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Report of the Directors

The Directors present their report on the affairs of the Group together with the audited accounts for the year ended 31 March 2001.

Principal activity

The principal activity of the Group is the distribution of electronic, electrical and industrial supplies and services to industrial and commercial customers, through its 26 Operations and Distribution channels. Significant events during the year are detailed in the reports of the Chairman, the Group Chief Executive, the Chief Operating Officer, the Chief Process Officer and the Financial Review on pages 16 to 27.

Results and dividends

Results for the year are set out in the profit and loss account on page 40 and an analysis of turnover, profit and net assets by activity is shown in note 2 on pages 45 and 46. The Directors recommend a final dividend of 9.55p per ordinary share, to be paid, if approved, on 25 July 2001 which, together with the interim dividend of 4.25p per share paid in January, amounts to 13.8p for the year (2000 12.0p).

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 14 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, who is independent, four executive Directors and six independent Non-Executive Directors. Biographical details of the Directors at the date of this report are set out on pages 28 and 29 together with details of their membership of Board Committees.

Directors' interests in the shares of the Company are shown on pages 34 to 36.

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.

Retirement by rotation: Mr Cotterill and Mr Winterbottom 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. Neither Mr Cotterill nor Mr Winterbottom has a service contract.

The terms of Mr Cotterill's appointment as Non-Executive Chairman are set out in a letter of appointment which expires on 7 November 2001.

Dr Atkinson and Mr Barker were appointed to the Board as Non-Executive Directors of the Company on 21 July 2000. Mr Butler and Mr Mason were appointed to the Board as Executive Directors of the Company on 21 July 2000.

In accordance with the Company's Articles of Association, Dr Atkinson, Mr Barker, Mr Butler and Mr Mason retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for election. Dr Atkinson and Mr Barker do not have service contracts. Mr Butler and Mr Mason each has a one-year rolling service contract.

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 30. The Committee meets at least monthly and manages the day to day activities of the Group.

THE AUDIT COMMITTEE consists of five 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 Group Chief Executive, Group Finance Director, 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 and Group Executive Committee Members. Details of the remuneration policy for Directors and of the remuneration of each Director are set out on pages 33 to 36.

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 as a whole. 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 a leading firm 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 objective of that policy is to offer remuneration 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 incentive. At "on-target" performance level, the fixed element of basic salary is planned 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. The Long-Term Incentive Plan is a key part of the variable elements and the movement of the share price has a significant impact upon these targets. However, the annual bonus and long-term incentive plans are capped to ensure that total rewards are not excessive.

Executive Directors 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 comparable information for similar job functions in UK industrial service companies and other companies of a similar size. Allowance is made for experience, performance and competitive pressure and regard is also taken of salary levels throughout the Group.

Annual bonus: The annual bonus is paid in cash and does not exceed 50% of salary. The Remuneration Committee 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 ended 31 March 2001 was based upon growth in profit and return on net assets achieved by the Group.

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 2000, 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 76th and 125th* 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 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.

Report of the Directors continued

Directors' remuneration	SALARY 2001 £	SALARY 2000 £	BENEFITS 2001 £	BENEFITS 2000 £	BONUS 2001 £	BONUS 2000 £	TOTAL 2001 £	TOTAL 2000 £
Emoluments of the Chairman								
R C G Cotterill	**120,000**	118,333	**15,328**	14,398	**–**	–	**135,328**	132,731
Emoluments of Executive Directors								
R B Butler[a]	**152,581**	–	**9,554**	–	**23,804**	–	**185,939**	–
J L Hewitt	**329,077**	277,648	**15,735**	13,096	**32,460**	50,000	**377,272**	340,744
R A Lawson	**434,167**	368,333	**15,812**	8,449	**47,608**	74,000	**497,587**	450,782
I Mason[a]	**176,704**	–	**13,821**	–	**25,968**	–	**216,493**	–
Totals	**1,212,529**	764,314	**70,250**	35,943	**129,840**	124,000	**1,412,619**	924,257
Fees of Non-Executive Directors								
R E Artus[b]							**–**	10,083
L Atkinson[b, c]							**19,700**	–
T G Barker[c]							**19,500**	–
K Hamill[d]							**28,000**	19,280
R Horrocks[e]							**–**	9,091
F D Lennertz							**36,000**	35,750
N J Temple							**28,000**	27,750
D S Winterbottom[f]							**31,000**	30,750
Totals							**1,574,819**	1,056,961

Notes:

a Mr Butler and Mr Mason were appointed to the Board on 21 July 2000. Their salary and benefits are for the period from 21 July 2000 to 31 March 2001 whilst their bonus is for the year ended 31 March 2001.

b The above figures include fees at the rate of £3,000 per annum paid in respect of the chairmanship of the Remuneration Committee which was held by Mr Artus until his death on 17 July 1999 and by Dr Atkinson from 7 February 2001. Mr Cotterill assumed responsibility for the intervening period but received no additional fee.

c Dr Atkinson and Mr Barker were appointed to the Board on 21 July 2000. Their fees are for the period from 21 July 2000 to 31 March 2001.

d Mr Hamill was appointed to the Board on 23 July 1999. His fee for 2000 is for the period from 23 July 1999 to 31 March 2000.

e Mr Horrocks retired from the Board on 23 July 1999. His fee for 2000 is for the period from 1 April 1999 to 23 July 1999.

f Mr Winterbottom, as Chairman of the Audit Committee receives an additional fee of £3,000 per annum.

Directors' interests in the Long-term incentive plan	DATE OF GRANT	SHARES
R B Butler	30 June 1998	31,806
	30 June 1999	35,641
	30 June 2000	30,835
J L Hewitt	30 June 1998	45,144
	30 June 1999	50,916
	30 June 2000	43,169
R A Lawson	30 June 1998	71,821
	30 June 1999	75,356
	30 June 2000	67,838
I Mason	30 June 1998	24,624
	30 June 1999	30,549
	30 June 2000	29,293

Awards granted to Mr Hewitt and Mr Lawson on 30 June 1997 vested, in accordance with the performance criteria, on 13 July 2000. Mr Hewitt received 31,941 shares out of an original award of 44,179 shares. The shares were acquired for nil consideration and their value on 13 July 2000 was 690.0p per share. Of the 31,941 shares, 12,777 shares were sold on 13 July 2000 at a price of 690.0p to meet the income tax liability. Mr Lawson received 51,106 shares out of an original award of 70,686 shares. The shares were acquired for nil consideration and their value on 13 July 2000 was 690.0p per share. Of the 51,106 shares, 20,443 shares were sold on 13 July 2000 at a price of 690.0p to meet the income tax liability.

The numbers of shares shown in the above table of outstanding awards were established using the closing mid-market prices for the relevant dates of grant, namely 487.3p (1998 grant), 491.0p (1999 grant) and 648.6p (2000 grant).

Directors' interests in share options	SCHEME	DATE OF GRANT	SHARES	OPTION PRICE
R B Butler	1988 Executive Share Option Scheme	28 July 1995	49,500	306.1p
	Savings Related Share Option Scheme	10 July 1998	1,300	450.0p
		7 July 2000	732	529.0p
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
I Mason	1988 Executive Share Option Scheme	28 July 1995	50,500	306.1p
	Savings Related Share Option Scheme	7 July 2000	3,189	529.0p

No options under the 1988 Executive Share Option Scheme were granted, exercised or lapsed during the period.

On 8 September 2000, Mr Butler exercised options under the Savings Related Share Option Scheme over 1,137 shares at an option price of 343.0p. On 8 September 2000, Mr Mason exercised options under the Savings Related Share Option Scheme over 7,157 shares at an option price of 241.0p. The closing mid market price of shares on 8 September 2000 was 797.0p.

Further details of the period during which Executive Share Options are normally exercisable can be found on page 58 of the accounts.

The closing mid market price of the shares on 31 March 2001 was 548p and the range during the year ended on 31 March 2001 was 542p to 830p.

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", arrangements may be agreed with individuals to compensate them for the reduction in benefits. Such an arrangement has been established for Mr Lawson on an unfunded basis. The Committee decided that, in future, only funded benefits should be provided in these circumstances. Consequently, a funded arrangement has been established for Mr Hewitt.

Mr Hewitt has also elected to receive a salary supplement in lieu of part of his unapproved pension entitlement, Mr Mason has elected to receive a salary supplement in lieu of all of his unapproved pension entitlement. Salary Supplements for both Messrs Hewitt and Mason are included in the amounts shown on page 34. Mr Butler's pension entitlement is met from the Electrocomponents Group Pension Scheme in full.

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 will be applied to pension benefits accrued to date 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[a]	ADDITIONAL PENSION ACCRUED IN YEAR[b] (£PA)	ACCRUED PENSION 31/3/01[b] (£PA)	CONTRIBUTIONS BY DIRECTORS TO 31/3/01 £
R B Butler[d]	41	13.6	10,216	73,155	8,450
J L Hewitt[c, f]	53	4.3	1,431	6,630	4,590
R A Lawson[e]	56	13.5	31,564	190,100	13,770
I Mason[d]	39	6.1	961	11,727	3,062

a Pensionable service for Mr Lawson includes credit for transfers received.

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

c Additional contributions of £57,371 were paid into a funded unapproved arrangement for Mr Hewitt (2000 – £45,226).

d Contributions and increase in pension based on 8 months service since becoming a Director.

e Accrued pension for Mr Lawson for the accounting period ended 31 March 2000 was £153,471.

f Accrued pension for Mr Hewitt for the accounting period ended 31 March 2000 was £5,033.

Report of the Directors continued

Service contracts: Mr Lawson joined the Company on a three year rolling contract which was subsequently reduced to a two year rolling contract. In light of past performance, length of service and the Group's policy and practice to apply mitigation in the case of severance, two years' notice is deemed appropriate for Mr Lawson. Mr Butler, Mr Hewitt, Mr Mason 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 2001	1 APRIL 2000 OR DATE OF APPOINTMENT
L Atkinson[a]	**2,260**	2,260
T G Barker[a]	**7,000**	–
R B Butler[a]	**1,137**	–
R C G Cotterill	**22,426**	22,421
K Hamill	**1,883**	1,883
J L Hewitt	**19,926**	762
R A Lawson	**306,860**	276,197
F D Lennertz	**6,530**	6,530
I Mason[a]	**7,157**	–
N J Temple	**7,040**	10,740
D S Winterbottom	**3,108**	3,108

Notes:

a Dr Atkinson, Mr Barker, Mr Butler and Mr Mason all joined the Board on 21 July 2000.

As at 31 March 2001 the Electrocomponents Qualifying Employee Share Ownership Trust (the "QUEST") and the Electrocomponents Employee Trust (the "EET") (together the "Trusts") held 223,693 and 388,022 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 in the Trusts.

Relations with shareholders

Executive 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.

Internal Control: The Combined Code places a requirement on Directors to review at least annually the effectiveness of the Group's system of internal control and to report to shareholders that they have done so.

Following the publication of the "Internal Control Guidance for Directors on the Combined Code", in September 1999 (the Turnbull Guidance), the Directors adopted the Financial Services Authority's transitional rules and reported on internal financial controls for the accounting period ended on 31 March 2000.

With effect from 1 April 2000, an ongoing process of risk management and internal control in accordance with the Turnbull Committee Guidance on internal control has been implemented. This process has been in place for the full financial year.

The Board is responsible for the effectiveness of the Group's system of internal control. The system of internal control has been designed and implemented to meet the particular requirements of the Group and the risks to which it is exposed. The internal control system can provide reasonable but not absolute assurance against material misstatement or loss.

The processes to identify, assess and manage the risks to the Group's continued success are an integral part of the system of internal control. These processes include systems to assess operational risks, linkage with the Business Planning process, the monthly forecasting procedure, appointment of senior managers and controls over capital expenditure. The ongoing process of enhancing and improving these processes ensures that business risks and opportunities are effectively managed.

The Board formally reviews the risk management processes and priorities 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 38. 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 year forecasts and last year actuals, and variances are 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 control and 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 2001, 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 36 of this report.

Health and safety

A high standard of health and safety management is promoted at all levels within the Group.

The Group's health and safety approach is supported by training programmes at operating companies, by Group Health and Safety Rules and by monitoring and auditing to promote a high level of awareness and commitment.

The Royal Society for Prevention of Accidents awarded RS Components Ltd the RoSPA Occupational Health and Safety Award for the Warehouse and Distribution Industry sector in the UK for its health and safety performance over 2000/2001.

Group environmental policy

The Group's environmental management plan provides a focus for implementing a systematic approach to environmental management.

The primary objectives of the Group's Environmental policy are to reduce any detrimental 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.

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 2001 are given on page 23.

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 continuing operations of the Group outstanding at 31 March 2001 represent 40 days (2000: 44 days) of average purchases.

Report of the Directors continued

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 21 May 2001 the following substantial shareholdings had been notified to the Company:

	NUMBER OF SHARES	PERCENTAGE HELD
Shroder Investment Management Limited	53,906,871	12.41%
Prudential plc	24,154,016	5.56%
CGNU plc	20,659,908	4.76%
Co-operative Insurance Society Limited	14,221,799	3.28%
Zurich Financial Services Group	13,573,163	3.13%

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 58.

Political and charitable contributions
The Group made no political contributions during the year. Charitable contributions amounted to £16,512 (2000: £26,343).

Annual General Meeting
The Annual General Meeting will be held at 12 noon on Friday 20 July 2001 at the International Management Centre, 5000 Oxford Business Park South, Oxford OX4 2BH. The notice of the Annual General Meeting and details of the business to be conducted thereat is being sent to shareholders in a separate circular dated 18 June 2001 enclosed with this Report and Accounts. A brief summary of the matters to be dealt with is set out on page 63.

By order of the Board
Carmelina Carfora
Secretary
30 May 2001

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.

Report of the Auditors

For the year ended 31 March 2001

Auditors' report to the members of Electrocomponents plc

We have audited the financial statements on pages 40 to 60.

Respective responsibilities of Directors and Auditors

The Directors are responsible for preparing the Annual Report. As described on page 38, 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 Listing Rules of 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 pages 36 and 37 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 2001 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

30 May 2001

Consolidated profit and loss account

For the year ended 31 March 2001

	NOTE	2001 £M CONTINUING OPERATIONS	2001 £M DISCONTINUED OPERATIONS	2001 £M TOTAL	2000 £M CONTINUING OPERATIONS	2000 £M DISCONTINUED OPERATIONS	2000 £M TOTAL
Turnover	2	823.9	31.2	855.1	711.2	50.2	761.4
Cost of sales		(419.5)	(24.7)	(444.2)	(352.3)	(40.8)	(393.1)
Gross profit		404.4	6.5	410.9	358.9	9.4	368.3
Distribution and marketing expenses		(260.3)	(6.5)	(266.8)	(230.8)	(8.8)	(239.6)
Administration expenses							
– before amortisation of goodwill		(13.2)	–	(13.2)	(9.8)	(0.1)	(9.9)
– amortisation of goodwill		(11.6)	–	(11.6)	(8.0)	-	(8.0)
		(24.8)	–	(24.8)	(17.8)	(0.1)	(17.9)
Operating profit	2						
– before amortisation of goodwill		130.9	–	130.9	118.3	0.5	118.8
– amortisation of goodwill		(11.6)	–	(11.6)	(8.0)	–	(8.0)
		119.3	–	119.3	110.3	0.5	110.8
Exceptional loss on closure	5	–	(6.9)	(6.9)	-	–	–
Net interest payable	3	(6.8)	–	(6.8)	(3.5)	–	(3.5)
Profit on ordinary activities before taxation	2, 4	112.5	(6.9)	105.6	106.8	0.5	107.3
Profit before taxation, amortisation of goodwill and exceptional loss				124.1			115.3
Taxation on profit on ordinary activities	8			(33.0)			(33.4)
Profit on ordinary activities after taxation	9			72.6			73.9
Dividend	10			(59.8)			(51.9)
Retained profit for the financial year				12.8			22.0
Earnings per share							
Basic	11						
Before amortisation of goodwill and exceptional loss				20.6p			19.0p
After amortisation of goodwill and exceptional loss				16.8p			17.1p
Diluted	11						
Before amortisation of goodwill and exceptional loss				20.5p			18.9p
After amortisation of goodwill and exceptional loss				16.7p			17.0p

Consolidated statement of total recognised gains and losses

For the year ended 31 March 2001

	2001 £M	2000 £M
Profit for the financial year	72.6	73.9
Translation differences	24.4	(6.0)
Total recognised gains and losses relating to the year	97.0	67.9

All profits and losses shown are stated at historical cost.

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

The notes on pages 45 to 60 form part of these accounts.

Balance sheets

As at 31 March 2001

	NOTE	GROUP 2001 £M	2000 £M	COMPANY 2001 £M	2000 £M
Fixed assets					
Intangible fixed assets	12	**219.7**	205.7	**–**	–
Tangible fixed assets	13	**133.3**	126.9	**43.9**	40.9
Investments	15	**0.3**	0.2	**417.5**	388.4
		353.3	332.8	**461.4**	429.3
Current assets					
Stocks	19	**165.3**	164.7	**–**	–
Debtors	20	**168.9**	163.9	**17.1**	13.7
Investments	21	**6.7**	24.1	**0.5**	14.7
Cash at bank and in hand		**10.6**	17.2	**–**	–
		351.5	369.9	**17.6**	28.4
Creditors: amounts falling due within one year	22	**(202.1)**	(206.7)	**(174.0)**	(134.4)
Net current assets		**149.4**	163.2	**(156.4)**	(106.0)
Total assets less current liabilities		**502.7**	496.0	**305.0**	323.3
Creditors: amounts falling due after more than one year	23	**(76.6)**	(109.9)	**(70.6)**	(104.5)
Provisions for liabilities and charges	26	**(9.6)**	(11.6)	**(1.6)**	(1.9)
		416.5	374.5	**232.8**	216.9
Capital and reserves					
Called-up share capital	29	**43.4**	43.3	**43.4**	43.3
Share premium account	31	**34.9**	31.2	**34.9**	31.2
Profit and loss account	31	**338.2**	300.0	**154.5**	142.4
Equity shareholders' funds		**416.5**	374.5	**232.8**	216.9

These accounts were approved by the Board of Directors on 30 May 2001 and signed on its behalf by:
JL Hewitt
Deputy Chairman and Group Finance Director

The notes on pages 45 to 60 form part of these accounts.

J L. Hewitt

Consolidated cash flow statement

For the year ended 31 March 2001

	NOTE	2001 CONTINUING OPERATIONS £M	2001 DISCONTINUED OPERATIONS £M	2001 TOTAL £M	2000 CONTINUING OPERATIONS £M	2000 DISCONTINUED OPERATIONS £M	2000 TOTAL £M
Reconciliation of operating profit to net cash inflow from operating activities							
Operating profit		**119.3**	**–**	**119.3**	110.3	0.5	110.8
Amortisation of goodwill		**11.6**	**–**	**11.6**	8.0	–	8.0
Depreciation and other amortisation		**21.4**	**0.4**	**21.8**	20.2	0.6	20.8
(Increase) decrease in stocks		**(8.6)**	**9.2**	**0.6**	(19.9)	(1.8)	(21.7)
(Increase) decrease in debtors		**(4.5)**	**3.1**	**(1.4)**	(15.7)	2.1	(13.6)
(Decrease) increase in creditors		**(1.2)**	**(7.8)**	**(9.0)**	18.9	(0.1)	18.8
		138.0	**4.9**	**142.9**	121.8	1.3	123.1
Costs in respect of prior year closures		**–**	**(0.7)**	**(0.7)**	–	(0.4)	(0.4)
Net cash inflow from operating activities		**138.0**	**4.2**	**142.2**	121.8	0.9	122.7
CASH FLOW STATEMENT							
Net cash inflow from operating activities		**138.0**	**4.2**	**142.2**	121.8	0.9	122.7
Returns on investments and servicing of finance	33	**(6.7)**	**–**	**(6.7)**	(1.7)	–	(1.7)
Taxation		**(32.6)**	**–**	**(32.6)**	(36.6)	(0.7)	(37.3)
Capital expenditure and financial investment	33	**(24.3)**	**–**	**(24.3)**	(16.6)	(0.2)	(16.8)
Free cash flow		**74.4**	**4.2**	**78.6**	66.9	–	66.9
Acquisitions				**–**			(241.6)
Equity dividends paid	10			**(54.3)**			(47.2)
Cash inflow (outflow) before use of liquid resources and financing				**24.3**			(221.9)
Management of liquid resources	33			**18.2**			67.2
Financing							
Shares	33			**3.8**			5.2
Loans	33			**(46.6)**			125.3
Decrease in cash in the year				**(0.3)**			(24.2)
Reconciliation of net cash flow to movement in net debt							
Decrease in cash				**(0.3)**			(24.2)
Management of liquid resources				**(18.2)**			(67.2)
Financing – loans				**46.6**			(125.3)
Change in net debt relating to cash flows				**28.1**			(216.7)
Translation differences				**(7.8)**			0.3
Decrease (increase) in net debt for the year				**20.3**			(216.4)
Net (debt) funds at 1 April 2000				**(95.8)**			120.6
Net debt at 31 March 2001	34			**(75.5)**			(95.8)

The notes on pages 45 to 60 form part of these accounts.

Principal accounting policies

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 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, Information Systems and e-Commerce 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.

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. In addition to the UK scheme, pension benefits are provided elsewhere in the Group through defined contribution, defined benefits and government schemes.

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.

Principal accounting policies continued

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	20-33%
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 the life of the catalogue, which mainly varies between 6 and 12 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.

Notes to the consolidated accounts

For the year ended 31 March 2001

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.

	2001 £M	2000 £M
Turnover	**855.1**	761.4
Cost of sales	**(444.2)**	(393.1)
Distribution and marketing expenses	**(214.3)**	(190.4)
Contribution – before amortisation of goodwill	**196.6**	177.9
Distribution and marketing expenses	**(52.5)**	(49.2)
Administration expenses – before amortisation of goodwill	**(13.2)**	(9.9)
Groupwide process costs	**(65.7)**	(59.1)
Administration expenses – amortisation of goodwill*	**(11.6)**	(8.0)
Operating profit	**119.3**	110.8

2 Segmental analysis

By class of business

		2001 £M	2000 £M
Turnover:	RS/Allied – continuing operations	**823.9**	711.2
	Pact – discontinued operations	**31.2**	50.2
		855.1	761.4
Operating profit:	RS/Allied – continuing operations	**196.6**	177.4
	Pact – discontinued operations	**–**	0.5
	Contribution – before amortisation of goodwill	**196.6**	177.9
	Groupwide process costs	**(65.7)**	(59.1)
	Amortisation of goodwill*	**(11.6)**	(8.0)
		119.3	110.8
Net assets:	RS/Allied – continuing operations	**341.5**	315.9
	Pact – discontinued operations	**5.9**	18.3
	Net operating assets (excluding goodwill)	**347.4**	334.2
	Net debt	**(75.5)**	(95.8)
	Unallocated net assets	**144.6**	136.1
		416.5	374.5
Unallocated net assets comprise:			
	Intangible fixed assets – goodwill*	**219.7**	205.7
	Corporate tax	**(24.1)**	(22.1)
	Proposed dividend	**(41.4)**	(35.9)
	Provisions for liabilities and charges	**(9.6)**	(11.6)
		144.6	136.1

*Goodwill relates to the aquisition of Allied Electronics (RS/Allied) on 2 July 1999.

Notes to the consolidated accounts continued

For the year ended 31 March 2001

2 Segmental analysis continued

By geographical destination

		2001 £M	2000 £M
Turnover:	United Kingdom	**443.6**	453.3
	Rest of Europe	**209.8**	181.2
	North America	**147.9**	84.5
	Japan	**8.6**	2.8
	Rest of World	**45.2**	39.6
		855.1	761.4

By geographical origin

		2001 TOTAL SALES £M	2001 INTER-SEGMENT SALES £M	2001 TURNOVER £M	2000 TOTAL SALES £M	2000 INTER-SEGMENT SALES £M	2000 TURNOVER £M
Turnover:	United Kingdom	**533.4**	**(76.2)**	**457.2**	521.9	(57.6)	464.3
	Rest of Europe	**205.0**	**(1.4)**	**203.6**	178.2	(0.7)	177.5
	North America	**148.7**	–	**148.7**	84.6	–	84.6
	Japan	**8.6**	–	**8.6**	2.7	–	2.7
	Rest of World	**37.0**	–	**37.0**	32.3	–	32.3
		932.7	**(77.6)**	**855.1**	819.7	(58.3)	761.4

		2001 £M	2000 £M
Operating profit:	United Kingdom	**136.2**	134.8
	Rest of Europe	**38.5**	31.8
	North America	**26.4**	15.2
	Japan	**(6.3)**	(7.0)
	Rest of World	**1.8**	3.1
	Contribution – before amortisation of goodwill	**196.6**	177.9
	Groupwide process costs	**(65.7)**	(59.1)
	Amortisation of goodwill*	**(11.6)**	(8.0)
		119.3	110.8

By geographical location

		2001 £M	2000 £M
Net assets:	United Kingdom	**226.0**	234.0
	Rest of Europe	**54.4**	44.8
	North America	**38.1**	29.1
	Japan	**3.1**	4.1
	Rest of World	**25.8**	22.2
	Net operating assets (excluding goodwill)	**347.4**	334.2
	Net debt	**(75.5)**	(95.8)
	Unallocated net assets	**144.6**	136.1
		416.5	374.5

The United Kingdom segment includes the discontinued operations of Pact. All other segments relate entirely to continuing operations.
*Goodwill relates to the acquisition of Allied Electronics (North America) on 2 July 1999.

3 Net interest payable

	2001 £M	2000 £M
Interest receivable	**0.1**	2.6
Interest payable on loans and overdrafts	**(6.9)**	(6.1)
	(6.8)	(3.5)

4 Profit on ordinary activities before taxation

Profit before taxation is stated after charging (crediting):	2001 £M	2000 £M
Remuneration of the auditors and their associates:		
audit and expenses	**0.5**	0.5
taxation services and advice	**0.6**	0.3
other consultancy services worldwide*	**0.1**	0.1
Depreciation	**20.4**	19.8
Amortisation of goodwill	**11.6**	8.0
Amortisation of own shares	**2.5**	1.2
Amortisation of government grants	**(0.1)**	(0.1)
Operating profit on disposal of plant and machinery	**(0.4)**	(0.1)
Hire of plant and machinery	**1.2**	1.4

The fee in respect of the audit of the Company is £62,000 (2000: £60,000).

*In addition, fees totalling £0.1m have been capitalised. In 2000 fees totalling £0.3m were capitalised as part of goodwill on the acquisition of Allied Electronics.

5 Exceptional loss on closure

On 8 November 2000 the Group announced its intention to dispose of Pact International Ltd. As no suitable purchaser was found the business was wound down for closure from 1 January 2001 and formally ceased trading on 31 March 2001. For the purposes of disclosure the activities since 1 January 2001 have been classified as an exceptional charge and comprise:

Profit and loss	2001 £M
Write down of fixed assets	**(0.7)**
Write down of stocks	**(2.3)**
Write off of goodwill	**(1.0)**
Other closure costs	**(2.9)**
	(6.9)
Taxation on exceptional loss	**1.8**
Exceptional loss after taxation	**(5.1)**

Cash flow	9 months to 31 December 2000 £M	3 months to 31 March 2001 £M	Total 12 months to 31 March 2001 £M
Depreciation	**0.4**	**–**	**0.4**
Stocks	**4.2**	**5.0**	**9.2**
Other working capital	**(3.6)**	**(1.1)**	**(4.7)**
	1.0	**3.9**	**4.9**

6 *Employees*

Numbers employed	2001	2000
The average number of employees during the year was:		
Management and administration	**369**	326
Distribution and marketing	**4,672**	4,378
	5,041	4,704

Of these staff 2,591 were employed in the United Kingdom (2000: 2,588)

Aggregate employment costs	£M	£M
Wages and salaries	**102.1**	90.6
Social security costs	**12.0**	10.7
Pension costs	**5.9**	5.1
	120.0	106.4

Notes to the consolidated accounts continued

For the year ended 31 March 2001

7 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 2001 amounted to £3.2m (2000: £3.2m). The last completed valuation (carried out in 1998) adopted a market related approach to funding and the projected unit credit method. 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 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.
Rate of dividend growth	n/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. A valuation is currently being carried out as at 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 amounting to £0.7m (2000: £0.4m), on a defined benefit basis in Germany and Ireland amounting to £0.4m (2000: £0.3m), and via government schemes in France, Italy and Denmark amounting to £1.1m (2000: £1.0m).

8 Taxation

Taxation on the profit of the Group	2001 £M	2000 £M
United Kingdom corporation tax at 30%	**26.0**	27.3
United Kingdom deferred taxation	**(0.3)**	(0.1)
	25.7	27.2
Overseas taxation – current	**8.4**	6.0
Overseas taxation – deferred	**(1.1)**	0.2
	33.0	33.4
The tax is reconciled to a notional 30% of profit before taxation, amortisation of goodwill and exceptional loss as follows:		
Expected tax charge	**37.2**	34.6
Overseas tax rates	**4.3**	2.2
Goodwill tax deduction	**(5.8)**	(4.2)
Utilisation of tax losses	**(3.4)**	(0.4)
Tax on exceptional item	**(1.8)**	–
Other	**2.5**	1.2
	33.0	33.4

9 Profit for the financial year	2001 £M	2000 £M
Dealt with in the accounts of the Company	**70.8**	45.8
Retained by subsidiaries	**1.8**	28.1
	72.6	73.9

10 Dividends

Profit and loss account	2001 £M	2000 £M
Interim dividend paid – 4.25p (2000: 3.70p)	**18.4**	16.0
Final dividend proposed – 9.55p (2000: 8.30p)	**41.4**	35.9
	59.8	51.9

Cash flow statement	2001 £M	2000 £M
Final dividend for the year ended 31 March 2000	**35.9**	31.2
Interim dividend for the year ended 31 March 2001	**18.4**	16.0
	54.3	47.2

11 Earnings per share

	2001 £M	2000 £M
Profit on ordinary activities after taxation	**72.6**	73.9
Exceptional loss on closure	**6.9**	–
Tax on exceptional loss on closure	**(1.8)**	–
Amortisation of goodwill (excluding tax effect)	**11.6**	8.0
Profit on ordinary activities after taxation and before amortisation of goodwill and exceptional loss	**89.3**	81.9
Weighted average number of shares	**433,142,861**	431,387,581
Dilutive effect of share options	**2,312,220**	2,643,399
Diluted weighted average number of shares	**435,455,081**	434,030,980

	PENCE	PENCE
Basic earnings per share		
Before amortisation of goodwill and exceptional loss	**20.6**	19.0
After amortisation of goodwill and exceptional loss	**16.8**	17.1
Diluted earnings per share		
Before amortisation of goodwill and exceptional loss	**20.5**	18.9
After amortisation of goodwill and exceptional loss	**16.7**	17.0

12 Intangible fixed assets

Cost	GROUP GOODWILL £M
At 1 April 2000	213.7
Translation differences	27.1
At 31 March 2001	**240.8**
Amortisation	
At 1 April 2000	8.0
Charged in the year	11.6
Translation differences	1.5
At 31 March 2001	**21.1**
Net book value	
At 31 March 2001	**219.7**
At 31 March 2000	205.7

Notes to the consolidated accounts continued

For the year ended 31 March 2001

13 Tangible fixed assets Cost	Group Land and buildings £M	Plant and machinery £M	Total £M	Company Land and buildings £M	Plant and machinery £M	Total £M
At 1 April 2000	80.2	132.8	213.0	34.3	12.4	46.7
Additions	4.3	21.7	26.0	3.0	1.3	4.3
Disposals	–	(8.1)	(8.1)	–	(0.2)	(0.2)
Translation differences	0.8	1.2	2.0	–	–	–
At 31 March 2001	**85.3**	**147.6**	**232.9**	**37.3**	**13.5**	**50.8**
Depreciation						
At 1 April 2000	12.8	73.3	86.1	1.9	3.9	5.8
Charged in the year	2.6	17.8	20.4	0.7	0.6	1.3
Disposals	–	(7.7)	(7.7)	–	(0.2)	(0.2)
Translation differences	0.1	0.7	0.8	–	–	–
At 31 March 2001	**15.5**	**84.1**	**99.6**	**2.6**	**4.3**	**6.9**
Net book value						
At 31 March 2001	**69.8**	**63.5**	**133.3**	**34.7**	**9.2**	**43.9**
At 31 March 2000	67.4	59.5	126.9	32.4	8.5	40.9

Net book value of land and buildings	Group 2001 £M	2000 £M	Company 2001 £M	2000 £M
Freehold land	***11.6***	*10.3*	***8.8***	*8.8*
Freehold buildings	**51.6**	50.9	**25.9**	23.6
Long leasehold	**5.8**	5.4	**–**	–
Short leasehold	**0.8**	0.8	**–**	–
	69.8	67.4	**34.7**	32.4
Net book value of plant and machinery				
Plant and machinery	**32.4**	39.0	**4.9**	7.5
Computer systems	**21.0**	14.2	**3.6**	0.3
Other office equipment	**6.7**	2.8	**0.3**	0.3
Motor vehicles	**3.4**	3.5	**0.4**	0.4
	63.5	59.5	**9.2**	8.5

All classes of tangible fixed assets are depreciated except for freehold land.

14 Capital commitments	Group 2001 £M	2000 £M	Company 2001 £M	2000 £M
Contracted capital expenditure at 31 March, for which no provision has been made in these accounts	**12.0**	0.4	**0.1**	0.2

15 Investments	GROUP 2001 £M	2000 £M	COMPANY 2001 £M	2000 £M
Subsidiary undertakings	–	–	**417.5**	388.4
Associated undertakings	**0.3**	0.2	**–**	–
	0.3	0.2	**417.5**	388.4

16 Subsidiary undertakings **Cost:**	SHARES £M	LOANS £M	TOTAL £M
At 1 April 2000	54.1	360.4	414.5
Additions	145.6	–	145.6
Disposals	–	(112.5)	(112.5)
At 31 March 2001	**199.7**	**247.9**	**447.6**
Provisions:			
At 1 April 2000	10.7	15.4	26.1
Provided in the year	4.0	–	4.0
At 31 March 2001	**14.7**	**15.4**	**30.1**
Net book value:			
At 31 March 2001	**185.0**	**232.5**	**417.5**
At 31 March 2000	43.4	345.0	388.4

17 Own shares	COST £M	ACCUMULATED AMORTISATION £M	NET £M
At 1 April 2000	1.4	(1.4)	–
Additions	2.5	–	2.5
Disposals	(1.2)	1.2	–
Charge for the year	–	(2.5)	(2.5)
At 31 March 2001	**2.7**	**(2.7)**	**–**

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 350,000 ordinary shares in the Company were purchased by the trustees at a cost of £2,468,436. On 13 July 2000, 51,106 ordinary shares were transferred to Mr Lawson, 31,941 were transferred to Mr Hewitt and 104,607 to other beneficiaries. At 31 March 2001, a total of 388,022 (2000: 225,676) 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 2001 was £2,126,361.

At 31 March 2001, a total of 223,693 (2000: 867,384) ordinary shares in the Company were also held by the QUEST, all of which were under option to employees as detailed in note 30. The market value of the shares at 31 March 2001 was £1,225,838.

Notes to the consolidated accounts continued

For the year ended 31 March 2001

18 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 Lumpur	Malaysia
RS Components BV*	Haarlem	Netherlands
RS Components Limited*	Auckland	New Zealand
RS Components (Shanghai) Company Ltd*	Shanghai	People's Republic of China
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 Ltd*	Oxford	United Kingdom
Electrocomponents North America, 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 distribution network are provided by Controls & Switchgear. During the year ended 31 March 2001 the Group made sales of £0.5m (2000: £0.4m) to RSCC and supplied catalogues at a cost to RSCC of £0.1m (2000: £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.

19 Stock	GROUP 2001 £M	2000 £M	COMPANY 2001 £M	2000 £M
Raw materials and consumables	**2.6**	5.0	**–**	–
Work in progress	**3.2**	3.6	**–**	–
Finished goods and goods for resale	**159.5**	156.1	**–**	–
	165.3	164.7	**–**	–

20 Debtors	GROUP 2001 £M	2000 £M	COMPANY 2001 £M	2000 £M
Trade debtors	**147.3**	141.5	**–**	–
Amounts owed by subsidiary undertakings	**–**	–	**15.1**	12.9
Amounts owed by associated undertakings	**0.5**	0.4	**–**	–
Other debtors	**4.7**	3.2	**0.5**	0.6
Corporate tax	**0.1**	0.3	**–**	–
Prepaid catalogue expenses	**9.9**	11.2	**–**	–
Other prepayments and accrued income	**4.1**	6.3	**0.2**	0.1
Amounts falling due within one year	**166.6**	162.9	**15.8**	13.6
Other debtors falling due after more than one year:				
Corporate tax on profits	**0.2**	0.2	**–**	–
Prepaid pension costs	**1.3**	–	**1.3**	–
Other debtors	**0.8**	0.8	**–**	0.1
	168.9	163.9	**17.1**	13.7

21 Investments – current assets	GROUP 2001 £M	2000 £M	COMPANY 2001 £M	2000 £M
Bank deposits	**6.7**	24.1	**0.5**	14.7
	6.7	24.1	**0.5**	14.7

22 Creditors: amounts falling due within one year	GROUP 2001 £M	2000 £M	COMPANY 2001 £M	2000 £M
Bank overdrafts (unsecured)	**0.4**	8.2	**107.6**	75.8
Current instalments of loans (see note 24)	**23.4**	25.4	**14.9**	9.6
Trade creditors	**71.8**	80.6	**–**	–
Amounts owed to subsidiary undertakings	**–**	–	**7.6**	10.9
Corporate tax	**24.4**	22.5	**–**	–
Other taxation and social security	**10.0**	7.6	**0.1**	0.1
Other creditors	**8.6**	9.3	**0.5**	–
Government grants	**0.1**	0.1	**–**	–
Accruals and deferred income	**22.0**	17.1	**1.9**	2.1
Proposed dividend	**41.4**	35.9	**41.4**	35.9
	202.1	206.7	**174.0**	134.4

23 Creditors: amounts falling after more than one year	GROUP 2001 £M	2000 £M	COMPANY 2001 £M	2000 £M
Loans repayable after more than one year (see note 24)	**69.0**	103.5	**69.0**	103.3
Corporate tax	**–**	0.1	**–**	–
Other creditors	**4.7**	3.3	**1.6**	1.2
Government grants	**2.9**	3.0	**–**	–
	76.6	109.9	**70.6**	104.5

Notes to the consolidated accounts continued

For the year ended 31 March 2001

24 Loans	Group 2001 £M	2000 £M	Company 2001 £M	2000 £M
Euro bank loans	**5.7**	0.7	**5.6**	–
Hong Kong Dollar bank loans	**1.6**	–	**1.6**	–
Japanese Yen bank loans	**19.9**	15.3	**11.5**	–
Singapore Dollar bank loans	**4.4**	–	**4.4**	–
Sterling bank loans	**–**	9.6	**–**	9.6
US Dollar bank loans	**60.8**	103.3	**60.8**	103.3
	92.4	128.9	**83.9**	112.9
Amount falling due within one year	**(23.4)**	(25.4)	**(14.9)**	(9.6)
	69.0	103.5	**69.0**	103.3
Loans repayable between one and two years	**0.1**	0.1	**–**	–
Loans repayable between two and five years	**68.9**	103.4	**69.0**	103.3
	69.0	103.5	**69.0**	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 excluded short-term debtors and creditors where permitted by FRS 13, the accounting standard on derivatives and other financial instruments.

Further information on Treasury and financial management is included in the Financial review on page 26.

(a) Interest rate risk

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

Financial assets	2001 Floating rate financial assets £M	Financial assets on which no interest is receivable £M	Total £M	2000 Floating rate financial assets £M	Financial assets on which no interest is receivable £M	Total £M
Euro	**11.0**	**0.1**	**11.1**	15.3	0.1	15.4
Sterling	**4.1**	**1.4**	**5.5**	3.2	0.1	3.3
US Dollars	**1.5**	**–**	**1.5**	20.3	–	20.3
Other	**0.7**	**0.6**	**1.3**	2.5	0.6	3.1
Total financial assets	**17.3**	**2.1**	**19.4**	41.3	0.8	42.1

At 31 March the financial assets of the Group comprised:	2001 £M	2000 £M
Debtors due after more than one year	**2.1**	0.8
Investments	**6.7**	24.1
Cash at bank and at hand	**10.6**	17.2
	19.4	42.1

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.

25 Financial risk management continued

Financial liabilities	2001 FIXED RATE FINANCIAL LIABILITIES £M	2001 FLOATING RATE FINANCIAL LIABILITIES £M	2001 TOTAL £M	2000 FIXED RATE FINANCIAL LIABILITIES £M	2000 FLOATING RATE FINANCIAL LIABILITIES £M	2000 TOTAL £M
Euro	**0.2**	**5.6**	**5.8**	0.2	1.5	1.7
Hong Kong Dollars	–	**1.6**	**1.6**	–	–	–
Japanese Yen	–	**19.9**	**19.9**	–	15.3	15.3
Singapore Dollars	–	**4.4**	**4.4**	–	–	–
Sterling	–	–	–	–	9.6	9.6
US Dollars	–	**60.8**	**60.8**	–	110.3	110.3
Other	–	**0.3**	**0.3**	–	0.2	0.2
Total financial liabilities	**0.2**	**92.6**	**92.8**	0.2	136.9	137.1

At 31 March the financial liabilities of the Group comprised:	2001 £M	2000 £M
Bank overdrafts repayable on demand (unsecured)	**0.4**	8.2
Current instalments of loans (see note 24)	**23.4**	25.4
Loans repayable between one and two years (see note 24)	**0.1**	0.1
Loans repayable between two and five years (see note 24)	**68.9**	103.4
	92.8	137.1

The weighted average interest rate of the fixed-rate financial liabilities was 3.83% (2000: 3.75%). The weighted average period to maturity for which the rates are fixed is 434 days (2000: 790 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 2001 the Group had a £193.7m committed borrowing facility (2000: £218.8m) denominated in US Dollars, of which £124.8m was undrawn (2000: £115.5m). The undrawn amount will all expire in 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.

Notes to the consolidated accounts continued

For the year ended 31 March 2001

25 Financial risk management continued

(d) Group hedging

The Group hedges a very high 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 2001 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.

Forward foreign exchange contracts	2001 HEDGING TRADING FLOWS £M	HEDGING INTER COMPANY DEBT £M	TOTAL £M	2000 HEDGING TRADING FLOWS £M	HEDGING INTER COMPANY DEBT £M	TOTAL £M
Notional principal amounts valued at the contracted rates:						
to sell Sterling and buy foreign currency	(9.5)	–	(9.5)	(4.7)	–	(4.7)
to buy Sterling and sell foreign currency	63.6	3.6	67.2	37.7	5.7	43.4
Total net amount:	54.1	3.6	57.7	33.0	5.7	38.7
Unrecognised gains and losses compared to year-end rates:						
gains			1.0			1.7
losses			–			(0.1)
Total net unrecognised gains			1.0			1.6
Fair value at 31 March 2001*			56.7			37.1

*Fair value is calculated as the amount of Sterling that would be received if the net amount of foreign currency sold forward was revalued 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 2000	1.7	(0.1)	1.6
Gains and losses arising in previous years that were recognised in the year ended 31 March 2001	(1.7)	0.1	(1.6)
Gains and losses arising before 1 April 2000 that were not recognised in the year ended 31 March 2001	–	–	–
Gains and losses arising in the year ended 31 March 2001 that were not recognised in the year	1.0	–	1.0
Unrecognised gains and losses on hedges at 31 March 2001	1.0	–	1.0

(e) Currency exposures

At 31 March 2001 the Group had no forecast foreign currency exposures for the year ended 31 March 2002 which were not covered by forward foreign exchange contracts (2000: nil).

26 Provisions for liabilities and charges	GROUP REORGANISATION £M	DEFERRED TAXATION £M	TOTAL £M	COMPANY DEFERRED TAXATION £M
At 1 April 2000	0.7	10.9	11.6	1.9
Profit and loss account	–	(1.4)	(1.4)	(0.3)
Utilised in the year	(0.7)	–	(0.7)	–
Translation differences	–	0.1	0.1	–
At 31 March 2001	**–**	**9.6**	**9.6**	**1.6**

Deferred taxation	GROUP 2001 £M	2000 £M	COMPANY 2001 £M	2000 £M
Amounts provided:				
Accelerated capital allowances	**11.0**	10.9	**1.9**	2.3
Tax losses	**(1.2)**	–	**–**	–
Other short term timing differences	**(0.2)**	–	**(0.3)**	(0.4)
	9.6	10.9	**1.6**	1.9

Deferred taxation	GROUP 2001 £M	2000 £M	COMPANY 2001 £M	2000 £M
Amounts not provided:				
Rolled over capital gains	**0.5**	0.5	**–**	–
Goodwill amortisation	**2.9**	1.2	**–**	–
Tax losses	**(10.6)**	(13.5)	**–**	–
	(7.2)	(11.8)	**–**	–

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 five years. The total annual rental (including interest) for 2001 was £1.2m (2000: £1.4m). 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 £7.1m (2000: £6.0m). 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 2001 £M	2000 £M	PLANT AND MACHINERY 2001 £M	2000 £M	COMPANY PROPERTIES 2001 £M	2000 £M
Operating leases which expire:						
within one year	**2.9**	2.7	**0.3**	0.3	**0.4**	0.6
within two to five years	**7.0**	4.7	**0.9**	0.8	**0.2**	–
after five years	**1.9**	2.6	**–**	–	**–**	–
	11.8	10.0	**1.2**	1.1	**0.6**	0.6

Notes to the consolidated accounts continued

For the year ended 31 March 2001

28 Contingent liabilities

At 31 March 2001 the following contingent liabilities existed:

COMPANY

Guarantees in respect of bank facilities available to certain subsidiaries up to a maximum of £36.3m (2000: £31.4m).

29 Share capital	2001 NUMBER OF SHARES	2000 NUMBER OF SHARES	2001 £M	2000 £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 2000	**433,510,445**	431,121,925	**43.3**	43.1
New share capital subscribed	**731,658**	2,388,520	**0.1**	0.2
At 31 March 2001	**434,242,103**	433,510,445	**43.4**	43.3

All of the new share capital subscribed in 2001 related to the exercise of share options (see note 30), and included 360,674 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 £2.7m at the dates of subscription. The QUEST was funded by contributions of £2.7m from employees in respect of the exercise of options over 1,004,365 shares. The QUEST is obliged to waive dividends in respect of all shares in the Company it holds.

30 Share option schemes	EXECUTIVE OPTIONS 1988 SCHEME	SAYE SCHEMES	TOTAL
Movement in outstanding options:			
At 1 April 2000	2,704,235	3,545,493	6,249,728
Grants in the year	565,400	949,095	1,514,495
Options exercised	(199,100)	(1,242,086)	(1,441,186)
Options lapsed	(45,350)	(213,486)	(258,836)
At 31 March 2001	**3,025,185**	**3,039,016**	**6,064,201**
Consideration in respect of exercises	£0.5m	£3.3m	£3.8m
Options granted	1991 to 2000	1995 to 2000	
Period of option	2001 to 2010	2001 to 2005	
Price per share			
Lowest	125.1p	241.0p	
Highest	686.0p	529.0p	
Weighted average	449.0p	435.3p	

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 33. The consideration received in respect of SAYE options includes £2.7m (2000: £2.4m) received from the QUEST.

31 Reserves	*SHARE* PREMIUM ACCOUNT £M	*PROFIT* AND LOSS ACCOUNT £M	TOTAL £M
GROUP			
At 1 April 2000	31.2	300.0	331.2
Retained profit for the year	–	12.8	12.8
Write back of goodwill on closure	–	1.0	1.0
Translation differences	–	24.4	24.4
Premium on new share capital subscribed	1.0	–	1.0
Premium on new share capital subscribed through the QUEST	2.7	–	2.7
At 31 March 2001	**34.9**	**338.2**	**373.1**
COMPANY			
At 1 April 2000	31.2	142.4	173.6
Retained profit for the year	–	*11.0*	*11.0*
Write back of goodwill on closure	–	1.0	1.0
Translation differences	–	0.1	0.1
Premium on new share capital subscribed	1.0	–	1.0
Premium on new share capital subscribed through the QUEST	2.7	–	2.7
At 31 March 2001	**34.9**	**154.5**	**189.4**

The 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 2001 is £42.8m (2000: £43.8m). The gross cumulative amount of goodwill in 2001 was £42.8m (2000: £45.0m).

32 Reconciliations of movements in shareholders' funds	GROUP 2001 £M	2000 £M	COMPANY 2001 £M	2000 £M
Profit for the year	**72.6**	73.9	**70.8**	45.8
Dividends	**(59.8)**	(51.9)	**(59.8)**	(51.9)
Retained profit (loss) for the year	**12.8**	22.0	**11.0**	(6.1)
Write back of goodwill on closure	**1.0**	–	**1.0**	–
Translation differences	**24.4**	(6.0)	**0.1**	0.2
New share capital subscribed (2000: net of QUEST pre-funding)	**3.8**	5.2	**3.8**	5.2
Net addition to equity	**42.0**	21.2	**15.9**	(0.7)
Equity shareholders' funds at 1 April 2000	**374.5**	353.3	**216.9**	217.6
Equity shareholders' funds at 31 March 2001	**416.5**	374.5	**232.8**	216.9

Notes to the consolidated accounts continued

For the year ended 31 March 2001

33 Gross cash flows – Group	2001 £M	2000 £M
Returns on investments and servicing of finance		
Interest received	**0.4**	3.7
Interest paid	**(7.1)**	(5.4)
Net cash outflow from returns on investments and servicing of finance	**(6.7)**	(1.7)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(22.6)**	(16.9)
Sales of tangible fixed assets	**0.8**	1.3
Purchase of own shares	**(2.5)**	(1.2)
Net cash outflow for capital expenditure and financial investment	**(24.3)**	(16.8)
Management of liquid resources		
Sales of government securities	–	0.1
Net decrease in bank deposits	**18.2**	67.1
Net cash inflow from management of liquid resources	**18.2**	67.2
Financing		
Issue of ordinary share capital	**3.8**	5.2
New bank loans	–	125.6
Repayment of loan notes	–	(0.3)
Repayment of bank loans	**(46.6)**	–
Net cash (outflow) inflow from financing	**(42.8)**	130.5

34 Analysis of changes in net debt – Group	At 1 April 2000 £M	Cash flows £M	Other non-cash changes £M	Translation differences £M	At 31 March 2001 £M
Cash at bank and in hand	17.2	(8.1)	–	1.5	**10.6**
Overdrafts	(8.2)	7.8	–	–	**(0.4)**
		(0.3)			
Current instalments of loans	(25.4)	46.6	(45.3)	0.7	**(23.4)**
Loans repayable after more than one year	(103.5)	–	45.3	(10.8)	**(69.0)**
		46.6			
Current asset investments	24.1	(18.2)	–	0.8	**6.7**
	(95.8)	28.1	–	(7.8)	**(75.5)**

35 Principal exchange rates	2001 Average	2001 Closing	2000 Average	2000 Closing
United States Dollar	**1.48**	**1.42**	1.61	1.60
Euro	**1.63**	**1.61**	1.57	1.67
Japanese Yen	**164**	**178**	178	164
Australian Dollar	**2.68**	**2.91**	2.51	2.63

Registered office, advisers and financial calendar

Registered office

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Beckenham
Kent BR3 4TU

Solicitors
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London EC3A 7AN

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

2001 final dividend

Ex-dividend date	27 June
Record date	29 June
Annual General Meeting	20 July
Dividend paid	25 July

Five year record

Year ended 31 March	2001 £M	2000 £M	1999 £M	1998 £M	1997 £M
Turnover					
RS/Allied	**823.9**	711.2	621.2	614.3	571.8
Pact	**31.2**	50.2	55.9	48.1	39.5
Group	**855.1**	761.4	677.1	662.4	611.3
Operating profit					
RS/Allied (including Groupwide process costs)	**130.9**	118.3	103.2	110.0	108.3
Pact	**–**	0.5	2.8	2.4	1.0
Operating profit – before amortisation of goodwill	**130.9**	118.8	106.0	112.4	109.3
Amortisation of goodwill	**(11.6)**	(8.0)	–	–	–
Exceptional loss on closure	**(6.9)**	–	–	–	–
Net interest (payable) receivable	**(6.8)**	(3.5)	6.4	5.8	3.1
Profit before taxation	**105.6**	107.3	112.4	118.2	112.4
Profit before taxation and exceptional loss	**112.5**	107.3	112.4	118.2	112.4
Profit before taxation, exceptional loss and goodwill amortisation	**124.1**	115.3	112.4	118.2	112.4
Taxation	**(33.0)**	(33.4)	(36.0)	(37.3)	(37.0)
Profit after taxation	**72.6**	73.9	76.4	80.9	75.4
Minority equity interests	**–**	–	–	(0.3)	(0.1)
Group profit for the year	**72.6**	73.9	76.4	80.6	75.3
Dividends	**(59.8)**	(51.9)	(45.1)	(38.6)	(33.0)
Retained profit	**12.8**	22.0	31.3	42.0	42.3
Goodwill	**219.7**	205.7	–	–	–
Net (debt) funds	**(75.5)**	(95.8)	120.6	87.9	84.5
Other net assets	**272.3**	264.6	232.7	228.6	199.4
Net assets employed	**416.5**	374.5	353.3	316.5	283.9
Number of shares in issue (million)					
Weighted average	**433.1**	431.4	429.4	427.0	425.1
Year end	**434.2**	433.5	431.1	428.4	426.1
Dividends per share	**13.8p**	12.0p	10.5p	9.0p	7.7p
Earnings per share (before amortisation of goodwill and exceptional loss)	**20.6p**	19.0p	17.8p	18.9p	17.7p
Profit before taxation and exceptional loss on net assets	**27.0%**	28.7%	31.8%	37.3%	39.6%
Average number of employees	**5,041**	4,704	4,302	4,316	3,754
Share price at 31 March	**548.0p**	636.0p	465.0p	527.5p	400.5p
Net asset value per share	**95.9p**	86.4p	82.0p	73.9p	66.6p

Annual General Meeting

The Annual General Meeting of Electrocomponents plc will be held at 12 noon on Friday 20 July 2001 at the International Management Centre, 5000 Oxford Business Park South, Oxford OX4 2BH. The Notice of the Annual General Meeting and full details of the business to be conducted thereat is being sent to shareholders in a separate circular dated 18 June 2001. However, the following is a brief summary of the matters to be dealt with.

Ordinary Business

Report and accounts
To receive the accounts and the reports of the Directors and the auditors for the year ended 31 March 2001.

Declaration of Dividend
To declare a final dividend on the ordinary shares.

Retiring Directors
To re-elect Mr R C G Cotterill and Mr D S Winterbottom as Directors of the Company.
To elect Dr L Atkinson, Mr T G Barker, Mr R B Butler and Mr I Mason as Directors of the Company.

Auditors' appointment and remuneration
To reappoint KPMG Audit Plc as auditors of the Company and to authorise the Directors to agree their remuneration.

Special Business

US Employee Stock Purchase Plan
To authorise an all employee share scheme for the benefit of the Group's employees based in the USA.

Increase in limit on Directors' fees
To provide for an increase in the maximum aggregate fee payable to Directors from £350,000 to £450,000.

Renewal of annual authority to purchase own shares
Approval to renew authority to permit the Company to purchase up to approximately 5% of the ordinary share capital of the Company.

Principal locations

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