World, Group Marketing Development, Facilities and Legal & Company Secretarial.

J L HEWITT MA FCA MBA

Company Secretary

I MASON MSA
Ian Mason, 35, is responsible for Business Development and has been with the Group since 1995. Previously he was employed with The Boston Consulting Group.

4 R C TOMKINSON MA FCA FCT

Robert Tomkinson, 55, joined as Group Finance Director in 1986 and will retire from the Board in July 1997. After qualifying as a Chartered Accountant, he spent nine years at Peat Marwick Mitchell & Co, 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 a non-executive Deputy Chairman of Jardine Lloyd Thompson Group plc and a member of the council of the University of Buckingham.

5 R E ARTUS CBE MA FIIMR

Ronald Artus, 65, joined as a non-executive director in 1990. He was previously Chief Investment Manager of Prudential Corporation plc. He is an independent board member and Deputy Chairman 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.

6 R HORROCKS CBE CIMgt FIMI FRSA

Ray Horrocks, 67, joined as 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.

7 F D LENNERTZ Dr.-Ing

Dieter Lennertz, 60, joined as a non-executive director in 1995. He is a telecommunications engineer who spent three years in the Netherlands and fourteen years in France, working for the European Space Agency. In 1983 he joined Telenorma GmbH in Frankfurt/Main. He was Chief Executive for six years with this telecom company, which in 1995 became part of Bosch Telecom GmbH. Since January 1996, he has been a member of the Bosch-Telecom supervisory board.

8 D S WINTERBOTTOM FCA FCT FRSA

David Winterbottom, 60, joined as a non-executive director in 1990. Formerly Chief Executive of Evode Group plc, Mr Winterbottom is Chairman of Barr & Wallace Arnold Trust plc, Coal Products Holdings Ltd, Wightlink Group Ltd,

Tricom Group Holdings Ltd and Crompton Lighting Holdings Ltd, and Deputy Chairman of T J Hughes plc. Additionally, he is a non-executive director of Remploy Ltd and Biotrace International plc.

9 N J TEMPLE

Nick Temple, 49, joined as a non-executive director in 1996. He is the President of British American Consulting Group. He was the Chairman of IBM UK Ltd and Vice President of Marketing for IBM Europe, Middle East and Africa. He is also a Deputy Chairman of Business in the Community.

10 C CARFORA FCIS

Carmelina Carfora, 33, joined the Company in 1989 from BTR plc. She was appointed Company Secretary in September 1996.

REMUNERATION COMMITTEE

The Remuneration Committee present their report in respect of the year ended 31 March 1997.

Constitution and role

Throughout the year the constitution and operation of the Remuneration Committee has been fully in compliance with section A of the best practice provisions annexed to the Listing Rules of the London Stock Exchange. The members of the Committee, who are all non-executive directors, are shown on page 25. The Committee determines the remuneration, benefits and employment conditions of the executive directors and the other members of the Group Executive Committee. The remuneration of the Chairman and the other non-executive directors is determined by the full Board.

Policy

The aim of the Committee is to ensure that the remuneration offered is competitive and appropriate to attract, retain and motivate directors and senior executives of the high calibre required to ensure that the Group is managed to the benefit of shareholders. Remuneration includes short-term rewards (salary and annual bonus) and longer-term elements (share based incentive and pension). In addition benefits (such as a company car and private health insurance) are provided. In reviewing remuneration each year, the Committee gives full consideration to section B of the best practice provisions annexed to the Listing Rules of the London Stock Exchange. It also utilises the services of two leading independent firms of compensation and benefit consultants to ensure that its aims are met.

Directors' remuneration

	Salary		Benefits		Annual bonus		Total	Pension fund contributions		
	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996
	£	£	£	£	£	£	£	£	£	£
Emoluments of the Chairman										
R C G Cotterill	75,000	70,833	12,059	11,999	-	-	87,059	82,832	-	-
Emoluments of executive directors										
J L Hewitt (from 25 November 1996)**	72,537	-	2,884	-	10,483	-	85,904	-	11,108	-
R A Lawson	268,367	190,000	10,225	8,813	50,080	39,824	328,672	238,637	111,528	97,005
R C Tomkinson	145,133	140,000	10,687	10,593	22,786	29,344	178,606	179,937	68,885	69,770
	561,037	400,833	35,855	31,405	83,349	69,168	680,241	501,405	191,521	166,775
Fees of non-executive directors										
R E Artus*							23,583	20,000		
R M Denny							-	6,667		
R Horrocks*							23,583	20,000		
F D Lennertz							30,000	20,000		
N Temple (from 3 September 1996)							12,833	-		
D S Winterbottom†							21,833	20,000		
							792,073	588,073		
Pension fund contributions (see table above)							191,521	166,775		
							983,594	754,848		

* The chairmen of the Remuneration and Audit Committees each receive an additional fee of £3,000 per annum.

** Mr Hewitt had an entitlement of £12,257 under the terms of the Group relocation policy in addition to the benefits included above.

Chief Executive

As discussed in last year's report, a full review of the Chief Executive's remuneration took place during the year. As part of that review it was agreed that any annual bonus and benefits in kind will no longer be pensionable and that his three year rolling contract be reduced to two years.

Basic salary

In determining salary levels, the Committee takes into account the median for similar job functions in UK industrial and service companies and companies of a similar size in terms of market capitalisation, making allowance for performance and experience. Regard is also taken of the salary levels throughout the Group at the time of the review.

Annual bonus

Annual cash bonuses have in the past been paid dependent upon the inflation adjusted increase in earnings per share. A new scheme has been introduced for the current financial year in which the executive directors and the other members of the Group Executive Committee will participate. A percentage of salary, not exceeding 50%, will be paid dependent on the amount by which sales and profit before tax exceed target figures set by the Committee.

Long Term Incentive Plan

A Long Term Incentive Plan was introduced in 1995 and was approved by shareholders at last year's Annual General Meeting. Under the terms of the Plan the executive directors and other members of the Group Executive Committee are awarded a deferred right to receive a number of ordinary shares in the Company with a market value not exceeding their rate of basic salary. Each award is subject to a performance target set when the award is made which determines whether and to what extent the participant will receive shares at the end of a period of three years.

For awards made in 1996, the performance target was based on a comparison of the Company's total shareholder return (share price growth plus reinvested dividends) with that of the 250 largest companies by market capitalisation listed on the London Stock Exchange. An award may be exercised in full if the Company is ranked in the top 20%. A ranking at the median level will allow 40% of the award to be exercised with pro-rata vesting between those two points. No part of the award may be exercised if the Company is ranked below the median. In addition, none of the award may be exercised unless the Remuneration Committee is satisfied that there has been a sustained and significant improvement in the financial performance of the Company.

Future awards under the plan will take account of the fact that none of the participants will receive any further options in any of the Company's executive share option schemes. A trust has been established in Jersey to acquire shares and distribute them in accordance with the Plan. The following table shows the deferred awards which have been made to executive directors

Date of deferred award	30 June 1995		28 June 1996	
	Shares	Value (1)	Shares	Value (2)
R A Lawson	38,250	£115,000	36,220	£138,000
R C Tomkinson	18,626	£56,000	15,286	£58,240

(1) Closing mid-market price at 30 June 1995 was 300p per share. (2) Closing mid-market price at 28 June 1996 was 381p per share.
Closing mid-market price at 31 March 1997 was 400.5p per share.

Executive Share Option Schemes

The Committee has decided that no further issues of executive share options will be made to any executive director or other member of the Group Executive Committee. A summary of the terms of the scheme are set out in note 28. Full details of past issues to executive directors and exercises during the year are shown below:

Balance outstanding at 31 March 1997		Date of grant	Shares	Option price	
R A Lawson		26 July 1991	67,760	125.1p	
		1 Dec 1992	22,200	165.6p	
		28 July 1995	67,600	306.1p	
R C Tomkinson		28 July 1989	9,440	105.2p	
		3 July 1990	6,600	111.2p	
		1 Dec 1992	45,000	165.6p	
		28 July 1995	25,800	306.1p	
Options exercised during the year		Date of exercise	Date of grant	Shares	Option price
R A Lawson		26 July 1996	26 July 1991	271,040	125.1p
		26 July 1996	1 Dec 1992	22,200	165.6p
R C Tomkinson		14 June 1996	29 July 1988	88,800	103.5p
		14 June 1996	28 July 1988	37,760	105.2p
		14 June 1996	3 July 1990	26,400	111.2p

The closing mid-market price on 14 June 1996 was 385.5p and on 26 July 1996 was 381p.

REMUNERATION COMMITTEE

Savings Related Share Option Scheme

Details of the options held by the executive directors under the Savings Related Share Option Scheme are set out below. Options are normally exercisable during the period of six months following the completion of a five year savings contract.

	Date of grant	Shares	Option price
R A Lawson	13 July 1992	16,666	112.5p
R C Tomkinson	13 July 1992	6,666	112.5p
	14 July 1993	4,366	158.0p
	21 July 1995	1,430	241.0p

Pension

Executive directors and other members of the Group Executive Committee are members of the Electrocomponents Group Pension Scheme which provides defined benefits on retirement. With the exception of Mr Tomkinson, who retires at this year's Annual General Meeting, only basic salary is pensionable. All Scheme benefits are subject to Inland Revenue limits. Where such limitation is due to the "earnings cap", individual arrangements are used to increase pension and death benefits to the level that would otherwise have applied. Such an arrangement has been established for Mr Lawson on an unfunded basis. The Committee decided that, in future, only funded benefits will be provided in these circumstances. Consequently, a funded arrangement has been established for Mr Hewitt.

Normal retirement age for all members of the Group Executive Committee is 60. The Electrocomponents Group Pension Scheme is a funded pension arrangement providing a pension on retirement of up to two thirds of pensionable earnings, or the "earnings cap" if lower. No actuarial reduction is applied to pensions payable if retirement is from age 55 or later. For death before retirement, a capital sum equal to four times basic salary is payable together with a spouse's pension of two thirds of the member's prospective pension at age 60. For death in retirement a spouse's pension of two thirds of the member's pre-commutation pension is payable. Pensions in payment or in deferment are guaranteed to increase annually in February by the lesser of 5% or the increase in the RPI. Additional increases are payable at the discretion of the Company and the Trustees.

Increase in the accrued pension to which executive directors have become entitled during the year:

	Age	Years of pensionable service (1)	Additional pension accrued in year (2)	Accrued pension 31 March 1997	Contributions by directors 1997
J L Hewitt	49	0.4	457	457	1,449
R A Lawson	52	9.5	15,835	90,399	12,330
R C Tomkinson	55	11.3	6,716	76,118	10,468

(1) Pensionable Service for Mr Lawson and Mr Tomkinson includes credit for transfers received.

(2) Payable from normal retirement date.

Service contracts

Mr Hewitt was granted a two year contract on appointment which automatically becomes a rolling one year contract thereafter. Mr Lawson has a two year rolling contract. The Committee has reviewed Mr Lawson's contract term and reduced it from three years by agreement. In light of past performance, length of service and the Group's policy and practice to ensure mitigation in the case of severance, two years' notice is deemed appropriate in Mr Lawson's circumstances. Mr Tomkinson retires at this year's Annual General Meeting. All other members of the Group Executive Committee have one year rolling contracts.

External appointments

The Company encourages its executive directors and other members of the Group Executive Committee to take up non-executive positions on other boards. A policy has now been established permitting one such appointment on the condition that any fees earned are remitted to the Company.

R E Artus

Chairman

Remuneration Committee

9 June 1997

The directors present their report on the affairs of the Group together with the audited accounts for the year ended 31 March 1997.

Principal activity

The principal activity of the Group is the marketing of electronic, electrical and industrial supplies and services to industrial and commercial customers and retailers, through its distribution channels in the United Kingdom, continental Europe, Asia 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 8 to 15.

Results and dividends

Results for the year are set out in the profit and loss account on page 30, and an analysis of turnover, profit and net assets by activity is shown in note 1 on page 35. The directors recommend a final dividend of 5.3p per ordinary share, to be paid on 11 August 1997 which, together with the interim dividend of 2.4p per share paid in January, amounts to 7.7p for the year (1996 6.6p, as restated). A scrip dividend alternative, being the opportunity to receive new ordinary shares in the Company in place of the cash dividend, is to be offered, subject to shareholders' approval, in respect of the final dividend for the year ended 31 March 1997. Full details will be sent to shareholders on 30 June 1997.

Directors

The directors of the Company at the date of this report together with their membership of Board committees are:

R E Artus	Non-executive	Chairman of Remuneration Committee, member of Audit Committee
R C G Cotterill	Non-executive Chairman	Member of Remuneration Committee
J L Hewitt	Executive	Chairman of Treasury Committee, member of Group Executive Committee
R Horrocks	Non-executive	Chairman of Audit Committee, member of Remuneration Committee
R A Lawson	Executive	Chairman of Group Executive Committee, member of Treasury Committee
F D Lennertz	Non-executive	Member of Remuneration Committee
N J Temple	Non-executive	Member of Audit Committee and Remuneration Committee
R C Tomkinson	Executive	Member of Group Executive Committee, member of Treasury Committee
D S Winterbottom	Non-executive	Member of Audit Committee and Remuneration Committee

Mr Lawson and Mr Tomkinson retire by rotation at the forthcoming Annual General Meeting in accordance with Article 90.1 of the Company's Articles of Association. Mr Tomkinson has indicated that he will not be seeking re-election. Mr Lawson, being eligible, offers himself for re-election at the Annual General Meeting. Mr Lawson has a two year rolling contract. Mr Horrocks retired from the Board on 6 June 1996 and was re-elected by shareholders on 26 July 1996. Mr Temple was appointed to the Board as a non-executive director on 3 September 1996. In accordance with Article 84.1 of the Company's Articles of Association Mr Temple retires and, being eligible, offers himself for election at the forthcoming Annual General Meeting. Mr Temple does not have a service contract. Mr Hewitt was appointed to the Board as an executive director on 25 November 1996. In accordance with Article 84.1 of the Company's Articles of Association Mr Hewitt retires and, being eligible, offers himself for election at the forthcoming Annual General Meeting. Mr Hewitt was granted a two year contract on 25 November 1996 which automatically becomes a rolling one year contract after the initial two year period has expired.

REPORT OF THE DIRECTORS

Directors' interests

The beneficial interests of the directors in the shares of the Company are set out in the table below. The directors have no non-beneficial interests. The details of options held by the executive directors, together with their interests under the Long Term Incentive Plan, are set out in the report of the Remuneration Committee.

	31 March 1996	Scrip dividends	Option exercised	Purchases	Sales	31 March 1997
R E Artus	20,393	356	-	-	-	20,749
R C G Cotterill	15,773	86	-	-	-	15,859
J L Hewitt	757*	-	-	5	-	762
R Horrocks	5,000	-	-	-	-	5,000
R A Lawson	8,149	1,198	293,240	-	(99,301)	203,286
F D Lennertz	1,968	-	-	2,000	-	3,968
N J Temple	2,500*	13	-	5,000	-	7,513
R C Tomkinson	16,734	200	152,960	-	(120,000)	49,894
D S Winterbottom	2,038	35	-	-	-	2,073

*at date of appointment

On 14 June 1996 Mr Tomkinson, having exercised options over a total of 152,960 shares, sold 120,000 shares at a price of 390p. On 26 July 1996 Mr Lawson, having exercised options over 293,240 shares, sold 99,301 shares at a price of 380p. On 13 February 1997 Dr Lennertz purchased 2,000 shares at a price of 417p. On 9 January 1997 Mr Hewitt acquired 5 shares through a personal equity plan at a price of 452p. On 14 February 1997 Mr Temple purchased 5,000 shares at a price of 412p. The highest and lowest middle market prices of the Company's shares during the year were 466.5p and 358p respectively.

Corporate Governance

The Board considers that the Company conforms to the Code of Best Practice recommended by the Cadbury Committee and did so throughout the period.

BOARD STRUCTURE

The Board consists of the Chairman, who is non-executive, three executive directors and five independent non-executive directors. It usually meets monthly 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 strategic plans.

The Board has a number of standing committees consisting of certain directors and senior managers.

The GROUP EXECUTIVE COMMITTEE consists of the executive directors and the six senior executives shown on page 21. The Committee meets at least monthly and manages the day to day operations of the Group. The AUDIT COMMITTEE whose membership is shown on page 25 assists the Board in its duties regarding financial statements and reviews the operation of internal financial controls with the internal and external auditors. The TREASURY COMMITTEE consists of the executive directors and the Company Secretary and sets detailed treasury policy of the Group within guidelines established by the Board. The REMUNERATION COMMITTEE whose membership is shown on page 25 is responsible for all aspects of the remuneration of the executive directors. Its report is on pages 22 - 24. In the event that the Board decides to recruit a new director a NOMINATION COMMITTEE is established for that purpose, whose membership will normally be the Chairman and a non-executive director.

INTERNAL FINANCIAL CONTROLS

Internal financial controls represent the systems employed by the directors to enable them to discharge their responsibility for financial matters. Those responsibilities are noted on page 28. Such systems can provide only reasonable and not absolute assurance against material misstatement or loss. The main control elements are described below:

Clear terms of reference lay out the duties of the Board and its committees, with delegation of operating responsibility through the Group Executive Committee to management in all locations. Operating company controls are detailed in procedure manuals that specify controls necessary in identified areas of key financial risk. Smaller Group companies are supported by Group and divisional specialists in key areas.

Financial reporting systems are comprehensive and include weekly, monthly and annual reporting cycles. Monthly management accounts are prepared by all operating companies which are compared against the annual budget which is approved by the directors. Specific reporting systems cover treasury operations, major investment projects and legal and insurance activities, which are reviewed by the Board and its committees on a regular basis.

Reviewing and monitoring the effectiveness of the control systems form part of the duties of the Audit Committee. Operating management prepares self certification questionnaires which are reviewed by both the Company's internal and, to the extent necessary to support their audit opinion, external auditors. Detailed reviews of operating company systems are undertaken by the Company's internal auditors. The internal and external auditors have direct access to the Audit Committee.

GOING CONCERN

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

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.

Group environmental statement

The Group is committed to reducing the environmental impact of its operations and activities and seeks to remain fully aware of the requirements of environmental legislation and to ensure compliance. Environmental issues are addressed as a matter of good management practice. As a result there has been more efficient use of energy within premises, more effective use of road transport, more use of recycled and recyclable materials in packaging and a reduction in the consumption of paper through the introduction of electronic communication systems. The Group has been actively reviewing the nature and extent of the environmental implications of its activities and has conducted an environmental impact survey with the assistance of external advisors. Improvement plans are being considered in the light of the survey. Targeted training programmes and regular auditing have maintained a high level of awareness of, and commitment to, best health and safety practice. The health and safety record continues to improve as demonstrated by the results of our audit programme and by the attainment by RS Components Limited (UK) of a RoSPA Gold Award for the third year running and a training award this year.

Acquisitions

By a sale and purchase agreement dated 31 October 1996, RS Components Limited, the subsidiary company registered in Hong Kong, purchased part of the business and certain of the assets of Alberta Electronic Company Limited and General Spares Limited for a cash consideration of £1.3m. RS Components Limited commenced business with effect from 13 January 1997.

Payment to suppliers

The Company agrees terms and conditions for its business transactions with suppliers. Payment is then made to these terms, subject to the supplier fulfilling its obligations.

Capital Gains Tax

For Capital Gains Tax purposes the valuation of the Company's 10p ordinary shares at 5 April 1982 was 40p.

Substantial shareholders

As at 3 June 1997 the following substantial shareholdings had been notified to the Company:

	Number of shares	Percentage held
The Prudential Corporation group of companies	24,623,900	5.77%
Norwich Union Life Insurance Society	15,605,654	3.66%
Co-operative Insurance Society Limited	14,320,986	3.36%
Scottish Widows Investment Management Limited	13,361,040	3.14%
Baillie Gifford & Co	12,800,403	3.00%

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

Share capital

Full details of share options and shares issued under the terms of the Company's share schemes can be found in notes 27 and 28 on page 46. Details of shares issued in lieu of cash dividends can be found in note 8 on page 39.

Political and charitable contributions

The Group has made no political contributions during the year. Charitable contributions amounted to £58,099 (1996 £30,815).

REPORT OF THE DIRECTORS

Annual General Meeting

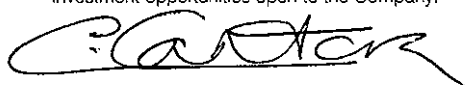
The Notice of the Annual General Meeting, which will be held at 12 noon on 25 July 1997 at The Lanesborough Hotel, 1 Lanesborough Place, London is set out on page 52. In addition, to conducting ordinary business, the following special business will be considered:

SCRIP DIVIDEND OFFER: This resolution will allow your directors to offer shareholders the choice of taking shares as an alternative to cash in respect of all or part of the recommended final dividend for the year ended 31 March 1997 and any other dividend declared or payable before the Annual General Meeting in 1998.

RENEWAL OF DIRECTORS' AUTHORITY TO ALLOT SHARES: This resolution will permit your directors until the earlier of the next Annual General Meeting and 25 October 1998 to allot up to 64,947,950 ordinary shares (approximately 15% of the issued share capital as at 9 June 1997). The directors have no present intention of exercising this authority other than in connection with scrip dividends and the exercise of options. Shareholders will be asked to renew this authority each year.

RENEWAL OF DIRECTORS' AUTHORITY TO DISAPPLY PRE-EMPTION RIGHTS: This resolution will authorise your directors until the earlier of the next Annual General Meeting and 25 October 1998 to issue shares for cash without pre-emption rights applying, by way of offer to existing shareholders and pursuant to employee share schemes, up to the maximum amount of the allotment authority above and otherwise up to 21,000,000 ordinary shares being approximately 5% of the issued share capital as at 9 June 1997. Shareholders will be asked to renew this authority each year.

RENEWAL OF DIRECTORS' AUTHORITY TO PURCHASE OWN SHARES: This resolution will authorise market purchases of up to 21,000,000 ordinary shares (being approximately 5% of the issue of share capital as at 9 June 1997), subject to a maximum price of 105% of the average of the market values of the shares for the 10 business days preceding any purchase and a minimum price of 10p per share. The directors will only exercise this authority when satisfied it is in the best interests of shareholders and any purchase will have a beneficial impact on earnings per share, having first considered other investment opportunities open to the Company.



By order of the Board

Carmelina Carfora

Secretary

9 June 1997

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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 the Group and of the profit or loss for that period.

In preparing those financial statements, the directors are required to:

- i) select suitable accounting policies and then apply them consistently.
- ii) make judgements and estimates that are reasonable and prudent.
- iii) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- iv) prepare the financial statements on a 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 requirements of the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements on pages 30 to 48. We have also examined the amounts disclosed relating to emoluments, share options and long term incentive plan interests of the directors which form part of the Remuneration Committee report on pages 22 to 24.

Respective responsibilities of directors and auditors

As described on page 28 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 1997 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 on pages 26 and 27 on the Company's compliance with the paragraphs of the Code of Best Practice specified for our review by the Listing Rules and their adoption of the going concern basis in preparing the financial statements. The objective of our review is to draw attention to non-compliance with the disclosure requirements of Listing Rules 12.43(J) and 12.43(V).

Basis of opinion

We have carried out our review in accordance with guidance issued by the Auditing Practices Board. This guidance does not require us to perform any additional work necessary to express a separate opinion on the effectiveness of either the Group's system of internal financial control or the Company's corporate governance procedures, or the ability of the Group to continue in operational existence.

Opinion

With respect to the directors' statements on internal financial control and going concern on pages 26 and 27, in our opinion the directors have provided the disclosures required by the Listing Rules and such statements are not inconsistent with the information of which we are aware from our audit work on the financial statements.

Based on enquiry of certain directors and officers of the Company, and examination of relevant documents, in our opinion the director's statement on page 26 appropriately reflects the Company's compliance with the other paragraphs of the Code specified for our review by the Listing Rules.

KPMG Audit Plc

KPMG Audit Plc

Chartered Accountants, Registered Auditor

London 9 June 1997

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 March

		1997	1996
	Note	Total £m	Total £m
Turnover	1	605.8	559.9
Cost of sales		(321.6)	(302.2)
Gross profit		284.2	257.7
Distribution and marketing expenses		(92.8)	(86.5)
Administrative expenses		(82.1)	(74.7)
Operating profit		109.3	96.5
Profit in respect of prior year business closures	3	-	0.3
Profit on ordinary activities before interest		109.3	96.8
Net interest receivable	2	3.1	2.4
Profit on ordinary activities before taxation	1 & 3	112.4	99.2
Taxation on profit on ordinary activities	6	(37.0)	(32.4)
Profit on ordinary activities after taxation		75.4	66.8
Minority equity interest		(0.1)	(0.1)
Profit for the financial year	7	75.3	66.7
Dividends	8	(33.0)	(28.1)
Retained profit for the financial year		42.3	38.6
Earnings per share	9	17.7p	15.8p
Adjusted earnings per share	9	17.7p	15.6p

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	1997	1996
	£m	£m
Profit for the financial year	75.3	66.7
Translation differences	(9.4)	2.7
Total recognised gains and losses relating to the year	65.9	69.4

All profits and losses shown above are stated at historical cost.

Turnover, operating expenses and operating profit in 1996 related exclusively to continuing operations.

The statement of movements on Group reserves is at note 29.

The notes on pages 35 to 48 form part of these accounts.

BALANCE SHEETS

As at 31 March

GROUP

COMPANY

1997

1996

1997

1996

As restated

As restated

	Note	£m	£m	£m	£m
Fixed assets					
Tangible fixed assets	10	122.5	112.4	34.7	32.4
Investments	12	0.4	0.3	115.9	105.5
		122.9	112.7	150.6	137.9
Current assets					
Stocks	17	110.8	121.9	-	-
Debtors: amounts falling due within one year	18	125.6	126.6	6.0	7.8
Debtors: amounts falling due after more than one year	19	0.7	0.3	6.1	4.9
Investments	20	59.1	25.7	48.7	14.0
Cash at bank and in hand		26.9	21.3	13.6	13.9
		323.1	295.8	74.4	40.6
Creditors: amounts falling due within one year	21	(147.4)	(144.0)	(101.3)	(70.1)
		175.7	151.8	(26.9)	(29.5)
Net current assets (liabilities)					
		298.6	264.5	123.7	108.4
Total assets less current liabilities					
Creditors: amounts falling due after more than one year	22	(7.4)	(7.8)	(1.7)	(1.7)
Provisions for liabilities and charges	24	(7.3)	(7.4)	(1.6)	(0.9)
		283.9	249.3	120.4	105.8
Capital and reserves					
Called-up share capital	27	42.6	42.4	42.6	42.4
Share premium account	29	5.3	2.1	5.3	2.1
Profit and loss account	29	232.9	201.8	72.5	61.3
Shareholders' funds - equity interests	30	280.8	246.3	120.4	105.8
Minority equity interest		3.1	3.0	-	-
		283.9	249.3	120.4	105.8

These accounts were approved by the Board of Directors on
9 June 1997 and signed on its behalf by:

J L Hewitt

Group Finance Director



The notes on pages 35 to 48 form part of these accounts. 1996 balances have been restated as explained in 'Basis of preparation' on page 33.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March

	Note	1997 £m	1996 £m
Reconciliation of operating profit to net cash			
inflow from operating activities			
Operating profit		109.3	96.5
Depreciation and amortisation		14.0	11.4
Decrease (increase) in stocks		6.2	(24.1)
(Increase) in debtors		(6.9)	(13.9)
Increase in creditors		7.7	2.9
Continuing operations		130.3	72.8
(Costs) recoveries in respect of closures		(0.2)	0.9
Decrease (increase) in debtors - discontinued operations		0.9	(0.9)
Net cash inflow from operating activities		131.0	72.8

CASH FLOW STATEMENT

Net cash inflow from operating activities		131.0	72.8
Returns on investments and servicing of finance	31	2.9	2.6
Taxation		(33.1)	(31.6)
Capital expenditure and financial investment	31	(26.8)	(40.1)
Free cash flow		74.0	3.7
Acquisitions - purchase of businesses		(1.6)	(2.9)
Equity dividends paid		(28.6)	(23.4)
Cash inflow (outflow) before use of liquid resources and financing		43.8	(22.6)
Management of liquid resources	31	(35.1)	19.3
Financing			
Shares	31	2.2	2.4
Loans	31	(0.8)	(0.2)
Increase (decrease) in cash in the year		10.1	(1.1)

Reconciliation of net cash flow to movement in net funds

Increase (decrease) in cash		10.1	(1.1)
Management of liquid resources		35.1	(19.3)
Financing - loans		0.8	0.2
Change in net funds relating to cash flows		46.0	(20.2)
Loan notes issued in consideration of acquisitions		-	(1.4)
Translation differences		(2.7)	1.3
Movement in net funds in year		43.3	(20.3)
Net funds at beginning of year		41.2	61.5
Net funds at end of year	32	84.5	41.2

The notes on pages 35 to 48 form part of these accounts.

Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards. In October 1996 the Accounting Standards Board issued its revision of FRS1 'Cash Flow Statements'. This standard has been adopted in these accounts, leading to a new format to the Cash Flow Statement and a revision of the balance sheet classification of the components of 'net funds' (see page 34). This, together with a reclassification of computer software costs from 'debtors and prepayments' to 'tangible fixed assets' to reflect the nature of expenditure more appropriately, has required the restatement of the 1996 Group and Company Balance Sheets.

During the year the Group has reviewed FRS8 'Related Party Disclosures' and the directors have concluded that there are no material transactions that require disclosure.

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.

Goodwill

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

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.

Investments in associated undertakings

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

Translation of foreign currencies

Overseas companies' profits and cash flows are translated at 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.

Depreciation

No depreciation has been charged on freehold land. Other assets have been depreciated to residual value, on a straight line basis at the following annual rates:

Freehold buildings:	2%
Leasehold premises:	term of lease, not exceeding 50 years
Plant and machinery	
Warehouse systems:	10-20%
Motor vehicles:	25%
Mainframe computer equipment:	20%
Other computer equipment:	33-50%
Computer software costs:	33%
Other office equipment:	20%

Stocks

Stocks are valued at the lower of cost and net realisable value. Work in progress and goods for resale include attributable overheads.

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, which varies between four and twelve months. Major investments in new catalogue production systems are written off over the period during which the benefits of those investments are anticipated, such period not to exceed three years.

PRINCIPAL ACCOUNTING POLICIES

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.

Net funds

Net funds comprise net cash and liquid resources less borrowings. Net cash comprises cash in hand and held with qualifying financial institutions in current accounts or overnight deposits net of overdrafts with qualifying financial institutions. Liquid resources include government securities and term deposits with qualifying financial institutions and are classified as investments under current assets. Borrowings represent term loans from qualifying financial institutions together with capital instruments classified as liabilities under FRS4.

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.

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. The benefits of rent free periods and similar incentives are credited to the profit and loss account on a straight line basis over the lease period in accordance with UITF 12.

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 significant prepayments or provisions included in the balance sheet.

Long Term Incentive Plan

The consolidated profit and loss account includes the income and administration expenses of the Long Term Incentive Plan, and the consolidated and Company balance sheets include the assets and liabilities of the Plan. Shares in the Company, held by the trust established to administer the Plan, are shown as fixed asset investments. Where options over shares are awarded to executives the value of the award, assuming full vesting of shares, is amortised on a straight line basis over the period of service of the executives in respect of which the awards are made.

1 Segmental analysis**Turnover**

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

By class of business	1997	1996
	£m	£m
RS Group	566.3	520.1
Pact International	39.5	39.8
	605.8	559.9

By geographical destination	1997	1996
	£m	£m
United Kingdom and the Republic of Ireland	443.1	415.4
Rest of Europe	123.6	113.3
Rest of World	39.1	31.2
	605.8	559.9

By geographical origin	1997			1996					
	Total sales	Inter-segment sales	Turnover	Total sales	Inter-segment sales	Turnover			
							£m	£m	£m
United Kingdom and the Republic of Ireland	502.9	(40.5)	462.4	468.5	(33.5)	435.0			
Rest of Europe	119.4	(1.2)	118.2	106.2	(0.1)	106.1			
Rest of World	25.6	(0.4)	25.2	19.2	(0.4)	18.8			
	647.9	(42.1)	605.8	593.9	(34.0)	559.9			

Profit before taxation	1997	1996
By class of business	£m	£m
RS Group	108.3	95.6
Pact International	1.0	0.9
Operating profit	109.3	96.5
Profit in respect of prior year business closures	-	0.3
Net interest receivable	3.1	2.4
	112.4	99.2

By geographical origin	1997	1996
	£m	£m
United Kingdom and the Republic of Ireland	96.8	86.4
Rest of Europe	9.3	6.4
Rest of World	3.2	3.7
Operating profit	109.3	96.5
Profit in respect of prior year business closures	-	0.3
Net interest receivable	3.1	2.4
	112.4	99.2

NOTES TO THE ACCOUNTS

1 Segmental analysis continued

Net assets

By class of business

	1997 £m	1996 £m
RS Group	251.6	251.9
Pact International	13.0	15.1
Net operating assets	264.6	266.9
Net funds	84.5	41.2
Unallocated net liabilities	(65.2)	(58.8)
	283.9	249.3

By geographical location

United Kingdom and the Republic of Ireland	221.4	220.1
Rest of Europe	33.9	37.9
Rest of World	9.3	8.9
Net operating assets	264.6	266.9
Net funds	84.5	41.2
Unallocated net liabilities	(65.2)	(58.8)
	283.9	249.3
Unallocated net liabilities comprise:		
Corporation tax	35.6	32.1
Proposed dividend	22.6	19.5
Provisions for liabilities and charges	7.3	7.4
Investments - own shares	(0.3)	(0.2)
	65.2	58.8

2 Net interest receivable

	1997 £m	1996 £m
Interest receivable	3.4	2.8
Interest payable on loans and overdrafts	(0.3)	(0.4)
	3.1	2.4

3 Profit on ordinary activities before taxation

	1997 £m	1996 £m
Profit before taxation is stated after charging/(crediting):		
Remuneration of the auditor and its associates:		
audit and expenses	0.3	0.3
other services supplied worldwide (UK £0.4m, 1996 £0.2m)	0.6	0.2
	14.0	11.2
Depreciation	0.2	0.1
Amortisation of own shares	(0.1)	(0.1)
Amortisation of government grants	1.8	1.6
Hire of plant and machinery	(0.1)	-
Operating profit on disposal of plant and machinery		
Profit in respect of prior year business closures		
US guarantee recoveries, net of legal expenses	-	(1.2)
UK property	-	0.9

The fee in respect of the audit of the Company is £47,500 (1996 £47,500).

Depreciation for 1996 has been restated to include £2.0m in respect of computer software.

4 Employees**Numbers employed**

The average number of employees during the year was:

	1997	1996
	140	113
Management	950	934
Administration	2,664	2,393
Distribution and marketing	3,754	3,440

2,634 of these staff were employed in the United Kingdom (1996 2,536).

	£m	£m
Aggregate employment costs	67.9	63.1
Wages and salaries	9.3	8.5
Social security costs	4.2	3.7
Pension costs	81.4	75.3

5 Pension Schemes

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 1997 amounted to £3.4m (1996 £3.1m). The last completed valuation of the scheme was carried out at 31 March 1996 using the projected unit 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 together with a promotional salary scale 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 £93m and the actuarial valuation of the assets covered 129% of the required benefits that had accrued to members after allowing for expected future increases in earnings and benefit improvements agreed as part of the valuation. The excess is being eliminated over the next 15 years, being the average remaining service lives of scheme members, by means of a reduction in the level of employer contributions to the scheme. The next valuation is being carried out as at 31 March 1998.

In addition to the UK scheme outlined above, there are certain pension benefits provided for employees of international operating companies. The cost of these benefits is not material in the context of the Group results.

6 Taxation	1997	1996
	£m	£m
Taxation on the profit of the Group		
United Kingdom corporation tax at 33% (1996 33%)	31.4	27.3
United Kingdom deferred taxation	0.8	0.8
	32.2	28.1
Overseas taxation - current	4.6	4.6
Overseas taxation - deferred	0.2	(0.3)
	37.0	32.4
The tax charge is reconciled to a notional 33% of profit before tax as follows:		
Expected charge	37.1	32.7
Overseas tax rates	0.6	0.9
Utilisation of tax losses	(0.7)	(1.3)
Other	-	0.1
	37.0	32.4

7 Profit for the financial year	1997	1996
	£m	£m
Dealt with in the accounts of the Company	44.1	36.7
Retained by subsidiaries	31.2	30.0
	75.3	66.7

8 Dividends	1997	1996
Profit and Loss account	£m	£m
Interim dividend paid - 2.4p (1996 2p)	10.4	8.6
Final dividend proposed - 5.3p (1996 4.6p)	22.6	19.5
	33.0	28.1

	1997	1996
Cash flow statement	£m	£m
Prior year final dividend	19.0	15.5
Interim dividend	9.6	7.9
	28.6	23.4

Scrip dividends

The number of shares upon which shareholders elected to receive the scrip alternative to the cash dividend, the price at which scrip shares were issued, the number of shares so issued and the value of shares issued are shown below:

	Election No of shares	Price Pence	Issued No of shares	Scrip value £m
Final dividend in respect of 1996	12,364,084	383.2p	148,424	0.5
Interim dividend	29,870,870	439.9p	162,539	0.7
			310,963	1.2

9 Earnings per share	1997	1996
	£m	£m
Earnings - profit for the financial year	75.3	66.7
Adjustments - non-operating items		
Exceptional items before taxation	-	(0.3)
Exceptional tax credit	-	(0.5)
Adjusted earnings	75.3	65.9
Weighted average number of shares	425,050,275	422,385,458

Adjusted earnings are presented to enable comparison between periods unaffected by the distortions of exceptional items.

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

NOTES TO THE ACCOUNTS

10 Tangible fixed assets

	GROUP			COMPANY		
	Land and buildings	Plant and machinery	Total	Land and buildings	Plant and machinery	Total
Cost:	£m	£m	£m	£m	£m	£m
At 1 April 1996, as originally reported	64.3	84.2	148.5	25.4	9.1	34.5
Transfer of computer software	-	6.2	6.2	-	-	-
At 1 April 1996, restated	64.3	90.4	154.7	25.4	9.1	34.5
Additions	0.9	26.0	26.9	0.2	3.0	3.2
Disposals	(0.2)	(3.0)	(3.2)	-	-	-
Translation differences	(1.5)	(2.2)	(3.7)	-	-	-
At 31 March 1997	63.5	111.2	174.7	25.6	12.1	37.7

Depreciation:

At 1 April 1996, as originally reported	8.7	30.3	39.0	1.4	0.7	2.1
Transfer of computer software	-	3.3	3.3	-	-	-
At 1 April 1996, restated	8.7	33.6	42.3	1.4	0.7	2.1
Charged in the year	1.4	12.6	14.0	0.2	0.7	0.9
Disposals	(0.1)	(2.7)	(2.8)	-	-	-
Translation differences	(0.2)	(1.1)	(1.3)	-	-	-
At 31 March 1997	9.8	42.4	52.2	1.6	1.4	3.0

Net book value:

At 31 March 1997	53.7	68.8	122.5	24.0	10.7	34.7
At 31 March 1996, restated	55.6	56.8	112.4	24.0	8.4	32.4

	GROUP		COMPANY	
	1997	1996 Restated	1997	1996
	£m	£m	£m	£m
Net book value of land and buildings				
Freehold land and buildings	47.1	49.1	18.8	18.9
Freehold buildings under construction	5.1	4.9	5.1	4.9
Long leasehold	0.8	0.9	-	-
Short leasehold	0.7	0.7	0.1	0.2
	53.7	55.6	24.0	24.0

Net book value of plant and machinery

Plant and machinery	21.6	24.8	2.7	3.1
Plant and machinery under construction	25.4	13.5	7.5	4.8
Computer systems	12.7	9.4	0.2	0.2
Other office equipment	5.4	5.3	0.1	0.1
Motor vehicles	3.7	3.8	0.2	0.2
	68.8	56.8	10.7	8.4

11 Capital commitments

	GROUP		COMPANY	
	1997	1996	1997	1996
	£m	£m	£m	£m
Contracted capital expenditure at 31 March, for which no provision has been made in these accounts	3.0	12.7	0.6	1.8

12 Investments

Subsidiary undertakings	-	-	115.6	105.3
Associated undertakings	0.1	0.1	-	-
Own shares	0.3	0.2	0.3	0.2
	0.4	0.3	115.9	105.5

13 Subsidiary undertakings

Cost:	Shares	Loans	Total
	£m	£m	£m
At 1 April 1996	53.9	95.7	149.6
Additions	-	5.2	5.2
At 31 March 1997	53.9	100.9	154.8

Provisions:

At 1 April 1996	28.7	15.6	44.3
Released	(5.0)	(0.1)	(5.1)
At 31 March 1997	23.7	15.5	39.2

Net book value:

At 31 March 1997	30.2	85.4	115.6
At 31 March 1996	25.2	80.1	105.3

Principal subsidiary undertakings are shown at note 15.

14 Own shares

	Cost	Accumulated amortisation	Net
	£m	£m	£m
At 1 April 1996	0.3	(0.1)	0.2
Additions	0.3	-	0.3
Charge for the year	-	(0.2)	(0.2)
At 31 March 1997	0.6	(0.3)	0.3

In June 1995 the Company established a discretionary employee benefit trust, the Electrocomponents Employee Trust ("EET").

The beneficiaries are present employees of the Company and its subsidiaries. Under the terms of the trust deed the trustees are permitted to acquire the Company's ordinary shares by way of market purchase and allocate them on a discretionary basis to individual beneficiaries. EET is funded by an interest free loan from the Company. During the year 70,895 ordinary shares in the Company were purchased by the trustees at a cost of £268,997. At 31 March 1997, a total of 161,027 (1996 90,132) ordinary shares in the Company were held by EET, all of which were under option to employees for a nominal consideration. The market value of the shares at 31 March 1997 was £644,913.

NOTES TO THE ACCOUNTS

15 Principal subsidiary and associated undertakings

	Principal location	Country of incorporation	Percentage of equity held
Mail order of electronic, electrical and mechanical products			
RS Components Limited	Corby	Great Britain	100
RS Components Pty Limited*	Perth	Australia	100
RS Components GesmbH*	Gmünd	Austria	100
RS Componentes Electronicos Limitada	Santiago	Chile	100
RS Radio-Parts A/S*	Copenhagen	Denmark	100
Radiospares Composants SNC*	Beauvais	France	100
RS Components GmbH*	Frankfurt	Germany	100
Electrocomponents Limited	Kowloon	Hong Kong	100
RS Components Limited*	Kowloon	Hong Kong	100
RS Components & Controls (India) Ltd*	New Delhi	India	50
RS Components SpA*	Milan	Italy	100
RS Components Pty Limited*	Auckland	New Zealand	100
Radionics Limited*	Dublin	Republic of Ireland	100
RS Components Pte Limited*	Singapore	Singapore	100
Amidata SA	Madrid	Spain	100
Distribution of retail electrical products and accessories			
Pact International Limited	Peterborough	Great Britain	70
Holding and Management Companies			
Electrocomponents UK Limited	Peterborough	Great Britain	100
Electrocomponents Inc*	Laytonville, Md	United States of America	100
Electrocomponents France SARL*	Beauvais	France	100

Except as indicated all of the above are wholly owned. Those companies marked with an asterisk are indirectly owned.

The companies operate within their countries of incorporation. RS Components Limited (UK) exports to over 100 countries and operates a branch office in South Africa. RS Components Limited also operates under the names of Electromail, Electrospeed, RS Servicepoint, RS Mechanical and RS Health & Safety in the United Kingdom.

* RS Components & Controls (India) Ltd (RSCC) 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 Electrocomponents UK Limited and its joint venture partner. RS Components Limited supplies product and catalogues to RSCC, while office space and distribution network are provided by Controls & Switchgear. The monetary value of these transactions is immaterial to Group results. RSCC is treated in the accounts as an associated undertaking.

16 Acquisitions

By a sale and purchase agreement dated 31 October 1996, RS Components Limited, the subsidiary company registered in Hong Kong, purchased part of the business and certain assets of Alberta Electronic Company Limited and General Spares Limited for a cash consideration of £1.3m. RS Components Limited commenced business with effect from 13 January 1997, and contributed turnover of £0.9m and an operating loss of £0.3m to Group results for the year. The business acquired had no material effect upon the Group's operating cash flow for the year.

The fair value of the assets acquired and the cash consideration are tabled below.

Net assets acquired:	£m	Consideration:	£m
Goodwill	1.8	Cash consideration	1.3
Creditors: amounts falling due within one year	(0.2)	Expenses of acquisition	0.3
	1.6		1.6

17 Stock

	GROUP		COMPANY	
	1997	1996	1997	1996
	£m	£m	£m	£m
Raw materials and consumables	3.6	3.3	-	-
Work in progress	2.1	1.3	-	-
Finished goods and goods for resale	105.1	117.3	-	-
	110.8	121.9	-	-

18 Debtors: amounts falling due within one year

	GROUP		COMPANY	
	1997	1996	1997	1996
	£m	As restated £m	£m	As restated £m
Trade debtors	108.3	108.7	-	-
Amounts owed by subsidiary undertakings	-	-	3.8	5.2
Amounts owed by associated undertakings	0.3	0.3	-	-
Other debtors	4.1	5.6	0.2	0.3
Corporation tax	0.2	-	-	-
Other taxation and social security	-	-	1.5	1.9
Prepaid catalogue expenses	9.4	8.7	-	-
Other prepayments and accrued income	3.3	3.3	0.5	0.4
	125.6	126.6	6.0	7.8

19 Debtors: amounts falling due after more than one year

Advance corporation tax recoverable	-	-	5.6	4.9
Other debtors	0.7	0.3	0.5	-
	0.7	0.3	6.1	4.9

20 Investments - current assets

Government securities, listed	4.3	6.7	-	-
Bank deposits	54.8	19.0	48.7	14.0
	59.1	25.7	48.7	14.0

NOTES TO THE ACCOUNTS

21 Creditors: amounts falling due within one year

	GROUP		COMPANY	
	1997	1996	1997	1996
	£m	£m	£m	£m
Bank overdrafts	0.1	3.5	62.9	36.5
Current instalments of loans	0.5	0.9	0.4	0.7
Trade creditors	58.9	61.0	-	0.1
Amounts owed to subsidiary undertakings	-	-	4.5	3.1
Corporation tax	35.5	31.6	8.0	6.8
Other taxation and social security	10.3	8.3	0.1	0.1
Other creditors	3.7	3.7	0.3	0.2
Government grants	0.1	0.1	-	-
Accruals and deferred income	15.7	15.4	2.5	3.1
Proposed dividend	22.6	19.5	22.6	19.5
	147.4	144.0	101.3	70.1

22 Creditors: amounts falling due after more than one year

Loans repayable after more than one year	0.9	1.4	0.4	0.8
Corporation tax	0.3	0.5	-	-
Other creditors	3.1	2.7	1.3	0.9
Government grants	3.1	3.2	-	-
	7.4	7.8	1.7	1.7

23 Loans

Austrian Schilling bank loans	0.6	0.8	-	-
Spanish Peseta promissory notes 1996/99	0.8	1.5	0.8	1.5
	1.4	2.3	0.8	1.5
Amount falling due within one year	(0.5)	(0.9)	(0.4)	(0.7)
	0.9	1.4	0.4	0.8
Loans repayable between one and two years	0.5	0.5	0.4	0.4
Loans repayable between two and five years	0.3	0.7	-	0.4
Loans repayable after five years	0.1	0.2	-	-
	0.9	1.4	0.4	0.8

The bank loans are at variable rates of interest and are unsecured.

The promissory notes are at fixed rates between 9.4% and 10.2% and are unsecured.

24 Provisions for liabilities and charges

	GROUP		COMPANY	
	Reorganisation	Deferred taxation	Total	Deferred taxation
	£m	£m	£m	£m
At 1 April 1996	1.9	5.5	7.4	0.9
Advance corporation tax recovered	-	4.9	4.9	-
Profit and loss account	(0.1)	1.0	0.9	0.7
Utilised in the year	(0.2)	-	(0.2)	-
Advance corporation tax recoverable	-	(5.6)	(5.6)	-
Translation differences	-	(0.1)	(0.1)	-
At 31 March 1997	1.6	5.7	7.3	1.6

	GROUP		COMPANY	
	1997	1996	1997	1996
	£m	£m	£m	£m
Deferred taxation				
Amounts provided:				
Accelerated capital allowances	12.6	11.4	1.8	1.1
Other short term timing differences	(1.3)	(1.0)	(0.2)	(0.2)
Advance corporation tax recoverable	(5.6)	(4.9)	-	-
	5.7	5.5	1.6	0.9
Amounts not provided - rolled over capital gains	0.5	0.5	-	-

25 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 1997 was £1.8m (1996 £1.6m). 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 £5.1m (1996 £4.4m). 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 follows:

	GROUP		COMPANY			
	Properties	Plant and machinery	Properties			
	1997	1996	1997	1996	1997	1996
	£m	£m	£m	£m	£m	£m
Operating leases which expire:						
within one year	0.2	0.1	0.2	0.1	-	-
within two to five years	2.3	1.4	1.1	1.3	0.5	0.1
after five years	3.0	3.3	-	-	0.8	1.2
	5.5	4.8	1.3	1.4	1.3	1.3

26 Contingent liabilities

At 31 March 1997 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 £4.9m (1996 £5.0m).

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.

NOTES TO THE ACCOUNTS

27 Share capital	1997	1996	1997	1996
	Number of shares	Number of shares	£m	£m
Ordinary shares of 10p each:				
Authorised	500,000,000	500,000,000	50.0	50.0
Called-up and fully paid:				
At the beginning of the year	423,839,770	210,443,094	42.4	21.0
New share capital subscribed	1,964,583	1,844,948	0.2	0.2
Scrip dividends	310,963	450,167	-	0.1
Capitalisation issue	-	211,101,561	-	21.1
At the end of the year	426,115,316	423,839,770	42.6	42.4

All of the new share capital subscribed related to the exercise of share options (see note 28)

28 Share option schemes

	Executive option schemes			SAYE	
	1984 Scheme	1988 Scheme	Total	schemes	Total
Movement in outstanding options					
At 1 April 1996	367,700	4,263,420	4,631,120	5,015,824	9,646,944
Grants in the year	-	524,900	524,900	1,113,299	1,638,199
Options exercised	(327,172)	(1,234,610)	(1,561,782)	(402,801)	(1,964,583)
Options lapsed	-	(11,500)	(11,500)	(372,327)	(383,827)
At 31 March 1997	40,528	3,542,210	3,582,738	5,353,995	8,936,733
Consideration in respect of exercises	£331,719	£1,483,573	£1,815,292	£403,947	£2,219,238

Options granted	1984 to 1987	1988 to 1996	1991 to 1996
Period of option	1997	1997 to 2006	1997 to 2001
Price per share			
Lowest	89p	92.75p	112.5p
Highest	89p	460.5p	314.0p
Weighted average	89p	230.0p	212.4p

Executive Share Options are normally exercisable during the period between the third and tenth anniversaries of the date of grant. Not more than 50% of the option may be exercised prior to the fifth anniversary of the date of grant and not more than 80% prior to the seventh anniversary. Options issued under the savings related schemes are normally exercisable during the period of six months following either the third or fifth anniversary of the date of grant. Share options outstanding to the directors of the Company are detailed in the Report of the Remuneration Committee commencing on page 22.

29 Reserves

	Share premium account £m	Profit and loss account £m	Total £m
GROUP			
At 1 April 1996	2.1	201.8	203.9
Retained profit	-	42.3	42.3
Translation differences	-	(9.4)	(9.4)
Premium on new share capital subscribed	2.0	-	2.0
Premium on shares issued re scrip dividends	1.2	-	1.2
Goodwill arising on acquisitions	-	(1.8)	(1.8)
At 31 March 1997	5.3	232.9	238.2
COMPANY			
At 1 April 1996	2.1	61.3	63.4
Retained profit	-	11.1	11.1
Translation differences	-	0.1	0.1
Premium on new share capital subscribed	2.0	-	2.0
Premium on shares issued re scrip dividends	1.2	-	1.2
At 31 March 1997	5.3	72.5	77.8

The cumulative amount of goodwill written off to consolidated profit and loss in respect of businesses and undertakings that form part of the Group's continuing activities at 31 March 1997 is £38.7m (1996 £36.9m).

30 Reconciliation of movements in shareholders' funds

	GROUP		COMPANY	
	1997 £m	1996 £m	1997 £m	1996 £m
Profit for the financial year	75.3	66.7	44.1	36.7
Dividends	(33.0)	(28.1)	(33.0)	(28.1)
	42.3	38.6	11.1	8.6
Translation differences	(9.4)	2.7	0.1	-
New share capital subscribed	2.2	2.4	2.2	2.4
Scrip dividends	1.2	2.1	1.2	2.1
Goodwill arising on acquisitions	(1.8)	(3.5)	-	-
Net addition to equity	34.5	42.3	14.6	13.1
Equity shareholders' funds at the beginning of the year	246.3	204.0	105.8	92.7
Equity shareholders' funds at the end of the year	280.8	246.3	120.4	105.8

NOTES TO THE ACCOUNTS

31 Gross cash flows - Group	1997 £m	1996 £m
Returns on investments and servicing of finance		
Interest received	3.1	2.9
Interest paid	(0.2)	(0.3)
Net cash inflow from returns on investments and servicing of finance	2.9	2.6
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(26.9)	(40.2)
Sales of tangible fixed assets	0.4	0.4
Purchase of own shares	(0.3)	(0.3)
Net cash outflow for capital expenditure and financial investment	(26.8)	(40.1)
Management of liquid resources		
Sales of government securities	1.7	1.2
Net (increase) decrease in bank deposits	(36.8)	18.1
Net cash inflow from management of liquid resources	(35.1)	19.3
Financing		
Issue of ordinary share capital	2.2	2.4
Repayment of loan notes	(0.7)	-
Repayment of bank loans	(0.1)	(0.2)
Net cash inflow from financing	1.4	2.2

32 Analysis of changes in net funds - Group

	At 1 April 1996 £m	Cash flows £m	Other non-cash changes £m	Translation differences £m	At 31 March 1997 £m
Cash at bank, in hand	21.3	6.8	-	(1.2)	26.9
Overdrafts	(3.5)	3.3	-	0.1	(0.1)
		10.1			
Debts due within one year	(0.9)	0.8	(0.5)	0.1	(0.5)
Debts due after more than one year	(1.4)	-	0.5	-	(0.9)
		0.8			
Current asset investments	25.7	35.1	-	(1.7)	59.1
	41.2	46.0	-	(2.7)	84.5

33 Principal exchange rates

	1997 Average	Closing	1996 Average	Closing
Australian Dollar	2.02	2.08	2.11	1.95
Deutschmark	2.47	2.73	2.24	2.25
French Franc	8.35	9.21	7.74	7.68
Italian Lira	2485	2728	2532	2392

Registered Office

Electrocomponents plc
Broadoak, Southgate Park
Bakewell Road, Orton Southgate
Peterborough PE2 6YS
Registered in England and Wales
Number: 647788
Telephone: (44) (0)1733 361234
Fax: (44) (0)1733 363800
Internet address: <http://www.electrocomponents.com>

Auditors

KPMG Audit Plc
PO Box 695, 8 Salisbury Square
London EC4Y 8BB

Bankers

Midland Bank plc
Poultry
London EC2P 2BX

Deutsche Morgan Grenfell
Deutsche Bank AG
6 Bishopsgate
London EC2P 2AT

Merchant Bankers

J Henry Schroder & Co Ltd
120 Cheapside
London EC2V 6DS

Registrars and transfer office

Independent Registrars Group Limited
Bourne House
34 Beckenham Road
Beckenham
Kent BR3 4TU

Solicitors

Norton Rose
Kempson House, Camomile Street
London EC3A 7AN

Stockbrokers

SBC Warburg Securities
1 Finsbury Avenue
London EC2M 2PA

TEN YEAR RECORD

Year ended 31 March	1997 £m	1996 £m	1995 £m	1994 £m	1993 £m
Turnover					
RS Group	566.3	520.1	434.8	359.5	308.4
Pact International	39.5	39.8	37.8	37.0	38.2
Discontinued businesses	-	-	-	-	40.9
Group	605.8	559.9	472.6	396.5	387.5
Operating profit					
RS Group	108.3	95.6	82.9	70.2	59.8
Pact International	1.0	0.9	0.4	(0.3)	0.3
Discontinued businesses	-	-	-	-	(3.1)
Group	109.3	96.5	83.3	69.9	57.0
Non-operating exceptional items	-	0.3	-	-	(7.0)
Net interest receivable (payable)	3.1	2.4	2.8	2.8	1.9
Profit before taxation	112.4	99.2	86.1	72.7	51.9
Taxation	(37.0)	(32.4)	(28.4)	(24.8)	(21.0)
Profit after taxation	75.4	66.8	57.7	47.9	30.9
Minority equity interests	(0.1)	(0.1)	-	0.2	0.1
Group profit for the year	75.3	66.7	57.7	48.1	31.0
Dividends	(33.0)	(28.1)	(23.8)	(20.0)	(16.6)
Retained profit (loss)	42.3	38.6	33.9	28.1	14.4
Net funds (debt)	84.5	41.2	61.5	57.4	36.8
Other net assets	199.4	208.1	145.4	113.7	107.3
Net assets employed	283.9	249.3	206.9	171.1	144.1
Number of shares in issue (million)					
Weighted average	425.1	422.4	420.6	419.6	416.6
Year end	426.1	423.8	420.8	420.4	418.4
Dividends per share					
Cost to company	7.7p	6.6p	5.62p	4.75p	3.95p
Gross equivalent	9.625p	8.25p	7.03p	5.93p	5.14p
Earnings per share					
FRS3 basis	17.7p	15.8p	13.7p	11.4p	7.4p
Adjusted	17.7p	15.6p	13.7p	11.4p	9.6p
Pre-tax return on capital employed	39.6%	39.8%	41.6%	42.4%	36.0%
Average number of employees	3,754	3,440	2,959	2,646	2,757
Share price at 31 March	400.5p	355.0p	266.5p	275.5p	200.0p
Net asset value per share	66.6p	58.8p	49.0p	41.0p	34.5p

For 1995 and earlier years the numbers of shares and per share statistics have been restated to take account of the bonus issues in September 1995. 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. The profit analysis above is shown using the FRS3 convention.

1992 £m	1991 £m	1990 £m	1989 £m	1988 £m
275.2	251.1	225.5	199.6	174.4
41.0	41.9	29.4	29.4	26.0
87.5	132.0	139.5	151.9	110.5
403.7	425.0	394.4	380.9	310.9

56.9	56.5	53.1	46.7	39.1
0.6	1.3	2.0	3.2	2.9
(6.6)	(4.8)	(0.3)	4.0	3.5
50.9	53.0	54.8	53.9	45.5

(24.7)	(29.6)	(2.3)	(0.9)	(1.1)
(1.0)	(0.8)	1.2	(0.3)	1.2
25.2	22.6	53.7	52.7	45.6
(18.1)	(14.5)	(20.9)	(18.8)	(16.3)
7.1	8.1	32.8	33.9	29.3
0.2	(0.2)	-	-	-
7.3	7.9	32.8	33.9	29.3
(14.5)	(13.5)	(12.3)	(10.4)	(8.9)
(7.2)	(5.6)	20.5	23.5	20.4

5.1	(30.6)	14.0	(2.3)	(6.3)
116.0	138.6	120.9	109.9	90.0
121.1	108.0	134.9	107.6	83.7

412.6	409.8	409.4	408.2	407.8
415.0	410.6	409.6	408.4	407.8

3.50p	3.30p	3.00p	2.53p	2.18p
4.66p	4.40p	4.00p	3.38p	2.93p

1.7p	2.0p	8.0p	8.3p	7.2p
7.6p	8.7p	9.2p	8.3p	7.35p

20.8%	20.9%	39.8%	49.0%	54.5%
3,305	4,108	3,800	3,771	3,225
126.0p	116.5p	100.0p	103.0p	98.5p
29.0p	26.5p	33.0p	26.5p	20.5p

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Electrocomponents plc will be held at The Lanesborough Hotel, 1 Lanesborough Place, London SW1X 7TA on Friday 25 July 1997 at 12.00 noon.

The business of the meeting will be:

ORDINARY BUSINESS

Report and accounts

- 1 To receive the accounts and the reports of the directors and the auditors for the year ended 31 March 1997.

Declaration of dividend

- 2 To declare a final dividend on the ordinary shares.

Directors appointed since the last Annual General Meeting

- 3 To elect Mr J L Hewitt as a director.
- 4 To elect Mr N J Temple as a director.

Director retiring by rotation

- 5 To elect Mr R A Lawson as a director.

Auditors' appointment and remuneration

- 6 To appoint KPMG Audit Plc as auditors of the Company and to authorise the directors to agree their remuneration.

SPECIAL BUSINESS

To consider and if thought fit, pass the following resolutions of which resolutions 7 and 8 will be proposed as Ordinary Resolutions and resolutions 9 and 10 will be proposed as Special Resolutions:

ORDINARY RESOLUTIONS

Scrip dividend offer

- 7 THAT the directors be and they are hereby authorised to offer shareholders additional ordinary shares as an alternative to cash in accordance with the provisions of Article 148 of the Company's Articles of Association in respect of the whole or part of the final dividend for the financial year ended 31 March 1997 and in respect of any other dividends declared or payable prior to the date of the Annual General Meeting of the Company to be held in 1998.

Renewal of directors' authority to allot shares

- 8 THAT the directors be and they are hereby generally and unconditionally authorised in accordance with Section 80 of the Companies Act 1985 and in substitution for any existing power to allot relevant securities to exercise all the powers of the Company to allot relevant securities (within the meaning of the said Section 80) up to an aggregate nominal amount of £6,494,795 during the period commencing on the date of the passing of this Resolution and expiring on 25 October 1998 or, if earlier, at the conclusion of the Annual General Meeting of the Company in 1998, but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require relevant securities to be allotted after such expiry and notwithstanding such expiry the directors may allot relevant securities in pursuance of such offers or agreements.

SPECIAL RESOLUTIONS

Renewal of directors' authority to disapply pre-emption rights

9 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 (within the meaning of Section 94 of the Act) pursuant to the authority given by the said 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 or the subject of an offer or invitation, open for acceptance for a period fixed by the directors, to holders of ordinary shares and such other equity securities of the Company as the directors may determine on the register on a fixed record date in proportion (as nearly as may be) to their respective holdings of such securities or in accordance with the rights attached thereto (including equity securities which, in connection with such offer or invitation, are the subject of such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements that would otherwise arise or with legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory 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 £2,100,000.

and shall expire on 25 October 1998 or, if earlier, at the conclusion of the Annual General Meeting of the Company in 1998, except that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and notwithstanding such expiry the directors may allot equity securities in pursuance of such offers or agreements:

and

- (b) all authorities previously conferred under section 95 of the Act be and they are hereby revoked, provided that such revocation shall not have retrospective effect.

Renewal of directors' authority to purchase own shares

10 THAT the Company is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 163(3) of the Companies Act 1985) of ordinary shares of 10p each in the Company ('ordinary shares') provided that:

- (a) the maximum number of ordinary shares hereby authorised to be purchased is 21,000,000.
- (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 ordinary shares is an amount equal to 105% of the average of the middle market quotations for an ordinary share taken from the London Stock Exchange Daily Official List for the ten business days immediately preceding the date of purchase;
- (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.



By Order of the Board

Carmelina Carfora

Secretary

Dated 9 June 1997

Registered Office: Broadoak, Southgate Park, Bakewell Road, Orton Southgate, Peterborough PE2 6YS.

Notes

- (i) A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and (on a poll) vote instead of him. A proxy need not be a member of the Company.
- (ii) To be effective a proxy form 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, Independent Registrars Group Limited, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4BR not less than 48 hours before the time fixed for the Meeting.

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 June.

Dividend payments

Current policy is to make dividend payments at the following times:

Interim dividend in January.

Final dividend in August.

1997 final dividend

Ex-dividend date	16 June
Record date	20 June
Circular posted for scrip dividend election	30 June
Closing date for scrip dividend election	21 July
Annual General Meeting	25 July
Dividend paid	11 August
Dealings in scrip dividend shares commence	11 August

SUBSIDIARIES - PRINCIPAL LOCATIONS

RS Components Ltd

PO Box 99, Corby
Northants NN17 9RS
United Kingdom
Tel: (44) (0)1536 201234
Fax: (44) (0)1536 405678

Electrospeed

Stanstead Road
Boyatt Wood, Eastleigh
Hants SO50 4ZY
United Kingdom
Tel: (44) (0)1703 641111
Fax: (44) (0)1703 620316

Pact International Ltd

PO Box 50
Shrewsbury Avenue, Woodston
Peterborough PE2 7JF
United Kingdom
Tel: (44) (0)1733 233600
Fax: (44) (0)1733 391119

RS Components GesmbH

Albrechtser Strasse 11
A-3950 Gmünd, Austria
Tel: (43) 2852 53765
Fax: (43) 2852 53223

RS Radio-Parts A/S

Vibevj 11
DK2400 Copenhagen NV
Denmark
Tel: (45) 38 16 9900
Fax: (45) 38 33 3310

Radiospares

Composants SNC

Rue Norman King, BP453
60031 Beauvais Cedex
France
Tel: (33) 3 44 10 1500
Fax: (33) 3 44 10 1600

RS Components GmbH

Hessenring 13b
64546 Mörfelden Walldorf
Frankfurt, Germany
Tel: (49) 6105 401234
Fax: (49) 6105 401100

RS Components SpA

Via Cadorna 66
20090 Vimodrone
Milano, Italy
Tel: (39) 2 274251
Fax: (39) 2 27425207

Radionics Ltd

PO Box 246
Herberton Road, Dublin 12
Republic of Ireland
Tel: (353) 1 4536099
Fax: (353) 1 4533525

RS Components (SA)

127 Silverstone Crescent
Kyalami Business Park
Kyalami, Midrand
South Africa
Tel: (27) 11 466 1565
Fax: (27) 11 466 1575

Amidata SA

Avda De Cordoba 21
28026 Madrid, Spain
Tel: (34) 1 5000408
Fax: (34) 1 4756747

RS Components Pty Ltd

3 Walters Drive
Osborne Park 6017
Perth, Western Australia
Tel: (61) 9 244 3666
Fax: (61) 9 244 3667

RS Componentes

Electronicos Limitada

Av. Providencia 2083
Of.32, Providencia
Santiago, Chile
Tel: (56) 2 335 1130
Fax: (56) 2 335 1131

RS Components Ltd

Unit 30 & 31 Warehouse World
761 Great South Road
Penrose, Auckland
New Zealand
Tel: (64) (0) 9 526 1600
Fax: (64) (0) 9 579 1700

RS Components PTE Ltd

39 Ubi Road 1#03.00
World Publications Building
Singapore 408695
Tel: (65) 291 2222
Fax: (65) 382 6766

RS Components and Controls (India) Ltd

A-9 Sector VIII NOIDA
Uttar Pradesh, India 201301
Tel: (91) 11 855 5956
Fax: (91) 11 855 5954

RS Components Ltd

13 Floor Wyler Centre Phase II
192-200 Tai Lin Pai Road
New Territories, Kwai Chung
Hong Kong
Tel: (852) 2610 2990
Fax: (852) 2610 2991

Taiwan Branch Office

13F-2, Section 1
Ming Sheng Road
Panchiao, Taipei Hsien
Taiwan
Tel: (886) 2959 9938
Fax: (886) 2959 9939

LOCATIONS

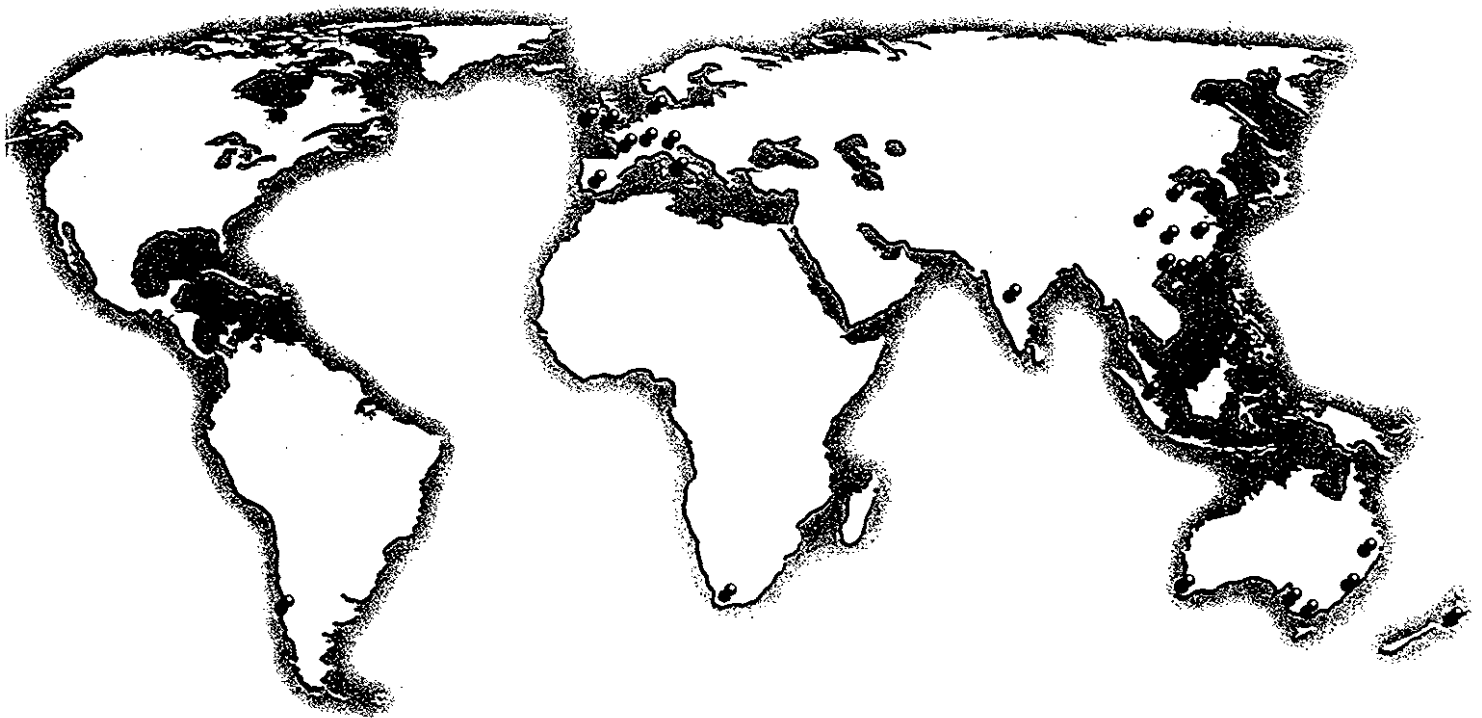


WORLDWIDE

Providing high levels

of local service

wherever we operate



© 2000 The McGraw-Hill Companies. All rights reserved. Printed in the United States of America. 10 9 8 7 6 5 4 3 2 1