The Directors present their report on the affairs of the Group together with the audited accounts for the year ended 31 March 2000.

PRINCIPAL ACTIVITY

The principal activity of the Group is the distribution of electronic, electrical and industrial supplies and services to industrial and commercial customers and retailers, through its channels in the British Isles, Continental Europe, North America, Asia and the rest of the world. Significant events during the year are detailed in the Chairman's Statement, the Group Chief Executive's Report and the Financial Review on pages 6 to 22.

RESULTS AND DIVIDENDS

Results for the year are set out in the profit and loss account on page 36 and an analysis of turnover, profit and net assets by activity is shown in note 2 on pages 41 and 42. The Directors recommend a final dividend of 8.3p per ordinary share, to be paid, if approved, on 25 July 2000 which, together with the interim dividend of 3.7p per share paid in January, amounts to 12.0p for the year (1999 10.5p). As stated in the interim report 1999, the dividend reinvestment plan was terminated with effect from the interim dividend 1999 and will not be offered again until further notice.

CORPORATE GOVERNANCE

The Company applies the Principles of Good Governance and Code of Best Practice as appended to the Listing Rules of the UK Listing Authority (the Combined Code). Section 1 of the Combined Code establishes fourteen principles of good governance within four areas: Directors; Remuneration of Directors; Relations with Shareholders; and Accountability and Audit. The following four sections explain how these principles have been applied.

DIRECTORS

The Board comprises the non-executive Chairman, two executive Directors and four independent non-executive Directors. Biographical details of the Directors at the date of this report are set out on page 24 together with details of their membership of Board Committees.

Directors' interests in the shares of the Company are shown on pages 30 and 31.

In the opinion of the Board, all the non-executive Directors are independent of management and free from any business or other relationship which could interfere with the exercise of their judgement.

Board meetings are held monthly except in January and August and the Board is responsible for overall Group strategy, acquisition and disposal policies and the approval of major investment proposals. The Board discusses and formulates strategic plans, reviews forecasts and evaluates Group and subsidiary performance. Comprehensive and relevant Board papers are provided to Directors well in advance of meetings. On a regular basis the Board visits operating units both in the UK and overseas and receives presentations from Group Executive Committee members and their senior staff.

Mr Artus, a non-executive Director of the Company between 1990 and 1999, died on 17 July 1999, a few days before he was due to retire from the Board. Mr Horrocks, a non-executive Director between 1986 and 1999, retired from the Board at the Company's Annual General Meeting on 23 July 1999.

Retirement by rotation

Mr Lawson, Mr Hewitt and Mr Temple retire by rotation at the forthcoming Annual General Meeting in accordance with the Company's Articles of Association and, being eligible, offer themselves for re-election. Mr Lawson has a two year rolling contract with the Company and Mr Hewitt has a one year rolling contract. Full details of Mr Lawson's and Mr Hewitt's service contracts are given on page 31. Mr Temple does not have a service contract with the Company.

Mr Hamill was appointed to the Board as a non-executive Director of the Company on 23 July 1999. In accordance with the Company's Articles of Association Mr Hamill retires at the forthcoming Annual General Meeting and, being eligible, offers himself for election.

Board committees

The Board has a number of standing committees consisting of certain Directors and senior managers to which specific responsibilities have been delegated and for which written terms of reference have been agreed.

THE GROUP EXECUTIVE COMMITTEE consists of the executive Directors and the five senior executives shown on page 26. The Committee meets at least monthly and manages the day to day activities of the Group.

THE AUDIT COMMITTEE consists of three non-executive Directors. It meets three times a year and more frequently if required. The Committee assists the Board in its duties regarding financial statements and reviews the operation of internal financial controls with the internal and, where applicable, external auditors. It also reviews the scope and results of the audit with the external auditors and the results of the work of the internal operational auditors.

THE TREASURY COMMITTEE consists of the executive Directors, the Group Treasurer, the Group Controller and the Company Secretary and sets detailed treasury policy for the Group within guidelines established by the Board. It meets as required.

THE REMUNERATION COMMITTEE consists of all the non-executive Directors. It meets as required and is responsible for all aspects of the remuneration of executive Directors. Details of the Directors' remuneration policy and of the remuneration of each Director are set out on pages 29 to 31.

THE NOMINATION COMMITTEE consists of the Group Chief Executive and all the non-executive Directors. The Committee meets as required and recommends to the Board candidates for appointment as executive and non-executive Directors of the Company.

REMUNERATION OF DIRECTORS

The determination of the remuneration, benefits and employment conditions of the executive Directors and the other members of the Group Executive Committee has been delegated to the Remuneration Committee. The remuneration of the Chairman and other non-executive Directors is determined by the Board. The Committee adheres to the principles and provisions of the Combined Code and, in preparing this section of the Report the Board has followed the provisions of Schedule B of the Combined Code. The Committee utilises the services of two leading firms of compensation and benefit consultants to ensure that its aims are met.

Remuneration policy

The Committee acts within the terms of a statement of remuneration policy which has been approved by the Board.

The main objective of that policy is to offer remuneration at a level which is appropriate to attract, retain and properly motivate executives of the highest calibre. The policy sets a guideline for the relationship between the three main elements of remuneration: basic salary, annual bonus and long-term incentives. At "on-target" performance level, the fixed element of basic salary is targeted to represent around two-thirds of total remuneration (ignoring other benefits) but the proportion represented by the variable elements should increase significantly as performance rises above target. Clearly the long-term incentive plan is a key element of the variable element and the movement of the share price has a significant impact upon these targets. However, the design of the annual bonus and long-term incentive plans ensures that total rewards are not excessive.

Executive Directors and other Group Executive Committee members also receive pension and other benefits (such as a company car and private health insurance). The following paragraphs and tables contain more detailed information on remuneration policies and provision.

Basic salary

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

Annual bonus

The annual bonus is paid in cash as a percentage of basic salary, which does not exceed 50%. The Remuneration Committee, having taken a retrospective view of the year, has discretion to increase the bonus payable to any participant if it considers an increase is merited, but not beyond the 50% ceiling. The annual bonus is not pensionable.

The annual bonus plan for the year to 31 March 2000 was designed to provide executives with a share of increased profit before tax of the Group above a threshold determined by the Remuneration Committee and to reflect the performance of the Group Executive Committee. In respect of the year to 31 March 2001 the plan has been amended so that it is substantially based upon the return on net assets.

Long-term Incentives

Under the Long-term Incentive Plan, the executive Directors and other Group Executive Committee members are granted an annual award and deferred right to receive a number of ordinary shares in the Company with a market value not exceeding their annual rate of basic salary. Each award is subject to a performance target, set when the award is granted, which determines whether and to what extent the participant will receive shares at the end of a period of three years.

For awards granted in June 1999, the performance target was based on a three year comparison of the Company's total shareholder return (share price growth plus reinvested dividends) with that of the companies listed between 111th and 160th by market capitalisation on the London Stock Exchange prior to the date of the award. An award may be released in full if the Company is ranked in the top 20% of the comparator group. A ranking at one place above the median level will allow 35% of the award to be released with pro-rata vesting between those points. No award will be released if the Company is ranked on or below the median. In addition, no part of the award will be released unless the Company's increase in earnings per share exceeds the rate of inflation over the same period.

Executive Directors and other Group Executive Committee members hold outstanding options under the Company's 1988 Executive Share Option Scheme, but the Committee has determined that in any one year an executive should not receive an award under both that scheme and the Long-term Incentive Plan. They continue to participate in the Company's Savings Related Share Option Scheme which is open to all employees.

Directors' remuneration

	Salary 2000 £	Salary 1999 £	Benefits 2000 £	Benefits 1999 £	Bonus 2000 £	Bonus 1999 £	Total 2000 £	Total 1999 £
Emoluments of non-executive Chairman								
R C G Cotterill	118,333	100,000	14,398	12,651	NIL	NIL	132,731	112,651
Emoluments of the executive Directors								
J L Hewitt (a)	277,648	243,454	13,096	59,611	50,000	NIL	340,744	303,065
R A Lawson (a)	368,333	347,500	8,449	280,842	74,000	NIL	450,782	628,342
TOTALS	764,314	690,954	35,943	353,104	124,000	NIL	924,257	1,044,058
Fees of non-executive Directors								
R E Artus (b)							10,083	28,000
K Hamill (c)							19,280	-
R Horrocks (d)							9,091	25,000
F D Lennertz							35,750	33,000
N J Temple							27,750	25,000
D S Winterbottom (e)							30,750	28,000
TOTALS							1,056,961	1,183,058

(a) Mr Hewitt's and Mr Lawson's benefits for the year ended 31 March 1999 included reimbursements under the Group's relocation policy.

(b) Mr Artus died on 17 July 1999. The fee above in respect of the year ended 31 March 2000 is for the period from 1 April 1999 to 17 July 1999. In respect of both financial years an additional fee of £3,000 was included for Mr Artus' services as Chairman of the Remuneration Committee, such additional fee being pro-rated accordingly in 2000.

(c) Mr Hamill was appointed to the Board on 23 July 1999. His fee therefore is for the period from that date to 31 March 2000.

(d) Mr Horrocks retired from the Board on 23 July 1999. The fee above in respect of the year ended 31 March 2000 is therefore for the period from 1 April 1999 to 23 July 1999.

(e) Mr Winterbottom received an additional fee of £3,000 for his services as Chairman of the Audit Committee in respect of the years ended 31 March 2000 and 31 March 1999.

Directors' interests in the Long-term Incentive Plan

	Date of grant	Shares
J L Hewitt	30 June 1997	44,179
	30 June 1998	45,144
	30 June 1999	50,916
R A Lawson	30 June 1997	70,686
	30 June 1998	71,821
	30 June 1999	75,356

An award of 36,220 shares granted to Mr Lawson on 30 June 1996 vested in respect of 17,639 shares, in accordance with the performance criteria, on 27 July 1999. Mr Lawson exercised his right to acquire those shares for nil consideration on 14 September 1999, on which date the closing mid-market price of a share was 532.5p.

Directors' interests in share options

	Scheme	Date of grant	Shares	Option price
J L Hewitt	Savings Related Share Option Scheme	25 July 1997	5,029	343.0p
R A Lawson	1988 Executive Share Option Scheme	1 Dec 1992	22,200	165.6p
		28 July 1995	67,600	306.1p
	Savings Related Share Option Scheme	25 July 1997	5,029	343.0p

No options were granted or lapsed during the year ended 31 March 2000. Exercise periods for the above options are given in note 30 to the accounts on page 56.

Mr Lawson exercised options under the Electrocomponents 1988 Executive Share Option Scheme over 67,760 shares at an option price of 125.1p on 30 July 1999. Mr Lawson sold such shares on the same day at the market price of 532p per share.

The closing market price of the shares on 31 March 2000 was 636p and the range during the year was 450p to 776p.

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. 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 Trustee.

Directors' pension benefits

Increases 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 to 31/3/00 £	Contributions by Directors to 31/3/00 £
J L Hewitt	52	3.3	1,589	5,033	4,530
R A Lawson	55	12.5	18,797	153,471	13,590

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

(2) Pensions are payable from age 60 (or on earlier retirement). The increase in accrued pension is after removing the effects of inflation.

(3) Additional contributions of £45,226 were paid into a funded unapproved arrangement for Mr Hewitt (1999 - £37,684).

(4) Accrued pension for Mr Lawson for the accounting period ended 31 March 1999 was £133,208.

(5) Accrued pension for Mr Hewitt for the accounting period ended 31 March 1999 was £3,407.

(6) During the year a payment of £100,000 was made to J L Robinson, a previous Director, in respect of pension entitlements agreed at the time of his leaving the Company in March 1989.

Service contracts

Mr Lawson joined the Company on a three year rolling contract which has now been reduced to a two year rolling contract. 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 for Mr Lawson. Mr Hewitt and 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. The policy established permits one such appointment on the condition that any fees are remitted to the Company.

Directors' interests in shares

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.

	31 March 2000	1 April 1999
R C G Cotterill (c)	**22,421**	21,421
K Hamill (a)	**1,883**	-
J L Hewitt	**762**	762
R A Lawson	**276,197**	258,558
F D Lennertz	**6,530**	6,447
N J Temple	**10,740**	10,740
D S Winterbottom	**3,108**	2,136

Notes: (a) Mr Hamill was appointed to the Board on 23 July 1999 and held no shares on appointment.

(b) As at 31 March 2000 the Electrocomponents Qualifying Employee Share Ownership Trust (the 'QUEST') and the Electrocomponents Employee Trust (the 'EET') (together the 'Trusts') held 867,384 and 225,676 shares respectively. Because executive Directors are potential beneficiaries of the Trusts they are treated for Company Law purposes as being interested in the shares held by the Trusts.

(c) On 13 April 2000 the manager of a discretionary single company personal equity plan held by Mrs Cotterill acquired a further 5 shares in the capital of the Company taking the total number of shares beneficially held by Mr Cotterill to 22,426. There have been no other changes in the beneficial interests of the Directors in the shares of the Company between 1 April and 31 May 2000.

RELATIONS WITH SHAREHOLDERS

Directors and senior executives have frequent discussions with institutional shareholders on a range of issues affecting the Group's performance which include meetings following the announcement of the annual and interim results. The Company also has a website (www.electrocomponents.com) which contains up to date information on Group activities.

All shareholders, including private investors, have an opportunity at the Annual General Meeting to participate in discussions with the Board on matters relating to the Group's operation and performance. The Company seeks to ensure that the Directors and Chairmen of the relevant Board Committees are available to answer questions at the Annual General Meeting.

ACCOUNTABILITY & AUDIT

In its financial reporting to shareholders and other interested parties, by means of annual and interim results and periodic statements, the Board aims to present a balanced and understandable assessment of the Group's position and prospects.

The responsibility statement of the Directors is set out at the end of this Report. A statement by the Auditors about their reporting responsibilities is set out on page 35.

Internal Control

The Combined Code introduced a requirement that Directors review at least annually the effectiveness of the Group's system of internal controls and to report to shareholders that they have done so. This requirement extends the Directors' review to cover all controls including operational, compliance and risk management, as well as financial.

Guidance for Directors, "Internal Control Guidance for Directors on the Combined Code" (the Turnbull Guidance) was published in September 1999. However the Directors have taken advantage of the Financial Services Authority's transitional rules and have continued to review and report upon internal financial controls in accordance with the ICAEW's 1994 guidance "Internal Controls and Financial Reporting".

The Board has modified existing risk management and internal control processes necessary to implement the Turnbull Guidance with the objective that they can fully comply with it for the accounting period ending on 31 March 2001.

The Board is responsible for the effectiveness of the Group's system of internal controls. The internal control systems are designed to meet the Group's particular needs and the risks to which it is exposed, and by their nature can only provide reasonable, but not absolute, assurance against misstatement or loss.

The processes to identify and manage the key risks to the success of the Group are an integral part of the internal control environment. Such processes, which are reviewed and improved as necessary, include the monthly forecasting procedure incorporating the annual Business Planning Process, the appointment of senior managers, the monitoring of performance, control over capital expenditure and other investments. The development of Group standards for safety, health and environmental practices are additional safeguards. Much attention is paid to the development and recruitment of managers to ensure that the business risks and opportunities are competently managed. The Board reviews risk management priorities and processes twice a year.

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 34. The main financial control elements are described below.

Clear terms of reference set 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 Group Finance and Group Treasury manuals that specify the 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, together with updated forecasts, are prepared by all operating companies and Groupwide processes. These are compared against previous forecasts and variances reviewed by the Group Executive Committee and by the Board. 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.

The Group has a team of internal operational auditors which has an annually agreed audit programme approved by the Audit Committee. The team reports regularly to the Audit Committee on the results of audits performed and reviews self-certification internal control questionnaires completed by operating management.

The Audit Committee has independent access to the internal and external auditors.

The Board and the Audit Committee have reviewed the effectiveness of the Group's system of internal financial control during the period covered by this Report.

Going Concern

After making enquiries, the Directors have a reasonable expectation that the Group 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.

NON-COMPLIANCE WITH THE COMBINED CODE

During the accounting period ended 31 March 2000, the Company complied with the provisions set out in Section 1 of the Combined Code save that the Board does not consider it appropriate to reduce the notice period of Mr Lawson, the Group Chief Executive, to one year, for the reasons explained on page 31 of this Report.

HEALTH AND SAFETY

A high standard of health and safety management continues at all levels within the business supported by training programmes and internal auditing to promote a high level of awareness and commitment.

The Group is confident over its health and safety record. RS Components Ltd received the RoSPA Occupational Health and Safety Gold Award for its health and safety performance in the transport, distribution and service sector during the past year.

GROUP ENVIRONMENTAL REPORT

The Group Environmental Policy is the responsibility of the Group Executive Committee.

The primary objectives of the policy are to enhance the environmental impacts of the Group's activities and to participate in the international commitment to achieving sustainable development. The Group is committed to minimising any adverse effects of its activities on the environment and continuing to improve its performance in these areas.

The environmental management plan provides Group focus to implement a systematic approach to environmental management. Recent environmental initiatives have included:

- RS Austria becoming the first part of the Group to implement ISO14001, "Environmental Management Systems".
- The use of "Replenishment Modules" and "Pallet Exchange Schemes" to eliminate the requirement for outer packaging for products delivered from suppliers.
- The introduction of carton designs using recycled materials that protect products whilst utilising the minimum of packaging materials.

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 the employees' representatives. The Group remains supportive of the employment and advancement of disabled persons. Further details on the Group's human resources policies and practices over the year ended 31 March 2000 are given on page 17.

ACQUISITIONS

On 2 July 1999 the Group acquired 100% of the share capital of Allied Electronics Inc. for a consideration of £241.6 million paid in cash.

RELATED PARTY TRANSACTIONS

In the year ended 31 March 2000 Pact International Limited made sales of £2.3m to TJ Hughes plc, of which Mr Winterbottom is Chairman. These sales were made on an arm's length basis within normal trading terms.

PAYMENT TO SUPPLIERS

The Group agrees terms and conditions for its business transactions with suppliers. Payment is then made according to these terms, subject to the supplier fulfilling its obligations. The Company has no trade creditors. Supplier payment days for the Group outstanding at 31 March 2000 represent 46 days (1999 42 days) of average purchases.

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 24 May 2000 the following substantial shareholdings had been notified to the Company:

	Number of Shares	Percentage Held
Schroder Investment Management Limited	62,927,288	14.52%
M&G Investment Managers Limited	25,100,907	5.79%
Scudder Threadneedle Asset Management Limited	15,315,445	3.53%
Co-operative Insurance Society Limited	14,330,986	3.31%

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 note 30 to the accounts on page 56.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Group has made no political contributions during the year. Charitable contributions amounted to £26,343 (1999 £49,997).

ANNUAL GENERAL MEETING

The Notice of the Annual General Meeting, which will be held at 12 noon on 21 July 2000 at the Company's premises, The International Management Centre, 5000 Oxford Business Park South, Oxford, OX4 2BH, is set out on page 61.

In addition to conducting the ordinary business, the following special business will be considered:

ALTERATION OF THE NUMBER OF DIRECTORS: This resolution will increase the maximum number of Directors to twelve. This will provide the Directors with the flexibility to increase the size of the Board from time to time to reflect the increase in the size of the Group.

RENEWAL OF DIRECTORS' AUTHORITY TO PURCHASE OWN SHARES: This resolution will authorise market purchases of up to 21,675,977 ordinary shares (being approximately 5% of the issued share capital as at 31 May 2000), subject to a maximum price of 105% of the average of the market values of the shares for the 5 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. 6,240,625 options to subscribe for equity shares are outstanding as at 31 May 2000, which represent 1.4% of the issued share capital. If this resolution is passed and the full authority to buy back shares is used, then outstanding options to subscribe for equity shares will represent 1.5% of the issued share capital.

By Order of the Board
Carmelina Carfora
Company Secretary
31 May 2000

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:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on 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.

We have audited the financial statements on pages 36 to 58.

Respective responsibilities of Directors and auditors

The Directors are responsible for preparing the Annual Report. As described on page 34 this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Financial Services Authority, and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding Directors' remuneration and transactions with the Group is not disclosed.

We review whether the statement on page 33 reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit 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 2000 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants, Registered Auditor
London 31 May 2000

For the year ended 31 March 2000

	Note	2000 £m	1999 £m
Turnover	2		
Existing operations		676.8	677.1
Acquisitions		84.6	-
		761.4	677.1
Cost of sales		(393.1)	(341.8)
Gross profit		368.3	335.3
Distribution and marketing expenses		(239.6)	(220.4)
Administration expenses – before amortisation of goodwill		(9.9)	(8.9)
– amortisation of goodwill		(8.0)	-
		(17.9)	(8.9)
Operating profit	2		
Existing operations		105.0	106.0
Acquisitions – before amortisation of goodwill		13.8	-
– amortisation of goodwill		(8.0)	-
		110.8	106.0
Net interest (payable) receivable	3	(3.5)	6.4
Profit on ordinary activities before taxation	4	107.3	112.4
Profit before taxation and amortisation of goodwill		115.3	112.4
Taxation on profit on ordinary activities	7	(33.4)	(36.0)
Profit on ordinary activities after taxation	8	73.9	76.4
Dividend	9	(51.9)	(45.1)
Retained profit for the financial year		22.0	31.3
Earnings per share	10		
Basic			
Before amortisation of goodwill		19.0p	17.8p
After amortisation of goodwill		17.1p	17.8p
Diluted			
Before amortisation of goodwill		18.9p	17.7p
After amortisation of goodwill		17.0p	17.7p

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2000 £m	1999 £m
Profit for the financial year	73.9	76.4
Translation differences	(6.0)	1.7
Total recognised gains and losses relating to the year	67.9	78.1

All profits and losses shown are stated at historical cost and relate entirely to continuing operations.

The statement of movements on Group reserves is at note 31.

The notes on pages 41 to 58 form part of these accounts.

As at 31 March 2000		GROUP		COMPANY	
		2000	1999	2000	1999
	Note	£m	£m	£m	£m
Fixed assets					
Intangible fixed assets	11	**205.7**	-	-	-
Tangible fixed assets	12	**126.9**	129.7	**40.9**	38.8
Investments	14	**0.2**	0.3	**388.4**	148.2
		332.8	130.0	**429.3**	187.0
Current assets					
Stocks	19	**164.7**	129.5	-	-
Debtors	20	**163.9**	145.1	**13.7**	11.2
Investments	21	**24.1**	91.2	**14.7**	91.0
Cash at bank and in hand		**17.2**	33.3	-	19.5
		369.9	399.1	**28.4**	121.7
Creditors: amounts falling due within one year	22	**(206.7)**	(157.2)	**(134.4)**	(88.1)
Net current assets		**163.2**	241.9	**(106.0)**	33.6
Total assets less current liabilities		**496.0**	371.9	**323.3**	220.6
Creditors: amounts falling due after more than one year	23	**(109.9)**	(6.5)	**(104.5)**	(0.9)
Provisions for liabilities and charges	26	**(11.6)**	(12.1)	**(1.9)**	(2.1)
		374.5	353.3	**216.9**	217.6
Capital and reserves					
Called-up share capital	29	**43.3**	43.1	**43.3**	43.1
Share premium account	31	**31.2**	22.7	**31.2**	22.7
Profit and loss account	31	**300.0**	287.5	**142.4**	151.8
Equity shareholders' funds	32	**374.5**	353.3	**216.9**	217.6

These accounts were approved by the Board of Directors on
31 May 2000 and signed on its behalf by:
J L Hewitt
Group Finance Director

The notes on pages 41 to 58 form part of these accounts.

For the year ended 31 March 2000	Note	2000 £m	1999 £m
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		110.8	106.0
Amortisation of goodwill		8.0	-
Depreciation and other amortisation		20.8	19.9
(Increase) in stocks		(21.7)	(1.2)
(Increase) decrease in debtors		(13.6)	0.2
Increase (decrease) in creditors		18.8	(2.6)
Continuing operations		123.1	122.3
Costs in respect of closures		(0.4)	(0.3)
Net cash inflow from operating activities		122.7	122.0

CASH FLOW STATEMENT

Net cash inflow from operating activities		122.7	122.0
Returns on investments and servicing of finance	33	(1.7)	5.9
Taxation		(37.3)	(40.3)
Capital expenditure and financial investment	33	(16.8)	(18.3)
Free cash flow		66.9	69.3
Acquisitions	18	(241.6)	-
Equity dividends paid	9	(47.2)	(39.0)
Cash (outflow) inflow before use of liquid resources and financing		(221.9)	30.3
Management of liquid resources	33	67.2	(27.1)
Financing			
Shares	33	5.2	2.3
Loans	33	125.3	1.3
(Decrease) increase in cash in the year		(24.2)	6.8

Reconciliation of net cash flow to movement in net funds

(Decrease) increase in cash		(24.2)	6.8
Management of liquid resources		(67.2)	27.1
Financing – loans		(125.3)	(1.3)
Change in net funds relating to cash flows		(216.7)	32.6
Translation differences		0.3	0.1
Movement in net funds for the year		(216.4)	32.7
Net funds at 1 April 1999		120.6	87.9
Net (debt) funds at 31 March 2000	34	(95.8)	120.6

The notes on pages 41 to 58 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.

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 acquisitions prior to 31 March 1998 has been written off against reserves. On disposal of a business, the gain or loss on disposal includes that goodwill previously written off on acquisition. Following the introduction of FRS10 in the year ended 31 March 1999, the Group chose not to restate goodwill that had been eliminated against reserves.

Goodwill arising on acquisitions after 1 April 1998 is capitalised and is amortised on a straight line basis over its estimated useful life, as follows:

Allied Electronics Inc.	20 years

Investments in subsidiary undertakings

Investments in subsidiary undertakings including long-term loans are included in the balance sheet of the Company at the lower of cost and the expected recoverable amount. Any impairment is recognised in the Profit and Loss Account.

Investments in associated undertakings

Investments in undertakings, other than subsidiary undertakings, in which the Group has a substantial interest and over which it exerts significant influence are treated as associated undertakings.

Translation of foreign currencies

Overseas companies' profits, losses 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.

Turnover

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

Operating expense classification

Cost of sales comprises the cost of goods delivered to customers.
Distribution and marketing expenses include all operating company expenses, together with Supply Chain, Product Management, Media Publishing, Facilities and Information Systems process expenses.
Administration expenses comprise Business Development, Strategic Planning, Finance, Legal and Human Resources process expenses, together with the expenses of the Board and Executive Committee and the pre-trading expenses of new operations.

Pre-trading expenses

Pre-trading expenses of new operations are written off as incurred.

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 expected award is amortised on a straight line basis over the period of service of the executives in respect of which the awards are made.

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
Warehouse systems	10-20%
Motor vehicles	25%
Mainframe computer equipment	20%
Network computer equipment	33%
Portable computers	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 mainly vary between six 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.

Net debt

Net debt comprises 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.

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.

Employee Share Trust

Where shares are issued to the Electrocomponents Qualifying Employee Share Ownership Trust ("QUEST") an amount representing the difference between market value and the option price is transferred from the profit and loss account to the share premium account.

1 Analysis of income and expenditure

This analysis reconciles the Companies Act analysis shown in the profit and loss account to the segmental analysis shown in note 2.

	2000 £m	1999 £m
Turnover	**761.4**	677.1
Cost of sales	**(393.1)**	(341.8)
Distribution and marketing expenses	**(190.4)**	(173.7)
Contribution – before amortisation of goodwill	**177.9**	161.6
Distribution and marketing expenses	**(49.2)**	(46.7)
Administration expenses – before amortisation of goodwill	**(9.9)**	(8.9)
Groupwide process costs	**(59.1)**	(55.6)
Administration expenses – amortisation of goodwill*	**(8.0)**	-
Operating profit	**110.8**	106.0

2 Segmental analysis

By class of business

		2000 £m	1999 £m
Turnover:	RS/Allied	**711.2**	621.2
	Pact	**50.2**	55.9
		761.4	677.1
Operating profit:	RS/Allied	**177.4**	158.8
	Pact	**0.5**	2.8
	Contribution – before amortisation of goodwill	**177.9**	161.6
	Groupwide process costs	**(59.1)**	(55.6)
	Amortisation of goodwill*	**(8.0)**	-
		110.8	106.0
Net assets:	RS/Allied	**315.9**	283.0
	Pact	**18.3**	19.3
	Net operating assets	**334.2**	302.3
	Net (debt) funds	**(95.8)**	120.6
	Unallocated net assets (liabilities)	**136.1**	(69.6)
		374.5	353.3

Unallocated net assets (liabilities) comprise:

	2000 £m	1999 £m
Intangible fixed assets – goodwill*	**205.7**	-
Corporation tax	**(22.1)**	(26.3)
Proposed dividend	**(35.9)**	(31.2)
Provisions for liabilities and charges	**(11.6)**	(12.1)
	136.1	(69.6)

* Goodwill relates to the acquisition of Allied Electronics Inc.

2 Segmental analysis continued

By geographical destination		2000 £m	1999 £m
Turnover:	United Kingdom	453.3	471.0
	Rest of Europe	181.2	170.3
	North America	84.5	-
	Japan	2.8	-
	Rest of World	39.6	35.8
		761.4	677.1

Allied Electronics Inc. in North America was acquired on 2 July 1999. There were no material sales by the rest of the Group to North America prior to the acquisition.

		2000			1999		
By geographical origin		Total sales £m	Inter-segment sales £m	Turnover £m	Total sales £m	Inter-segment sales £m	Turnover £m
Turnover:	United Kingdom	521.9	(57.6)	464.3	535.9	(53.1)	482.8
	Rest of Europe	178.2	(0.7)	177.5	167.0	(0.4)	166.6
	North America	84.6	-	84.6	-	-	-
	Japan	2.7	-	2.7	-	-	-
	Rest of World	32.3	-	32.3	27.7	-	27.7
		819.7	(58.3)	761.4	730.6	(53.5)	677.1

		2000 £m	1999 £m
Operating profit:	United Kingdom	134.8	136.2
	Rest of Europe	31.8	26.9
	North America	15.2	-
	Japan	(7.0)	(4.0)
	Rest of World	3.1	2.5
	Contribution – before amortisation of goodwill	177.9	161.6
	Groupwide process costs	(59.1)	(55.6)
	Amortisation of goodwill*	(8.0)	-
		110.8	106.0

By geographical location			
Net assets:	United Kingdom	234.0	224.9
	Rest of Europe	44.8	51.5
	North America	29.1	-
	Japan	4.1	2.7
	Rest of World	22.2	23.2
	Net operating assets	334.2	302.3
	Net (debt) funds	(95.8)	120.6
	Unallocated net assets (liabilities)	136.1	(69.6)
		374.5	353.3

* Goodwill relates to the acquisition of Allied Electronics Inc. (North America segment)

3 Net interest (payable) receivable	2000 £m	1999 £m
Interest receivable	**2.6**	7.1
Interest payable on loans and overdrafts	**(6.1)**	(0.7)
	(3.5)	6.4

4 Profit on ordinary activities before taxation

Profit before taxation is stated after charging (crediting):

	2000	1999
Remuneration of the auditors and their associates:		
audit and expenses	**0.5**	0.4
taxation services and advice	**0.3**	0.3
other consultancy services worldwide*	**0.1**	0.2
Depreciation	**19.8**	19.8
Amortisation of goodwill	**8.0**	-
Amortisation of own shares	**1.2**	0.3
Amortisation of government grants	**(0.1)**	(0.1)
Operating profit on disposal of plant and machinery	**(0.1)**	(0.1)
Hire of plant and machinery	**1.4**	1.5
Costs of modifying software in respect of the year 2000 incurred within the year	**1.5**	2.0
Costs associated with the introduction of the euro incurred within the year	**0.2**	0.6

The fee in respect of the audit of the Company is £60,000 (1999 £58,500).

* In addition, fees totalling £0.3m (1999 £nil) were incurred on advice in relation to the acquisition of Allied Electronics Inc. These costs have been capitalised as part of goodwill on acquisition.

5 Employees

Numbers employed The average number of employees during the year was:	2000	1999
Management and administration	**326**	310
Distribution and marketing	**4,378**	3,992
	4,704	4,302

2,588 of these staff were employed in the United Kingdom (1999 2,636).

Aggregate employment costs	2000 £m	1999 £m
Wages and salaries	**90.6**	79.7
Social security costs	**10.7**	9.5
Pension costs	**5.1**	4.6
	106.4	93.8

6 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 2000 amounted to £3.2m (1999 £3.1m). The UK Government's Budget in 1997 removed the ability of pension schemes to reclaim the tax credit associated with UK equity dividends. Therefore, the actuarial method of valuation used in the previous valuation (carried out in 1996), which assumed the receipt of gross dividends, is no longer appropriate. As a result, for the most recent valuation (carried out in 1998), it was decided to adopt a market related approach to funding. The projected unit credit method was, however, retained. The assumptions underlying the calculation of the liabilities were derived by reference to the gross redemption yield on long-term gilts in conjunction with a pre-retirement equity enhancement, consistent with market conditions at the time of the valuation.

The principal assumptions applied in the 1998 valuation were, therefore, as follows :

Rate of investment return before retirement	
Future service	7% p.a.
Past service	6.5% p.a.
Rate of investment return after retirement	6% p.a.
Rate of future earnings inflation	5% p.a.
Rate of pension increases	3% p.a.

At the date of the 1998 valuation, the market value of the assets of the scheme was £137 million, and the actuarial valuation of the assets covered 138% of the benefits that had accrued to the members after allowing for expected future increases in earnings. The excess is being eliminated over the next 15 years, this being the estimated average remaining service lives of the Scheme's current active members, by means of a reduction in the level of employer contributions to the Scheme. The next valuation will be carried out no later than 31 March 2001.

In addition to the UK scheme outlined above pension benefits are provided on a defined contribution basis in Australia and North America, on a defined benefit basis in Germany and Ireland, and via government schemes in France, Italy and Denmark. The cost of these benefits in each international operating company is not material in the context of the Group results.

7 Taxation	**2000**	1999
Taxation on the profit of the Group	**£m**	£m
United Kingdom corporation tax at 30% (1999: 31%)	**27.3**	31.2
United Kingdom deferred taxation	**(0.1)**	(0.9)
	27.2	30.3
Overseas taxation – current	**6.0**	5.0
Overseas taxation – deferred	**0.2**	0.7
	33.4	36.0

The tax is reconciled to a notional 30% (1999: 31%) of profit before tax and goodwill amortisation as follows:

Expected charge	**34.6**	34.8
Overseas tax rates	**2.2**	1.4
Goodwill tax deduction	**(4.2)**	-
(Utilisation) creation of tax losses	**(0.4)**	2.0
Other	**1.2**	(2.2)
	33.4	36.0

8 Profit for the financial year

	2000 £m	1999 £m
Dealt with in the accounts of the Company	45.8	42.4
Retained by subsidiaries	28.1	34.0
	73.9	76.4

9 Dividends

Profit and loss account

Interim dividend paid – 3.70p (1999 3.25p)	16.0	13.9
Final dividend proposed – 8.30p (1999 7.25p)	35.9	31.2
	51.9	45.1

Cash flow statement

Final dividend for the year ended 31 March 1999	31.2	25.1
Interim dividend for the year ended 31 March 2000	16.0	13.9
	47.2	39.0

10 Earnings per share

Profit on ordinary activities after taxation	73.9	76.4
Amortisation of goodwill	8.0	-
Profit on ordinary activities after taxation and before amortisation of goodwill	81.9	76.4

Weighted average number of shares	431,387,581	429,351,286
Dilutive effect of share options	2,643,399	2,557,684
Diluted weighted average number of shares	434,030,980	431,908,970

Basic earnings per share		
Before amortisation of goodwill	19.0p	17.8p
After amortisation of goodwill	17.1p	17.8p
Diluted earnings per share		
Before amortisation of goodwill	18.9p	17.7p
After amortisation of goodwill	17.0p	17.7p

11 Intangible fixed assets

	GROUP Goodwill £m
Cost:	
At 1 April 1999	-
Additions	214.8
Translation differences	(1.1)
At 31 March 2000	**213.7**
Amortisation:	
At 1 April 1999	-
Charged in the year	8.0
At 31 March 2000	**8.0**
Net book value:	
At 31 March 2000	**205.7**
At 31 March 1999	-

12 Tangible fixed assets

	GROUP Land and buildings	Plant and machinery	Total	COMPANY Land and buildings	Plant and machinery	Total
Cost:	£m	£m	£m	£m	£m	£m
At 1 April 1999	78.9	120.7	199.6	31.5	12.4	43.9
Acquisitions	0.6	4.4	5.0	-	-	-
Additions	3.1	13.8	16.9	2.8	1.0	3.8
Disposals	(1.2)	(4.5)	(5.7)	-	(1.0)	(1.0)
Translation differences	(1.2)	(1.6)	(2.8)	-	-	-
At 31 March 2000	**80.2**	**132.8**	**213.0**	**34.3**	**12.4**	**46.7**
Depreciation:						
At 1 April 1999	11.2	58.7	69.9	1.5	3.6	5.1
Charged in the year	1.8	18.0	19.8	0.4	1.2	1.6
Acquisitions	0.2	2.0	2.2	-	-	-
Disposals	(0.1)	(4.3)	(4.4)	-	(0.9)	(0.9)
Translation differences	(0.3)	(1.1)	(1.4)	-	-	-
At 31 March 2000	**12.8**	**73.3**	**86.1**	**1.9**	**3.9**	**5.8**
Net book value:						
At 31 March 2000	**67.4**	**59.5**	**126.9**	**32.4**	**8.5**	**40.9**
At 31 March 1999	67.7	62.0	129.7	30.0	8.8	38.8

12 Tangible fixed assets continued

	GROUP		COMPANY	
	2000	1999	**2000**	1999
Net book value of land and buildings	**£m**	£m	**£m**	£m
Freehold land	**10.3**	10.4	**8.8**	8.8
Freehold buildings	**50.9**	46.6	**23.6**	16.4
Freehold buildings under construction	**-**	4.8	**-**	4.8
Long leasehold	**5.4**	5.4	**-**	-
Short leasehold	**0.8**	0.5	**-**	-
	67.4	67.7	**32.4**	30.0

Net book value of plant and machinery				
Plant and machinery	**39.0**	41.2	**7.5**	8.4
Computer systems	**14.2**	11.7	**0.3**	0.1
Other office equipment	**2.8**	5.6	**0.3**	-
Motor vehicles	**3.5**	3.5	**0.4**	0.3
	59.5	62.0	**8.5**	8.8

All categories of tangible fixed assets are depreciated except for freehold land and freehold buildings under construction.

13 Capital commitments

Contracted capital expenditure at 31 March, for which no provision has been made in these accounts	**0.4**	1.5	**0.2**	1.0

14 Investments

Subsidiary undertakings	**-**	-	**388.4**	148.2
Associated undertakings	**0.2**	0.3	**-**	-
	0.2	0.3	**388.4**	148.2

15 Subsidiary undertakings

	Shares	Loans	Total
Cost:	£m	£m	£m
At 1 April 1999	56.1	127.1	183.2
Additions	-	233.3	233.3
Disposals	(2.0)	-	(2.0)
At 31 March 2000	**54.1**	**360.4**	**414.5**
Provisions:			
At 1 April 1999	19.5	15.5	35.0
Released	(8.8)	(0.1)	(8.9)
At 31 March 2000	**10.7**	**15.4**	**26.1**
Net book value:			
At 31 March 2000	**43.4**	**345.0**	**388.4**
At 31 March 1999	36.6	111.6	148.2

The disposal during the year was of 100% of the share capital of Amidata SA, which was transferred to a Group holding company on 31 March 2000 as part of a reorganisation of the Group's internal structure.

16 Own shares	Cost £m	Accumulated amortisation £m	Net £m
At 1 April 1999	0.3	(0.3)	-
Additions	1.2	-	1.2
Disposals	(0.1)	0.1	-
Charge for the year	-	(1.2)	(1.2)
At 31 March 2000	**1.4**	**(1.4)**	**-**

In June 1995 a discretionary employee benefit trust, the Electrocomponents Employee Trust ("EET") was established by the Company to facilitate the operation of the Long-term Incentive Plan.

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 180,000 ordinary shares in the Company were purchased by the trustees at a cost of £1,221,206. 17,639 ordinary shares were transferred to Mr Lawson on 14 September 1999 and during the year 23,005 ordinary shares were transferred to other beneficiaries.

At 31 March 2000, a total of 225,676 (1999 86,320) 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 2000 was £1,435,299.

17 Principal subsidiary undertakings and associated undertakings

	Principal location	Country of incorporation
Mail order of electronic, electrical and mechanical products		
RS Components Pty Limited*	Sydney	Australia
RS Components GesMBH*	Gmünd	Austria
Allied Electronics (Canada) Inc.*	Ottawa	Canada
RS Componentes Electrónicos Limitada	Santiago	Chile
RS Components A/S*	Copenhagen	Denmark
Radiospares Composants SNC*	Beauvais	France
RS Components GmbH*	Frankfurt	Germany
RS Components Limited*	Kowloon	Hong Kong
RS Components & Controls (India) Ltd#	New Delhi	India
RS Components SpA*	Milan	Italy
RS Components KK*	Yokohama	Japan
RS Components Sdn Bhd*	Kuala Lumpar	Malaysia
RS Components BV*	Haarlem	Netherlands
RS Components Limited*	Auckland	New Zealand
Radionics Limited*	Dublin	Republic of Ireland
RS Components Pte Limited*	Singapore	Singapore
Amidata SA*	Madrid	Spain
RS Components AB*	Vällingby	Sweden
RS Components Limited	Corby	United Kingdom
Allied Electronics Inc.*	Fort Worth, TX	United States of America
Distribution of retail electrical products and accessories		
Pact International Limited	Peterborough	United Kingdom
Holding and Management Companies		
Electrocomponents France SARL*	Beauvais	France
Electrocomponents UK Limited	Oxford	United Kingdom
RS Components Holdings Limited*	Oxford	United Kingdom
Electrocomponents Inc.*	Laytonsville, MD	United States of America
Electrocomponents (US) Inc.*	Laytonsville, MD	United States of America

Except as stated below 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 160 countries and operates branch offices in Japan, South Africa, Taiwan and the Philippines. 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 Rs18m 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 the distribution network are provided by Controls & Switchgear. During the year ended 31 March 2000 the Group made sales of £0.4m (1999 £0.3m) to RSCC and supplied catalogues at a cost to RSCC of £0.1m (1999 £0.1m). RSCC is treated in the accounts as an associated undertaking.

A full list of subsidiary companies will be included with the Annual Return.

18 Acquisition of Allied Electronics Inc.

	Note	Book value at acquisition £m	Fair value adjustments £m	Final fair value £m
Tangible fixed assets		2.8	-	2.8
Stocks		17.8	(0.9)	16.9
Debtors		12.9	-	12.9
Creditors: amounts falling due within one year		(5.8)	-	(5.8)
Fair value of net assets acquired		27.7	(0.9)	26.8
Goodwill acquired	11			214.8
Cash consideration for subsidiary undertakings				241.6

Allied Electronics Inc. was acquired on 2 July 1999.

The fair value adjustment represents an increase in the stock provision under the Group's policy of provisioning and valuing stocks.

The following table gives the results of Allied since its acquisition:

	£m
Turnover	84.6
Cost of sales	(52.4)
Gross profit	32.2
Distribution and marketing expenses	(18.4)
Operating profit	13.8

Of distribution and marketing expenses £1.4m has been classified as Groupwide process costs.

The following table gives the cash flows of Allied since its acquisition:

	£m
Net cash inflow from operating activities	12.4
Returns on investments and servicing of finance	(0.6)
Taxation	(0.3)
Capital expenditure and financial investment	(0.7)
Free cash flow	10.8
Management of liquid resources	(9.8)
Increase in cash in the year	1.0

19 Stocks	GROUP		COMPANY	
	2000	1999	**2000**	1999
	£m	£m	**£m**	£m
Raw materials and consumables	**5.0**	4.8	-	-
Work in progress	**3.6**	2.9	-	-
Finished goods and goods for resale	**156.1**	121.8	-	-
	164.7	129.5	-	-

20 Debtors				
Trade debtors	**141.5**	120.2	-	-
Amounts owed by subsidiary undertakings	-	-	**12.9**	8.8
Amounts owed by associated undertakings	**0.4**	0.3	-	-
Other debtors	**3.2**	6.1	**0.6**	0.8
Corporation tax	**0.3**	0.1	-	-
Prepaid catalogue expenses	**11.2**	12.3	-	-
Other prepayments and accrued income	**6.3**	5.0	**0.1**	1.4
Amounts falling due within one year	**162.9**	144.0	**13.6**	11.0
Other debtors falling due after more than one year:				
Corporation tax	**0.2**	0.4	-	-
Other debtors	**0.8**	0.7	**0.1**	0.2
	163.9	145.1	**13.7**	11.2

21 Investments – current assets				
Government securities, listed	-	0.1	-	-
Bank deposits	**24.1**	91.1	**14.7**	91.0
	24.1	91.2	**14.7**	91.0

22 Creditors: amounts falling due within one year

	GROUP		COMPANY	
	2000	1999	2000	1999
	£m	£m	£m	£m
Bank overdrafts (unsecured)	8.2	0.1	75.8	47.0
Current instalments of loans (see note 24)	25.4	3.6	9.6	-
Trade creditors	80.6	62.1	-	-
Amounts owed to subsidiary undertakings	-	-	10.9	4.7
Corporation tax	22.5	26.6	-	3.5
Other taxation and social security	7.6	9.6	0.1	0.1
Other creditors	9.3	8.3	-	0.1
Government grants	0.1	0.1	-	-
Accruals and deferred income	17.1	15.6	2.1	1.5
Proposed dividend	35.9	31.2	35.9	31.2
	206.7	157.2	134.4	88.1

23 Creditors: amounts falling due after more than one year

Loans repayable after more than one year (see note 24)	103.5	0.2	103.3	-
Corporation tax	0.1	0.2	-	-
Other creditors	3.3	3.0	1.2	0.9
Government grants	3.0	3.1	-	-
	109.9	6.5	104.5	0.9

24 Loans

Euro bank loans	0.7	1.2	-	-
Japanese Yen bank loans	15.3	2.6	-	-
Sterling bank loans	9.6	-	9.6	-
US Dollar bank loans	103.3	-	103.3	-
	128.9	3.8	112.9	-
Amounts falling due within one year	(25.4)	(3.6)	(9.6)	-
	103.5	0.2	103.3	-
Loans repayable between one and two years	0.1	0.1	-	-
Loans repayable between two and five years	103.4	0.1	103.3	-
	103.5	0.2	103.3	-

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

25 Financial risk management

For the purpose of these disclosures the Group has taken advantage of the exemption from including short term debtors and creditors in its financial assets and liabilities. Further information on Treasury and financial management is included in the Financial Review on pages 21 and 22.

(a) Interest rate risk:

The interest rate profile of the Group's financial assets and financial liabilities at 31 March is set out below:

	2000			1999		
Financial assets	Floating rate financial assets £m	Financial assets on which no interest is payable £m	Total £m	Floating rate financial assets £m	Financial assets on which no interest is payable £m	Total £m
Euro	15.3	0.1	15.4	7.9	0.1	8.0
Sterling	3.2	0.1	3.3	112.1	0.2	112.3
US Dollars	20.3	-	20.3	-	-	-
Other	2.5	0.6	3.1	4.5	0.4	4.9
Total financial assets	41.3	0.8	42.1	124.5	0.7	125.2

	2000	1999
At 31 March the financial assets of the Group comprised:		
Debtors due after more than one year	0.8	0.7
Investments – current assets	24.1	91.2
Cash at bank and at hand	17.2	33.3
	42.1	125.2

Floating rate financial assets comprise bank deposits, bearing interest at rates fixed in advance for periods ranging from overnight to 12 months by reference to the relevant inter-bank rate, plus current account cash balances, typically bearing nominal rates of interest.

	2000			1999		
Financial liabilities	Fixed rate financial liabilities £m	Floating rate financial liabilities £m	Total £m	Fixed rate financial liabilities £m	Floating rate financial liabilities £m	Total £m
Euro	0.2	1.5	1.7	0.5	0.8	1.3
Japanese Yen	-	15.3	15.3	-	2.6	2.6
Sterling	-	9.6	9.6	-	-	-
US Dollars	-	110.3	110.3	-	-	-
Other	-	0.2	0.2	-	-	-
Total financial liabilities	0.2	136.9	137.1	0.5	3.4	3.9

	2000	1999
At 31 March the financial liabilities of the Group comprised:		
Bank overdrafts repayable on demand (unsecured)	8.2	0.1
Current instalments of loans (see note 24)	25.4	3.6
Loans repayable between 1 and 2 years (see note 24)	0.1	0.1
Loans repayable between 2 and 5 years (see note 24)	103.4	0.1
	137.1	3.9

The weighted average interest rate of the fixed-rate financial liabilities was 3.75% (1999 3.72%). The weighted average period to maturity for which the rates are fixed is 790 days (1999 1,151 days). The floating rate financial liabilities comprise bank borrowings, bearing interest at rates fixed in advance for periods ranging from overnight to 12 months by reference to the relevant inter-bank rate, plus overdraft balances.

(b) Borrowing facilities

As at 31 March 2000 the Group had a £218.8m committed borrowing facility denominated in US Dollars, of which £115.5m was undrawn (1999 no committed facilities). Of the undrawn amount £31.3m will expire in less than one year and £84.2m between two and five years.

(c) Fair values of financial assets and financial liabilities

It is considered that the fair value of all the Group's financial assets and liabilities approximates to their carrying value because of the short term nature of these amounts.

25 Financial risk management continued

(d) Group hedging

The Group hedges a significant percentage of the foreign currency exposure arising from its trading activities over the course of the next 12 months, through the use of forward foreign exchange contracts.

The Company provides foreign currency inter company loans to a number of its subsidiaries. The foreign currency asset in the parent company is hedged in full using currency swaps. This has the effect on a Group basis of converting an inter company loan into a partial hedge against net foreign currency assets in the relevant currency.

The following table shows the nominal Sterling amount of the forward foreign exchange contracts in place at 31 March 2000 valued at the forward contracted rates and at the year-end rates. The difference between the two is the unrecognised gain or loss. The hedges have no book value.

	2000			1999		
Forward foreign exchange contracts	**Hedging trading flows £m**	**Hedging inter company debt £m**	**Total £m**	Hedging trading flows £m	Hedging inter company debt £m	Total (restated) £m
Notional principal amounts valued at the contracted rates:						
to sell Sterling and buy foreign currency	**(4.7)**	**-**	**(4.7)**	(6.6)	-	(6.6)
to buy Sterling and sell foreign currency	**37.7**	**5.7**	**43.4**	19.7	11.5	31.2
Total net amount:	**33.0**	**5.7**	**38.7**	13.1	11.5	24.6
Unrecognised gains and losses compared to year-end rates:						
gains			**1.7**			1.0
losses			**(0.1)**			(0.2)
Total net unrecognised gains			**1.6**			0.8
Fair value at 31 March 2000*			**37.1**			23.8

*Fair value is calculated as the total net amount to buy sterling and sell foreign currency valued at year-end rates.

Gains and losses on hedges	Gains £m	Losses £m	Total net gains (losses) £m
Unrecognised gains and losses at 1 April 1999	1.0	(0.2)	0.8
Gains and losses arising in previous years that were recognised in the year ended 31 March 2000	(1.0)	0.2	(0.8)
Gains and losses arising before 1 April 1999 that were not recognised in the year ended 31 March 2000	-	-	-
Gains and losses arising in the year ended 31 March 2000 that were not recognised in the year	1.7	(0.1)	1.6
Unrecognised gains and losses on hedges at 31 March 2000	**1.7**	**(0.1)**	**1.6**

(e) Currency exposures

The table below shows the Group's currency exposures not covered by forward foreign exchange contracts. Currency exposures are considered to be the financial assets and financial liabilities of the Group that are not denominated in the functional currency of the operating companies involved and where currency gains and losses would be recognised in the profit and loss account.

	Net foreign currency monetary liabilities			
	2000		1999	
Functional currency of Group company	**Sterling £m**	**Euro £m**	Sterling £m	Euro £m
Sterling		**-**		1.0
Euro	**-**		2.9	
Danish Kroner	**-**	**-**	0.7	-
Hong Kong Dollar	**-**	**-**	0.7	-
Other	**-**	**-**	1.2	-
Total	**-**	**-**	5.5	1.0

26 Provisions for liabilities and charges

	GROUP Reorganisation £m	Deferred taxation £m	Total £m	COMPANY Deferred taxation £m
At 1 April 1999	1.1	11.0	12.1	2.1
Profit and loss account	-	0.1	0.1	(0.2)
Utilised in the year	(0.4)	-	(0.4)	-
Translation differences	-	(0.2)	(0.2)	-
At 31 March 2000	**0.7**	**10.9**	**11.6**	**1.9**

Deferred taxation	GROUP **2000 £m**	1999 £m	COMPANY **2000 £m**	1999 £m
Amounts provided:				
Accelerated capital allowances	**10.9**	11.4	**2.3**	2.2
Other short term timing differences	**-**	(0.4)	**(0.4)**	(0.1)
	10.9	11.0	**1.9**	2.1
Amounts not provided – rolled over capital gains	**0.5**	0.5	**-**	-

The reorganisation provision relates primarily to amounts payable over the next year on a lease which was taken out on a property occupied by a company which was divested by the Group in the year ended 31 March 1993.

27 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 2000 was £1.4m (1999 £1.5m). 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 £6.0m (1999 £4.9m). The rents payable under these leases are subject to renegotiation at various intervals specified in the leases. The Group pays all insurance, maintenance and repairs of these properties. The minimum annual rentals under the foregoing leases are as follows:

	GROUP **Properties 2000 £m**	1999 £m	**Plant and machinery 2000 £m**	1999 £m	COMPANY **Properties 2000 £m**	1999 £m
Operating leases which expire:						
Within one year	**2.7**	0.4	**0.3**	0.5	**0.6**	0.1
Within two to five years	**4.7**	3.7	**0.8**	1.0	**-**	0.5
After five years	**2.6**	1.4	**-**	-	**-**	-
	10.0	5.5	**1.1**	1.5	**0.6**	0.6

28 Contingent liabilities

At 31 March 2000 the following contingent liabilities existed:

COMPANY

Guarantees in respect of bank facilities available to certain subsidiaries up to a maximum of £31.4m (1999 £14.8m).

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.

29 Share capital

	2000 Number of shares	1999 Number of shares	2000 £m	1999 £m
Ordinary shares of 10p each:				
Authorised	**500,000,000**	500,000,000	**50.0**	50.0
Called-up and fully paid:				
At 1 April 1999	**431,121,925**	428,433,418	**43.1**	42.8
New share capital subscribed	**2,388,520**	2,403,049	**0.2**	0.3
Scrip dividends	-	285,458	-	-
At 31 March 2000	**433,510,445**	431,121,925	**43.3**	43.1

All of the new share capital subscribed in 2000 related to the exercise of share options (see note 30), and included 921,667 shares which were issued to the QUEST to satisfy options granted under the savings-related share option schemes. The shares were issued at market value of £5.9m at the dates of subscription. The QUEST was funded by a voluntary cash payment of £3.5m from the Company and contributions of £2.4m from employees in respect of the exercise of options over 1,054,283 shares. The QUEST is obliged to waive dividends in respect of all shares in the Company it holds.

30 Share option schemes

	Executive option scheme 1988 Scheme	SAYE schemes	Total
Movement in number of outstanding options			
At 1 April 1999	2,960,300	4,577,295	7,537,595
Grants in the year	712,950	885,670	1,598,620
Options exercised	(954,915)	(1,562,463)	(2,517,378)
Options lapsed	(14,100)	(355,009)	(369,109)
At 31 March 2000	**2,704,235**	**3,545,493**	**6,249,728**
Consideration in respect of exercises	£1.8m	£3.4m	£5.2m

	Executive option scheme 1988 Scheme	SAYE schemes
Options granted	1990 to 1999	1994 to 1999
Period of option	2000 to 2009	2000 to 2004
Price per share		
Lowest	92.75p	193.0p
Highest	555.2p	450.0p
Weighted average	388.6p	353.5p

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 Directors on page 30.

The consideration received in respect of the exercise of SAYE options includes £2.4m (1999 £3.1m) received from the QUEST.

31 Reserves

	Share premium account £m	Profit and loss account £m	Total £m
GROUP			
At 1 April 1999	22.7	287.5	310.2
Retained profit for the year	-	22.0	22.0
Translation differences	-	(6.0)	(6.0)
Premium on new share capital subscribed	5.0	-	5.0
Premium on shares issued to the QUEST in respect of the pre-funding arrangement	3.5	(3.5)	-
At 31 March 2000	**31.2**	**300.0**	**331.2**
COMPANY			
At 1 April 1999	22.7	151.8	174.5
Retained loss for the year	-	(6.1)	(6.1)
Translation differences	-	0.2	0.2
Premium on new share capital subscribed	5.0	-	5.0
Premium on shares issued to the QUEST in respect of the pre-funding arrangement	3.5	(3.5)	-
At 31 March 2000	**31.2**	**142.4**	**173.6**

The net cumulative amount of goodwill written off directly to consolidated profit and loss reserves in respect of subsidiaries that form part of the Group's continuing activities at 31 March 2000 is £43.8m (1999 £43.8m). The gross cumulative amount of goodwill is £45.0m (1999 £45.0m).

32 Reconciliations of movements in shareholders' funds

	GROUP		COMPANY	
	2000 £m	1999 £m	**2000 £m**	1999 £m
Profit for the financial year	**73.9**	76.4	**45.8**	42.4
Dividends	**(51.9)**	(45.1)	**(51.9)**	(45.1)
Retained profit (loss) for the year	**22.0**	31.3	**(6.1)**	(2.7)
Translation differences	**(6.0)**	1.7	**0.2**	-
New share capital subscribed (net of QUEST)	**5.2**	2.3	**5.2**	2.3
Scrip dividends	-	1.5	-	1.5
Net addition to equity	**21.2**	36.8	**(0.7)**	1.1
Equity shareholders' funds at 1 April 1999	**353.3**	316.5	**217.6**	216.5
Equity shareholders' funds at 31 March 2000	**374.5**	353.3	**216.9**	217.6

33 Gross cash flows – Group

	2000 £m	1999 £m
Returns on investments and servicing of finance		
Interest received	**3.7**	6.3
Interest paid	**(5.4)**	(0.4)
Net cash (outflow) inflow from returns on investments and servicing of finance	**(1.7)**	5.9
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(16.9)**	(19.6)
Sales of tangible fixed assets	**1.3**	1.3
Purchase of own shares	**(1.2)**	-
Net cash (outflow) for capital expenditure and financial investment	**(16.8)**	(18.3)
Management of liquid resources		
Sales of government securities	**0.1**	1.2
Net increase in bank deposits	**67.1**	(28.3)
Net cash inflow (outflow) from management of liquid resources	**67.2**	(27.1)
Financing		
Issue of ordinary share capital	**5.2**	2.3
New bank loan	**125.6**	3.5
Repayment of loan notes	**(0.3)**	(0.3)
Repayment of bank loans	**-**	(1.9)
Net cash inflow from financing	**130.5**	3.6

34 Analysis of changes in net funds – Group

	At 1 April 1999 £m	Cash flows £m	Other non-cash changes £m	Translation differences £m	**At 31 March 2000 £m**
Cash at bank and in hand	33.3	(16.1)	-	-	**17.2**
Overdrafts	(0.1)	(8.1)	-	-	**(8.2)**
		(24.2)			
Current instalments of loans	(3.6)	(20.5)	(0.1)	(1.2)	**(25.4)**
Loans repayable after more than one year	(0.2)	(104.8)	0.1	1.4	**(103.5)**
		(125.3)			
Current asset investments	91.2	(67.2)	-	0.1	**24.1**
	120.6	(216.7)	-	0.3	**(95.8)**

35 Principal exchange rates

	2000 Average	2000 Closing	1999 Average	1999 Closing
Australian Dollar	**2.51**	**2.63**	2.67	2.56
Deutschmark	**3.07**	**3.26**	2.90	2.92
French Franc	**10.29**	**10.94**	9.71	9.80
Italian Lire	**3036**	**3228**	2863	2893
Japanese Yen	**178**	**164**	213	191
US Dollar	**1.61**	**1.60**		

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Stockbrokers
UBS Warburg
1 Finsbury Avenue
London EC2M 2PP

FINANCIAL CALENDAR

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 late May.
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 July

2000 final dividend

Ex-dividend date	26 June
Record date	30 June
Annual General Meeting	21 July
Dividend paid	25 July

Year ended 31 March	2000 £m	1999 £m	1998 £m	1997 £m	1996 £m
Turnover					
RS/Allied	**711.2**	621.2	614.3	571.8	525.0
Pact	**50.2**	55.9	48.1	39.5	39.8
Group	**761.4**	677.1	662.4	611.3	564.8
Operating profit					
RS/Allied (including Groupwide process costs)	**118.3**	103.2	110.0	108.3	95.6
Pact	**0.5**	2.8	2.4	1.0	0.9
Operating profit – before amortisation of goodwill	**118.8**	106.0	112.4	109.3	96.5
Amortisation of goodwill	**(8.0)**	-	-	-	-
Non-operating exceptional items	-	-	-	-	0.3
Net interest (payable) receivable	**(3.5)**	6.4	5.8	3.1	2.4
Profit before taxation	**107.3**	112.4	118.2	112.4	99.2
Profit before taxation and amortisation of goodwill	**115.3**	112.4	118.2	112.4	99.2
Taxation	**(33.4)**	(36.0)	(37.3)	(37.0)	(32.4)
Profit after taxation	**73.9**	76.4	80.9	75.4	66.8
Minority equity interests	-	-	(0.3)	(0.1)	(0.1)
Group profit for the year	**73.9**	76.4	80.6	75.3	66.7
Dividends	**(51.9)**	(45.1)	(38.6)	(33.0)	(28.1)
Retained profit	**22.0**	31.3	42.0	42.3	38.6
Goodwill	**205.7**	-	-	-	-
Net (debt) funds	**(95.8)**	120.6	87.9	84.5	41.2
Other net assets	**264.6**	232.7	228.6	199.4	208.1
Net assets employed	**374.5**	353.3	316.5	283.9	249.3
Number of shares in issue (million)					
Weighted average	**431.4**	429.4	427.0	425.1	422.4
Year end	**433.5**	431.1	428.4	426.1	423.8
Dividends per share	**12.0p**	10.5p	9.0p	7.7p	6.6p
Earnings per share (before amortisation of goodwill)					
FRS3 basis	**19.0p**	17.8p	18.9p	17.7p	15.8p
Adjusted	**19.0p**	17.8p	18.9p	17.7p	15.6p
Pre-tax return on net assets	**28.7%**	31.8%	37.3%	39.6%	39.8%
Average number of employees	**4,704**	4,302	4,316	3,754	3,440
Share price at 31 March	**636.0p**	465.0p	527.5p	400.5p	355.0p
Net asset value per share	**86.4p**	82.0p	73.9p	66.6p	58.8p

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.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Electrocomponents plc will be held at the Company's premises, The International Management Centre, 5000 Oxford Business Park South, Oxford, OX4 2BH on Friday 21 July 2000 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 2000.

Declaration of dividend

2 To declare a final dividend on the ordinary shares.

Retiring Directors

3 To re-elect Mr R A Lawson as a Director.

4 To re-elect Mr J L Hewitt as a Director.

5 To re-elect Mr N J Temple as a Director.

6 To elect Mr K Hamill as a Director.

Auditors' appointment and remuneration

7 To reappoint 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:

ORDINARY RESOLUTION

8 THAT the maximum number of Directors specified in Article 82.1 of the Article of Association be and it is hereby increased from ten to twelve.

SPECIAL RESOLUTION

Renewal of Directors' authority to purchase own shares

9 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 21,675,977;

(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 five 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 a 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
Company Secretary
31 May 2000

Registered Office: International Management Centre, 5000 Oxford Business Park South, Oxford, OX4 2BH Registered Number: 647788

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, IRG plc, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4BR not less than 48 hours before the time fixed for the Meeting.

Notes

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Design and production Blaze Business to Business Northants

PERSONAL ACHIEVEMENT

Award 2000

Jean-Michel Schille

How much can we achieve? Just ask Jean-Michel Schille

Despite having three children to support and a full-time job in the Carriers Monitoring department at Radiospares Beauvais, Jean-Michel Schille still manages to find seventeen hours each week for sports training. His dedication has paid off, with a string of successes including, most recently, World Triathlon Champion 1999. No small achievement for someone who's been physically handicapped since he was two years old.

This year, we are recognising Jean-Michel's achievements because his play-to-win attitude perfectly illustrates the drive and enthusiasm that makes our people around the world such a formidable team.

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