

1. Focus on international markets

2. Develop our electronics and
maintenance offers

3. Exploit the full potential
of eCommerce

4. Leverage our global infrastructure
and increase operating margins

5. Maintain UK profitability

A strategy that delivers



2011 Financial highlights

Revenue

£1,182.2m

(2010: £972.6m)

Headline profit before tax

£114.0m

(2010: £74.4m)

Headline earnings per share

18.0p

(2010: 11.8p)

**Strong underlying sales growth
of 21%**

**Headline profit before tax
increasing by more than 50%**

**Significant cost leverage with
operating costs reducing by
3% points of sales to 37%**

Free cash flow

£57.4m

(2010: £71.9m)

Dividend per share

11.5p

(2010: 11.0p)

Headline return on capital employed

24.2%

(2010: 16.7%)

**Return on capital employed
increasing by 7.5% points**

**£57m free cash flow including
significant working capital
investment to drive future
sales growth**

**Full year proposed dividend
increased by 5%**

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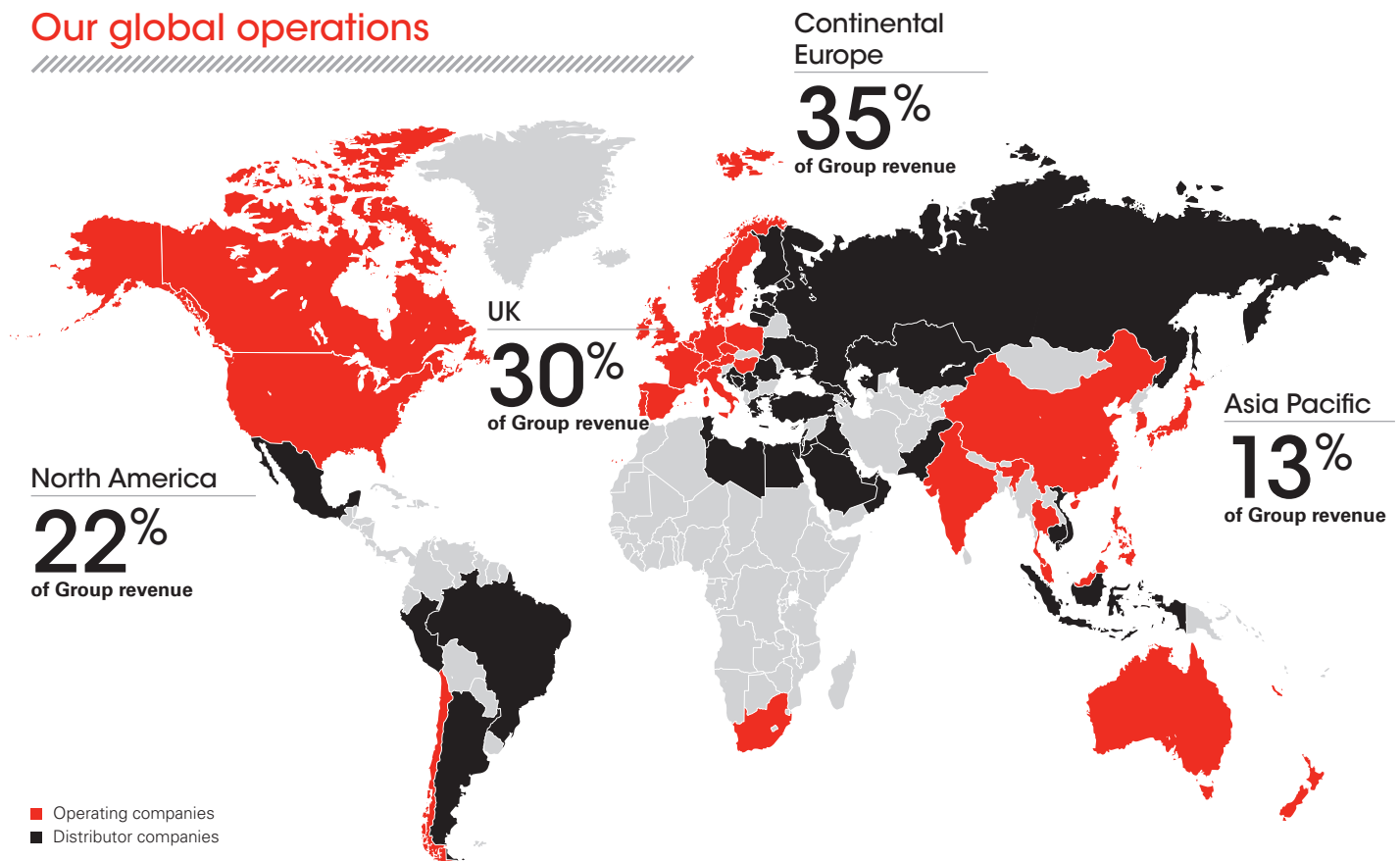
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Our business today

Founded in 1937, Electrocomponents plc is the world's leading distributor of electronics and maintenance products. Our range comprises around 550,000 products, sourced from over 2,500 suppliers.

Operating under the trading brands of RS and Allied, our 5,800 employees help deliver our market leading reputation for service excellence to 1.6 million customers, in around 80 countries.

Our global operations



Definitions of terms:

In order to reflect underlying business performance, comparisons of revenue between periods have been adjusted for exchange rates and the number of trading days (underlying revenue growth). Changes in profit, cash flow, debt and share related measures such as earnings per share are, unless otherwise stated, at reported exchange rates.

Headline profit: during the year ended 31 March 2010 headline profit excluded net income of £1.6m. Details are given in note 4 to the Group accounts. Key performance measures such as return on sales, EBITDA and ROCE use headline profit figures.

Components of growth

Electrocomponents plc is the world's leading high service distributor of electronics and maintenance products.

We estimate that the global market in which we operate is valued at around £30 billion and growing, driven by demand for electronics and for maintenance products growing at more than twice GDP and just ahead of GDP respectively. Our success is based on taking market share from smaller competitors in a highly fragmented market, who cannot match our product range or our market leading customer service offering.

The five international high service distributors (including Electrocomponents) together have an estimated market share of around 15%. Therefore, the opportunity for long-term structural growth is considerable.

Electrocomponents has at its core a strategy based on five priorities which we see as the components of growth and the foundations of our success. These components of growth have been driving the business forward since 2008 and have shaped our business to deliver record results in 2011.

We explain these five areas below:

Focus on international markets

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We are becoming an increasingly global business; 70% of our revenues are derived from international markets, up from just 40% in 2000. We now have direct operations in 32 countries with distributors giving us an indirect presence in 37 more.

The countries that we operate within represent around 90% of the world's GDP, therefore there is significant opportunity to grow within our existing international markets. Over the last five years our International business has achieved compound annual sales growth of 7% and we are targeting 7%-10% annual sales growth in the medium term.

During the year we continued to benefit from the regionalisation of our European business and we extended our operations into Poland, Hungary, the Czech Republic and Switzerland. We also launched local language, local currency websites in South Korea and in Mexico. We recently doubled the capacity of our distribution facility in Shanghai – building on our position as the leading high-service distributor in China.

Develop our electronics and maintenance offers

Ensuring we have the right product offering is key to our success. In practical terms, this means having the most comprehensive electronics and maintenance product range available to all customers on a global basis.

In support of this objective, this year we added 76,000 new products to our portfolio sourced from leading suppliers, growing our global range to over 550,000 products. Our rate of new product introductions has grown and is now significantly ahead of previous years.

We recognise that technology facilitates a better relationship with our customers and in particular with our electronics customers. Recent developments now allow them to view over 17,000 3D product models online and through DesignSpark PCB we are providing electronics engineers with the ability to design circuit boards and model different product combinations; 75,000 downloads of this software have been activated in less than a year. Revenues from our electronics products grew by 30% with semiconductor sales growing by over 60%.

Exploit the full potential of eCommerce

We continued to accelerate implementing our eCommerce strategy and saw a 37% growth in online revenues; 53% of our total revenues are now generated from eCommerce.

eCommerce allows our customers greater flexibility in the way they purchase their products and greater convenience and we have around 60 websites with the majority in local languages and local currencies. It also allows us to remain competitive as we can offer targeted pricing to customers based on dynamic market pricing.

eCommerce is at the heart of our multi-channel approach combining the internet with our traditional catalogue, field sales – who understand our customers needs – and internal sales, who provide instant support for customers.

Our websites allow us to follow the search and navigation journeys of customers and those who are using our website for research purposes. Search engine marketing allows us to convert that research and demand into sales.

Leveraging operating margins

We now deliver around 550,000 products to 1.6 million customers globally from 17 international distribution centres across 32 countries; the vast majority of our customers' orders are despatched the day they are received.

Having an international operating structure allows us to take advantage of economies of scale and achieve significant operating leverage.

The UK market yields 29% contribution as a percentage of sales. Therefore, the opportunity as we grow sales is to extract these scale economies from our international operations, which currently achieve an 18% contribution level. We can use improved scale as a springboard into new markets. For example, leveraging our European sales, marketing and operational capability enabled us to launch into Eastern Europe and Switzerland during the year.

Maintain UK profitability

The UK had an exceptional year, benefitting from the successful deployment of the Group's strategy together with a recovering manufacturing sector. The UK achieved double digit sales growth for the first time in 15 years and grew contribution by nearly 22% to over £100m, which is above pre-recession levels. This performance was underpinned by the business's continued strong cost control with costs reducing by nearly 4% year on year.

Promotional activity, with campaigns targeted to drive up order values, has increased significantly, highlighting value for money through every step of the customer journey.

eCommerce revenues grew by around 24%, and around 57% of the UK's revenue is now via eCommerce. The addition of 'Live Chat' also provides our customer facing teams with the tools to improve our customers' online experience – helping them to find and buy the products they need.

The UK achieved the distinction of increased customer satisfaction – independent research highlighting that our UK business is amongst the top 10% of best performing businesses across all companies in Europe.

Chairman's report

Important strategic milestones were reached in 2011 including sales exceeding £1bn for the first time.



Peter Johnson, Chairman

A handwritten signature in black ink, reading 'Peter Johnson'.

This is my first annual report as Chairman of Electrocomponents and I am delighted to have joined at such an exciting time. The past year has been one of record revenues and growing profitability. The Group has a clear strategy, strong business model and infrastructure to capture the significant structural growth opportunities that exist across its worldwide markets.

Our strategy has enabled Electrocomponents to capitalise on the improving market conditions experienced over the past year and deliver a strong financial performance in 2011. Group revenues were £1,182m an underlying increase of 21%, headline profit before tax was £114m, an increase of 53% and headline earnings per share were 18.0 pence, an increase of 53%. The increase in profits was driven by double digit sales growth across all our regions combined with cost leverage as sales recovered.

Performance over the past year has benefited from the continued implementation of the Group's strategic initiatives. The strategic development of the business during the year, and our strategy going forward, are covered in more detail in the Chief Executive's review.

A number of important strategic milestones were reached in 2011 including sales exceeding £1bn for the first time in the Group's history, the International business share of Group sales reaching 70% and eCommerce representing over 50% of Group sales.

The Board intends to recommend the payment of a final dividend of 6.5p per share to be paid on 22 July 2011 representing an 8% increase. As a result the total dividend for the financial year will be increased by 5% to 11.5p per share.

We maintained a high level of pay out during the recession recognising the importance of dividends to shareholders. As a result of the strong financial performance of the business and our confidence in the Group's prospects, the Board is proposing to recommend an increased final dividend for the year. The business has significant opportunities to invest for growth and therefore we intend to maintain a strong balance sheet.

The company takes its responsibilities to the communities in which it operates very seriously.



This year, we became a Patron of the National Society for the Prevention of Cruelty to Children (NSPCC) in the UK thanks to our employee payroll donation programme and regular charitable events.

I am pleased to report that our company takes its responsibility to the many communities in which it operates very seriously. We have a strong focus on the health and safety of all our employees and a strategy to ensure their full engagement in the business. Electrocomponents is a member of the FTSE4Good index and in the UK we are a 'Standard Bearer' for the Carbon Trust. This year we became a Patron of the National Society for the Prevention of Cruelty to Children (NSPCC) in the UK thanks to our employee payroll donation programme and regular charitable events.

In my first year I have been fortunate to travel around much of the Group and meet many of our employees and what I have found has truly impressed me. There is a tremendous appetite amongst our people to embrace challenge and a desire to exceed our customers' needs. There are numerous examples I could cite of this tremendous spirit, but I was particularly struck by our Allied business in North America; it is a great example of a committed, customer focused and sales-led business. Similarly, what has been achieved by the European region in restructuring the leadership into a single management team in a matter of months was impressive and the results speak for themselves, sales growth in excess of 20% and high employee engagement scores. I am also very pleased with the commitment of the UK team which delivered double digit sales growth and contribution over £100m for the year, now above pre-recession levels.

As well as reporting excellent results, the business has addressed many challenges and interruptions. These included earthquakes in New Zealand and Northern Japan, floods in Australia and snowstorms in the UK. Throughout these testing times, the response by our employees has been magnificent. During March, our Japanese business continued to operate and meet our customers' needs despite the enormous logistical and infrastructure challenges caused by the earthquake. All of our 130 employees there should be applauded for their 'can do' attitude and they are a tremendous credit to the Japanese spirit.

I am pleased to have joined a strong and effective Board which has a clear view of its own role and purpose. On their behalf, I would like to thank my predecessor, Helmut Mamsch who chaired Electrocomponents from September 2006 to 2010 and especially for his calm stewardship of the business in the severe recession. We all wish him well.

Finally, and on behalf of the Electrocomponents Board, may I extend our gratitude to all employees for delivering this year's strong financial performance.

Group Chief Executive's review

Our eCommerce and Electronics offers continue to transform our business. Over half our sales are now made through the web.



Ian Mason, Group Chief Executive



Overview and strategy implementation

Market overview

Our strategy continues to transform the business, enabling us to take market share from the large number of small operators with whom we compete around the world and deliver sales growth well ahead of GDP growth.

The global market opportunity available to the Group is large and growing. We estimate that the value of the available market is around £30 billion globally; split evenly between electronics and maintenance products. The overall electronics market has on average grown at around twice the rate of GDP growth and the maintenance market at around GDP growth, but higher than this in emerging markets such as Asia Pacific.

We operate in highly fragmented markets which are primarily served by a large number of small local and regional distributors. There are five international high service distributors, including Electrocomponents, which together have around 15% of the available global market. They are gaining market share from smaller distributors who are not able to match their broad product range and high customer service.

Electrocomponents, through its brands of RS and Allied Electronics, is the leading high service distributor in the world. RS is the leading distributor in the UK, Europe and Asia Pacific, while Allied is ranked third in the North American market. As a result we are well placed to benefit from this competitive consolidation in the markets in which we operate representing around 90% of the world's GDP.

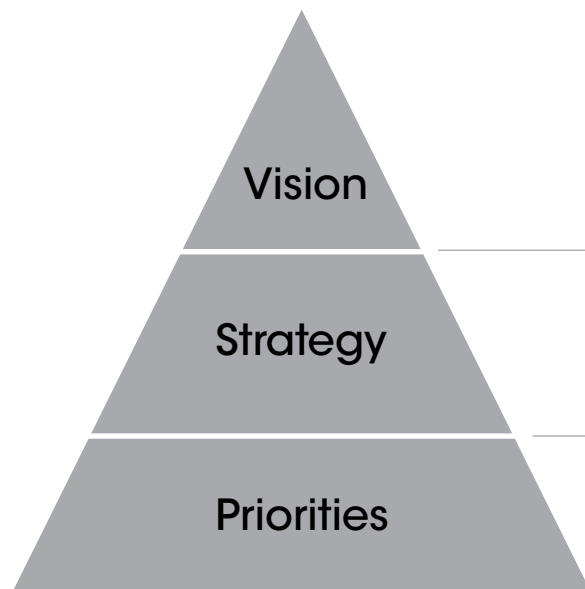
Strategy implementation

To capture this structural growth opportunity our business strategy centres on our customers, offering them the widest possible product range with the quickest delivery, with eCommerce transforming the customer experience and offering improved flexibility and convenience.

Our strategy remains focused on five core areas:

- Focus on international markets
- Develop our electronics and maintenance offers
- Exploit the full potential of eCommerce
- Leverage our global infrastructure and increase operating margins
- Maintain UK profitability

Our vision and strategy



The world's distributor of choice

- International growth
- Electronics and maintenance offers
- eCommerce
- Operating leverage
- UK profitability

International sales

70%

of Group revenue

Focus on international markets

Revenues from international markets now account for 70% of our total revenues and nearly 60% of contribution. Revenue share has increased from 40% in 2000, and during the year all our regions delivered double digit sales growth. Over the last five years our International business has achieved average annual sales growth at around double the rate of average annual global GDP growth. Our international businesses are an important driver of profits, delivering around 70% of our contribution growth this year. We are expecting that International revenue share will continue to grow and our focus remains on delivering our International sales target growth of 7-10% pa over the medium term.

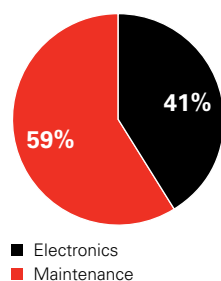
Continental Europe continued to benefit from management's action to move the business from a federation of national businesses to a regional structure led by a single management team. Our ability to now run our customer marketing on a regional basis and leverage our eCommerce offer continues to drive the business and increase both average order frequency and the number of customers. Our externally benchmarked customer satisfaction ratings have improved further, ranking us close to the top decile of participating businesses. During the year we expanded into the large and growing Eastern European market providing customers in Poland, the Czech Republic and Hungary with local language and priced web sites.

The growth strategy of Allied, our North American business, is based upon exploiting its unique network of local sales offices, supplier relationships and eCommerce to attract new customers and expand our business with existing customers.

In Asia Pacific, the RS business has a leading market position. This is our most diverse business region both geographically and culturally and our sales offices are able to offer next day delivery to our customers across twelve countries.

Towards the end of the year we doubled our warehouse capacity in Shanghai, building on our leading position in the market. We will be able to offer our customers in China an additional 50,000 products and an improved local service offer which will be supported by a further £10m of locally held stock.

Revenue share by product type



Develop our electronics and maintenance offers

Electronics

Our electronics portfolio represents over 40% of our total revenues, growing by 30% over last year. During the year around 37,000 new electronics products were introduced from leading suppliers such as TE Connectivity, Panasonic, Texas Instruments and Analog Devices. Our investment has driven a 60% growth in global semiconductor sales in 2011.

DesignSpark, our online gateway for resources for electronics engineers, was launched in the summer of 2010, and has had more than 400,000 visitors to date. In addition, DesignSpark PCB,

our free online design tool for electronics engineers, recorded 75,000 downloads since its launch, while there have been more than 30,000 downloads of our 3D CAD models. These online tools enable us to build a direct relationship with this influential customer segment and drive additional sales through this channel.

Maintenance

Our maintenance portfolio is a key differentiator between Electrocomponents and our competitors as we are the global high service distributor with the broadest range of process, control and automation and maintenance, repair and operations products. During the year our maintenance offer sales grew by 16%, supported by 11,000 new maintenance products introduced during the year.

In order to build on our strong market leading position and to further accelerate growth we have reviewed our maintenance strategy and as a result we are strengthening our global pricing and service offer. This includes an increased focus on better serving the needs of our maintenance customers with enhanced offers in our Automation and Control product ranges. Our support product range, which is a key differentiator for our customers, will be further developed, with an emphasis on our RS branded range of products.

We continue to develop deeper relationships with our strategic suppliers, co-operating further on range development, joint marketing and sales activities, eCommerce development and customer transfers. During the year sales of products from our strategic supplier partners grew ahead of the overall business.

Exploit the full potential of eCommerce

Our sales through eCommerce continue to grow with eCommerce now generating 53% of Group revenues, up from 46% last year end. eCommerce revenues grew strongly across all regions with 80% growth in North America, 42% in Asia Pacific, 34% in Continental Europe and 24% in the UK. For the Group as a whole eCommerce sales grew by 37% for the year.

Our eCommerce channel offers considerable advantages over our traditional catalogue channel allowing us to offer our customers flexible and targeted pricing, the ability to view 17,000 3D product models online, and the convenience of 24 hour purchasing from desktop PCs, laptops, smartphones and Internet tablets, including an RS iPhone app. Earlier this year, we launched eTech, our magazine for electronics engineers as an iPad app. This was very well received by our worldwide customer base.

The internet gives us an unparalleled ability to reach customers locally at the point of need, and is vital for market penetration. We have around 60 web sites across the world, with the majority in respective local languages. During the year we further extended our eCommerce reach by creating new web sites in South Korea, Switzerland, Hungary, Poland, the Czech Republic and more recently, Mexico.

eCommerce
revenue share

53%*

* exit

Return on sales

10.1%*

increase of 2% points

* headline

Our focus this year has been on redefining and strengthening our eCommerce strategy. Our redefined strategy embraces a multi-channel approach to growth with eCommerce at the heart of the business. In parallel with the development of our strategy, we have increased our activities in search engine marketing around the world to generate more traffic for our web sites. As a result, traffic levels have grown significantly throughout the year.

During the coming summer we will be launching our new RS web sites around the world offering a greatly improved customer experience in key phases of the customer journey.

Leverage our global infrastructure and increase operating margins

We have 17 distribution centres globally which enable us to provide our high service levels to around 90% of the world's GDP. We operate directly in 32 countries with distributors in a further 37 countries. Our product range is continually refreshed, with 76,000 new products added globally in 2011. During the year we also strengthened our relationships with our global strategic suppliers, with sales from our twelve leading suppliers growing ahead of the overall business.

The UK is our largest individual market with a return on sales around 10% points higher than that of our International business principally due to economies of scale. Therefore as the International business grows it is able to deliver increasing operating leverage. Overall, the Group's operating costs as a percentage of sales have decreased by 5% points over the past five years increasing our operating leverage.

During the year return on sales has grown by 2% points to 10.1% and we see significant opportunities to increase our return on sales as the Group grows.

In addition to fixed cost leverage, we have delivered a number of cost reduction programmes in 2011. These have included regionalising our supply chain, more cost-effective freight forwarding and improved efficiency in our warehouses. We have also reduced our catalogue production costs as eCommerce sales increase and more people buy our products online, while our Continuous Improvement programme seeks to further eliminate inefficiencies and remove unnecessary costs in our operating processes. Our gross margin has remained stable during the year.

UK contribution

£102m

Maintain UK profitability

The UK's strategy is focused on:

- Maintaining its leadership position in the high margin "immediate delivery" business
- Leveraging the Group's improved customer offers, especially electronics and eCommerce
- Developing new incremental regular revenue streams including corporate accounts and larger orders (orders over £1,000)
- Continuing to manage gross margin, cost and cash effectively

This year has been very successful for our UK business achieving double digit sales growth for the first time in 15 years as the business successfully leveraged the benefits of the Group's strategy. This included the increased electronics and maintenance product offers, exploiting the eCommerce offer, a strong sales and marketing customer focus all supported by ongoing cost control. Contribution in the UK returned to over £100m and is now above pre-recession levels.

People

Building a Great Place to Work and so improving our employee engagement is an important area of focus for us across the Group, with Continuous Improvement and Health and Safety being key elements of this strategy. We launched "Face2Face", our award winning employee communication programme in the UK, and have held similar sessions around the globe. We regularly measure progress against our employee engagement targets through employee surveys and have achieved consistently positive results.

Current trading and outlook

In the first seven weeks of the new financial year sales growth rates have remained strong at around 16% with the UK growing by 8% and the International business by 19%. Within International, Continental Europe has grown by 20%, North America by 18% and Asia Pacific by 17%.

Whilst recognising the more demanding comparatives ahead, we believe that the progress the Group has made on its strategic priorities and the investment that we continue to make in our International markets, electronics and eCommerce initiatives positions us well to make good progress in the coming year.

Strategy in action

Developing our electronics offer

Supplier: Siemens Industry

The Siemens Industry Sector (Erlangen, Germany) is the worldwide leading supplier of environmentally friendly production, transportation, building and lighting technologies. With integrated automation technologies and comprehensive industry-specific solutions, Siemens increases the productivity, efficiency and flexibility of its customers in the fields of industry and infrastructure. With around 204,000 employees worldwide (30 September 2010), Siemens Industry achieved in fiscal year 2010 total sales of approximately €34.9 billion. www.siemens.com/industry

Siemens Industry Sector and RS Components have had a strong and well established relationship across Europe for more than 20 years. With 35,000 Siemens products available from RS, Siemens and RS stepped up their engagement in 2010 and signed a memorandum of understanding with the objective to further expand their cooperation across the globe.

The high service level, customer reach and marketing power from RS, associated with the premium technological leadership from Siemens Industry Sector, makes the partnership a very compelling offer to the service of design and maintenance engineers.





SIEMENS

“The symbiosis between innovative, high-quality products from Siemens and the easy access to a wide customer clientele of RS Components ranging across different sized companies, distinguishes the cooperation, especially in the respective business models on which RS is focused.”

Uwe Haebeler

Senior Vice-president,
Business Development
from Siemens Industry

Strategy in action

Delivering a world class product offer

Supplier: TE Connectivity
(formerly Tyco Electronics)



TE is a leading global provider of engineered electronic components, network solutions, specialty products and undersea telecoms systems with 2010 sales revenues over \$12 billion.

TE has a long and fruitful relationship with Electrocomponents, stretching back over 30 years, and is one of Electrocomponents' leading strategic suppliers. Electrocomponents carries over 20,000 TE products including connectors, relays and passives; predominantly electronic products, which it offers to customers globally. Additionally, Electrocomponents has over 5,000 TE products available as 3D models on its eCommerce site and has registered over 4,000 model downloads since July 2010.





"We value our relationship with Electros. With their global distribution reach and delivery support to key global markets they provide a vital connection between TE and our mutual customers."

Canda Carr

Director of Global Distribution
Sales and Strategy

Strategy in action

The right people in the right market

Continental Europe: Employee engagement

The regionalisation of the Continental Europe business into a single organisation structure in 2010 continues to produce impressive business results and improving employee engagement.

For many employees it offers the opportunity to work internationally and in different parts of the European business. For example, we have one marketing team, and two sales teams – one for north Europe and one for the south – while our supply chain is run as one European team.

Our employees come from different countries across Europe and they share a common passion for customer service. This passion is tangible: our customer service levels, when recently externally measured, have increased and are approaching the top decile of best performing businesses in the world. Business results are equally impressive with sales growth of over 20% and revenues over £400m.





“Our people rightly saw the regionalisation as a true opportunity. It provides them with a greater potential to widen their roles.”

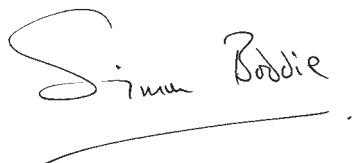
Klaus Goldenbot
Regional General Manager, EMEA

Business review

Revenue grew by 21% year on year with all regions delivering double digit sales growth.



Simon Boddie, Group Finance Director



Nature of the business

Electrocomponents is the world's largest high service distributor of electronic and maintenance products. The Group operates in 32 countries and sells to most of the remaining countries of the world via third party distributors.

The Group satisfies the small quantity product needs of its customers who are typically electronics or maintenance engineers in business. A large number of high quality goods are stocked, which are dispatched the same day that the order is received. The average customer order value is around £140 although the range of order values is wide. The Group has a large number of customers from a wide range of industry sectors with diverse product demands. This means that the Group manages tens of thousands of orders for customers across the world each working day.

Strategy

We continue to implement our strategy and have identified five areas to drive the Group's future performance. A more detailed explanation of the strategy and the progress that we have made on each of these areas is provided in the Chief Executive's Review.

Strengths and resources

Brands

The Group has two brands. The most significant of these is 'RS' which is used all over the world, except in North America, where the 'Allied', brand is used.

Geographic footprint

Our operating companies provide our high service offer across countries representing around 80% of the world's GDP. The Group's distributors serve Russia, Southern Europe, the Middle East and South America representing a further 10% of the world's GDP.

Customer relationships

We supply around 1.6m customers from a wide range of industrial sectors. We have relationships with both the end users who use our products and also with the companies for whom they work. Our customers are typically electronics and maintenance engineers.

Supplier relationships

The relationships with our suppliers are an increasingly important factor in allowing us both to maintain high standards of product availability for our customers and to anticipate future customer needs. We purchase some 550,000 products from around 2,500 major suppliers throughout the world with a groupwide focus on global purchasing agreements. Our offer to electronics and maintenance engineers is valuable to many of our suppliers, who would otherwise find the small order and immediate dispatch requirements of such customers difficult and costly to satisfy.

eCommerce

eCommerce, representing around 49% of sales in the year, provides the Group with the ability to reach a broad customer base and critically to reach our target electronics customers who are conducting a greater proportion of their product research online. The channel also allows us to extend and promote our online offer rapidly. Online merchandising is being used to highlight to customers relevant products and information during their online journey providing improved customer experience and revenue opportunities. We are increasingly focusing on the provision of online customer services giving our customers the flexibility they want to manage their business relationships with us online.

Employees

The skills and support from our employees is extremely important to the Group. During the year we employed around 5,800 employees worldwide. The geographic split of our employees is: 1,900 in the UK, 1,300 in Continental Europe, 800 in North America, 900 in Asia Pacific and 900 in the Groupwide Processes.

Infrastructure

The Group recognises that the provision of a high service level is extremely important to our customers. Three areas of our infrastructure are particularly important:

- Systems: All our businesses in Continental Europe together with our UK business operate on a single integrated regional platform. Operating on this robust and integrated platform enables us to improve efficiency, share best practice and reduce our risk profile. Our Asia Pacific and North America businesses operate from separate systems and in North America we are progressing well in the planned replacement to their current systems during the first half calendar 2012.
- Facilities: The Group has a well developed warehouse network across all our markets to support our customer needs. The operations and coordination at our warehouses is managed by our cross group Supply Chain process to ensure an efficient and cost effective use of our assets.
- eCommerce: The Group operates from a single website platform supporting the RS businesses in the UK, Continental Europe and Asia Pacific. This gives us the ability to roll out new developments across these regions, maximising the benefits to our customers. Allied, the Group's North American business, uses a separate web platform.

Revenue

£1,182m

Return on Capital Employed

24.2%

increase of 7.5% points

Operating performance and key performance indicators

Operating Performance	2011	2010
Revenue	£1,182.2m	£972.6m
Gross margin	47.1%	48.1%
Headline contribution	£248.0m	£190.7m
Group Process costs	£(128.2)m	£(111.5)m
Headline operating profit	£119.8m	£79.2m
Interest (net)	£(5.8)m	£(4.8)m
Headline profit before tax	£114.0 m	£74.4m
Free cash flow	£57.4m	£71.9m
Headline earnings per share	18.0p	11.8p
Dividend per share ⁽¹⁾	11.5p	11.0p

Key Performance Indicators	2011	2010
Group sales growth ⁽²⁾	21.0%	(5.0)%
International ⁽²⁾	25.3%	(4.7)%
UK ⁽²⁾	12.1%	(5.6)%
eCommerce revenue share	49%	43%
Headline Group return on sales ⁽³⁾	10.1%	8.1%
Headline ROCE ⁽⁴⁾	24.2%	16.7%
Stock turn (per year)	2.7x	2.8x
Revenue per head ⁽⁵⁾ (£'000)	204	176
Number of customers (millions)	1.6	1.5
Net debt to headline EBITDA	1.1x	1.6x
Interest cover ⁽⁶⁾	23.4x	19.6x

(1) 2011: includes 5p interim and 6.5p proposed final dividend

(2) Underlying revenue growth, adjusting for currency and trading days

(3) Headline operating profit expressed as a percentage of revenue

(4) Headline operating profit expressed as a percentage of net assets plus net debt

(5) Revenue on a like for like basis (2011 and 2010) adjusting for trading days and foreign exchange

(6) Based upon headline EBITA: Earnings before interest, tax and amortisation (inc. government grants)

Business performance

Revenue

Group revenue of £1,182.2m exceeded £1bn for the first time in the Group's history. Revenue grew by 21% year on year with all the Group's regions delivering double digit sales growth. The sales growth was 25% in the International business and 12% in the UK. Within the International business Continental Europe grew by 22%, North America by 34% and Asia Pacific by 21%. Electronics was the fastest growing product category with growth of 30% and eCommerce revenue grew by 37%.

Gross margin

Gross margin at 47.1% was stable through the year. Year on year gross margin declined by 1% point with the principal drivers being the strong growth of the lower margin North American business and gross margin declines in the UK and International businesses principally due to increased sales to large customers, growth of new revenue streams and prior year electronics price repositioning.

Costs

Headline operating costs as a percentage of sales reduced by 3.0% points as the business delivered strong operating leverage. Headline operating costs, at constant foreign exchange, grew by 11.6% year on year as volume related costs increased in line with sales and the business invested in sales and marketing initiatives to drive performance. These impacts were partially offset by the cost reduction initiatives which included the catalogue cost reduction programme, Supply Chain cost reductions and ongoing reduction of offline costs. Revenue per head increased by 16% to £204,000.

Profit before tax**£114m****Headline earnings per share****18.0p****increase of 53%****Profitability**

The Group's return on sales grew by 2.0% points to 10.1%. Return on capital employed has increased by 7.5% points to 24.2%, which is approaching the Group's medium term target of over 25%.

Profit before tax

Headline profit before tax was £114m, an increase of £39.6m (53%) over last year. All regions contributed to this increase with International contribution increasing by £39.1m (36%) and the UK increasing by £18.2m (22%). The contribution increase was partially offset by £16.7m (15%) higher Process costs and £1m higher interest costs. The increased interest charge was impacted by the decision made last year to fix a proportion of the Group's debt for a longer period. Foreign exchange movements reduced operating profit by around £2m compared to the prior year principally due to the strengthening of Sterling against the Euro.

Reported profit before tax increased by £38m year on year with the £39.6m increase in headline profit before tax being reduced by the absence this year of one-off income of £1.6m.

Earnings per share

Headline earnings per share of 18.0p increased 53% year on year in line with the increase in headline pre tax profits.

Dividends

The Board intends to recommend the payment of a final dividend of 6.5p per share to be paid on 22 July 2011 representing an 8% increase. As a result the total dividend for the financial year will be increased by 5% to 11.5p per share.

The Group maintained a high level of pay out during the recession recognising the importance of dividends to shareholders. As a result of the strong financial performance of the business and our confidence in the Group's prospects, the Board is proposing to recommend an increased final dividend for the year. The business has significant opportunities to invest for growth and therefore intends to maintain a strong balance sheet.

Cash flow

The Group's free cash flow for the year of £57.4m, representing 73% of profit after tax, was lower than the previous year by £14.5m. This movement was caused by the increase in the Group's profits offset by the £41.7m net investment in working capital during the year, due to the strong sales performance and stock turn reducing by 0.1 times to 2.7 times. This small reduction in stock turn reflected the business's drive to both maintain its high service levels and also to invest in additional stock to drive sales performance in its international markets.

In 2012 we are planning to invest further to drive sales growth including an additional £10m stock investment in China and capital expenditure up from £22m to higher expenditure in the region of £35m. The capital expenditure in 2012 is expected to include the costs of implementing a new system in North America and further investment in the Group's strategic initiatives including eCommerce.

Financial position

At 31 March 2011 net debt was £160.7m, which was £11.4m lower than last year, due to free cash flow of £57.4m exceeding dividend payments of £47.9m, with the balance of the movement largely being due to foreign exchange. At 31 March 2011 the Group had committed debt facilities and loans of £298.6m with undrawn committed facilities of £133.4m.

Year end net debt comprised gross borrowings of £167.0m (currency split: £59m US Dollars, £53m Sterling, £37m Euros, £10m Japanese Yen and the balance in other currencies) and financial assets of £6.3m. The currency mix is designed to help hedge the Group's translation exposures. The peak month-end net borrowing during the year (using monthly exchange rates) was £176.9m.

International revenue

£826m

International revenue growth*

25.3%

* underlying

Continental Europe contribution

£90.5m

The Group's main sources of finance are a syndicated multicurrency facility from ten banks for US\$97m, £102m and €47m maturing in September 2012 and US\$150m of Private Placement notes, split US\$65m maturing June 2015 and US\$85m maturing June 2017. Cross currency interest rate swaps have been put in place to swap \$60m of the Private Placement notes from fixed US\$ to floating £ and US\$40m from fixed US\$ to floating €.

International

	2011	Restated ⁽²⁾ 2010	Growth reported	Growth underlying ⁽¹⁾
Revenue	£825.9m	£654.9m	26.1%	25.3%
Gross margin	46.2%	47.2%		
Operating costs	£(235.6)m	£(201.8)m	(16.7)%	(15.7)%
Contribution	£146.3m	£107.2m	36.5%	38.5%
Contribution % of revenue	17.7%	16.4%		

(1) Adjusted for currency; revenue also adjusted for trading days

(2) See Note 2 to the Group accounts

The International business represents 70% of Group revenue and comprises three regions: Continental Europe (50% of the International business), North America (32%) and Asia Pacific (18%).

During the year, underlying revenue increased by 25% with Continental Europe increasing by 22%, North America by 34% and Asia Pacific by 21%.

Gross margin was stable across the year, however year on year the International gross margin declined by around 1.0% points. This decline was impacted by the strong growth of the lower gross margin North America business and gross margin reduction in the Continental Europe region due to the successful growth of new revenue streams such as larger orders together with growing sales to larger customers attracting higher customer discounts.

The International business has delivered cost leverage, with costs as a percentage of sales reducing by 2.3% points year on year. Contribution increased by 36% year on year and the International contribution margin increased 1.3% points to 17.7%.

Continental Europe

	2011	Restated ⁽²⁾ 2010	Growth reported	Growth underlying ⁽¹⁾
Revenue	£413.6m	£350.0m	18.2%	22.3%
Contribution	£90.5m	£75.8m	19.4%	24.6%
Contribution % of revenue	21.9%	21.7%		

(1) Adjusted for currency; revenue also adjusted for trading days

(2) See Note 2 to the Group accounts

Our business is the largest high service distributor in Continental Europe and comprises ten markets. The largest of these are France, Germany and Italy and the remaining businesses are Austria, Benelux, Eastern Europe (comprising Poland, the Czech Republic and Hungary), Republic of Ireland, Scandinavia, Spain and Switzerland.

During the year Europe reported strong underlying revenue growth of 22% and contribution growth of 19% (25% at constant foreign exchange). The benefits of costs reducing as a % of sales were partially offset by the gross margin reduction due to the growth in large customer revenues driven by around 30 large customer account wins and the growth of new revenue streams including larger orders.

The pan European focus of the regional management team has been a key driver in supporting the efficient and rapid application of effective sales and marketing initiatives across the entire region. Recent activities have involved the territory sales forces moving to a more customer portfolio approach with increased targeting of customers where sales potential has been identified. Other improvements to salesforce effectiveness include greater use being

eCommerce revenue growth in
Continental Europe*

34%

* underlying

made of dedicated internal sales teams to more speedily and effectively manage customer queries and needs. The centrally co-ordinated marketing team have continued to promote the business offer with mass marketing activities across the business exploiting the huge customer audience and acquiring more customers and growing customer order frequency by more than 10%.

The introduction across the region of around 37,000 new market leading electronics products has been supported by cross region marketing campaigns and the use of the Group's online marketing resources such as DesignSpark and DesignSpark PCB. In Germany these electronics product launches and supporting initiatives have been very successful with particularly strong electronics sales growth.

We have further developed our maintenance offer across Continental Europe with a particular initiative to create a common product offer across the region. This activity is now substantially complete and this unique and broad pan European offer has already delivered increased sales.

eCommerce grew by 34% during the year and exited with a revenue share of 59% up from 53% last year. This strong performance was driven by increased search engine marketing and improved quotes functionality. Sales force activities have also been directed towards increasing customer visits to the region's web sites together with promotional campaigns growing customers' order values.

Significant activities during the year included the launch of the web site in Switzerland and, in January, of the Eastern Europe business. The Eastern Europe business is a full eCommerce offer providing customers in Poland, the Czech Republic and Hungary with local language and priced web sites. These offer over 550,000 electronics and maintenance products with the same day despatch that is offered to our other customers in the European region. To date customer reaction has been very positive with sales to both local and larger multinational customers.

North America revenue growth*

33.5%

* underlying

North America

	2011	Restated ⁽²⁾ 2010	Growth reported	Growth underlying ⁽¹⁾
Revenue	£262.3m	£191.5m	37.0%	33.5%
Contribution	£42.5m	£24.9m	70.7%	66.6%
Contribution % of revenue	16.2%	13.0%		

(1) Adjusted for currency; revenue also adjusted for trading days

(2) See Note 2 to the Group accounts

Allied, our North American business, reported strong underlying sales growth of 34% during the year. This sales performance, combined with ongoing cost control and the business's operating cost leverage, resulted in a 71% increase in contribution (67% at constant foreign exchange). Contribution as a percentage of sales increased 3.2% points to 16.2%.

During the year, the Allied management team has continued to implement its longstanding and consistently executed strategy. This has involved particular focus on further developing customer relationships through the unique sales office network, accelerating customer acquisition, adding new products and growing eCommerce revenue.

Sales and marketing activities are centred on the business's unique network of 54 sales offices. These included targeted joint sales and marketing customer calls and visits with suppliers which have resulted in the business winning an increasing number of new customer accounts with the final quarter acquisition rate running at around 50% higher than 18 months earlier.

During the year, Allied added a further 28,000 new products to its portfolio with nine new suppliers including Hoffman, Kingbright and APEM. The business has continued its focus on building its brand awareness with national and cable television campaigns to exploit Allied's strong product areas.

North America contribution as
% of revenue

16.2%

increase of 3.2% points

eCommerce revenue growth
in North America*

80%

* underlying

Asia Pacific revenue

£150m

Asia Pacific contribution growth*

77.6%

* underlying

eCommerce revenue grew by 80% with eCommerce revenue share exiting at 39% compared to 32% last year. This performance has been driven by a more than doubling of search engine marketing, links to relevant social networking sites and increasing use of online email campaigns and prize draws. As web traffic has increased so has the business's investment with increased web site capacity, improved online quotes functionality and recently the introduction of market leading search engine functionality.

The project to replace the legacy system in Allied with a new SAP based ERP system is progressing well with a planned go live date in the first half of calendar year 2012. The delivery team includes our North American employees, Group Information Systems function and employees from the rest of the Group with experience of the Group's earlier ERP projects. This implementation will give the business a more robust platform for growth as well as delivering operating benefits. The total cash cost estimate remains at around £15m with planned cost expenditure during the coming financial year of around £3m and £9m capital expenditure.

Asia Pacific

	2011	Restated ⁽²⁾ 2010	Growth reported	Growth underlying ⁽¹⁾
Revenue	£150.0m	£113.4m	32.3%	20.7%
Contribution	£13.3m	£6.5m	104.6%	77.6%
Contribution % of revenue	8.9%	5.7%		

(1) Adjusted for currency; revenue also adjusted for trading days

(2) See Note 2 to the Group accounts

The Group's business in Asia Pacific is the region's market leader operating across twelve countries with around 900 employees complemented by local language web sites.

During the year the region reported underlying sales growth of 21% which together with operating leverage created a more than doubling of contribution (78% at constant foreign exchange). Contribution as a percentage of sales increased by 3.2% points to 8.9%.

We have continued to develop initiatives to further strengthen our number one position in the region. In Japan we have benefited from our larger electronics product range and last year's semiconductors' price repositioning to drive sales growth of 29%. In Australasia the sales and marketing teams have successfully focused on sales opportunities with larger corporate customers and the growing resource sector.

eCommerce revenue grew by 42% during the year, with eCommerce revenue share exiting at 51% up from 35% last year end. This performance was driven by ongoing investment in improved functionality including online quotes and additional payment methods which together with increased search engine marketing increased the number of online customers by the year end by around 60%. During the year eCommerce supported the region's expansion with a new local language web site being launched in South Korea to a positive local customer reaction.

In China our electronics products had strong growth with semiconductor (integrated circuits) sales increasing by 79% year on year. To extend our leadership position in the huge Chinese market we opened a new warehouse in Shanghai. This investment will enable a ca. 50,000 increase in locally stocked product lines, enhancing the local service offer, and in the next financial year it is anticipated that £10m of additional stock will be made available in the warehouse.

Our business in Japan was not directly impacted by the earthquake that hit the country in mid March and our team has worked hard and continued to operate the business and meet customers and supplier's needs. In the second half of March sales in Japan, which represent around 3% of the Group, were at similar levels to the previous year.

UK revenue growth

12.1%

UK contribution % of revenue

28.5%

UK

	2011	Restated ⁽²⁾ 2010	Growth reported	Growth underlying ⁽¹⁾
Revenue	£356.3m	£317.7m	12.1 %	12.1 %
Gross margin	49.0%	50.1 %		
Operating costs	£(72.8)m	£(75.6)m	3.6%	3.6%
Contribution	£101.7m	£83.5m	21.8%	21.8%
Contribution % of revenue	28.5%	26.3%		

(1) Revenue adjusted for trading days

(2) See Note 2 to the Group accounts

The UK continued to grow throughout the year reporting underlying sales growth of 12% and operating costs reduced by nearly 4% as a result of continued cost management. Consequently the business reported 22% contribution growth and a 2.2% point increase in contribution as a percentage of sales to 28.5%. Contribution at over £100m is now above pre-recession levels.

The UK management team has successfully leveraged the Group's strategy, in particular the electronics offer and growing eCommerce channel, as well as further developing new revenue streams whilst closely controlling its costs.

The electronics offer has been further improved with 37,000 new market leading products supported by technical marketing campaigns promoting our market leading online tools including 3D CAD, DesignSpark and DesignSpark PCB. These initiatives, together with the benefits of the UK's specialised sales force, resulted in electronics being the best performing category.

eCommerce revenue grew by 24% during the year, with eCommerce revenue share exiting at 57% up from 52% last year end. This strong performance was driven by a number of initiatives. These included increased search engine marketing bringing more customers to the UK's web site, promotional activities with, for example, value for money flags being used throughout the customer journey to increase order conversion rates and targeted campaigns increasing customer order values.

New revenue opportunities have been developed with the UK's flexible pricing offer, which satisfies larger customer orders at competitive prices, proving successful with customers using this service growing at more than double the rate of the rest of the business as a whole.

Underlying gross margin was stable through the year. The business's success in developing new business through large customer accounts, new revenue streams and prior year electronics price repositioning, together with the effect of weaker Sterling resulted in a year on year decline in gross margin of 1.1% points.

The business has continued to focus on cost control and efficiency which has led to operating costs reducing by around 20% over the last five years.

This year, despite the significant increase in sales, operating costs have reduced by around £3m principally due to lower catalogue print volumes (in line with increasing online usage) and other print efficiencies, benefits from recent freight carrier changes and the warehouse site specialisation last year together with lower pension costs.

Processes

	2011	2010	Change reported	Change underlying ⁽¹⁾
Process costs	£(128.2)m	£(111.5)m	(15.0)%	(14.6)%
Costs % of revenue	(10.9)%	(11.5)%		

(1) Adjusted for currency

New electronics products

37,000

The Groupwide Processes principally comprise Maintenance, Electronics, eCommerce, Supply Chain and Information Systems. Between them these Processes have responsibility for the identification, introduction and sourcing of the Group's products, managing supplier relationships, developing the Group's eCommerce strategy and development, managing the Group's stock (both quantity and location) and the Group's worldwide IT infrastructure.

During the year, the Processes accelerated their activities delivering an increasing number of initiatives to support the delivery of the Group's strategy.

The Electronics division introduced 37,000 new products from strategic suppliers including Panasonic, Tyco Electronics, Texas Instruments and Analog Devices, and in July launched the Group's market leading online design tool for electronics engineers: DesignSpark. The Maintenance team has focused on growing markets introducing new Process, Control and Automation products and products required in renewable energy applications. Across Europe the Maintenance offer was levelled up to create an unequalled and common offer across the entire region driving further sales growth.

The new leadership of the Group's eCommerce team has renewed the strategic focus on transforming the customer experience and placing eCommerce at the heart of our business and its sales and marketing strategies. The eCommerce team launched five new web sites during the year across South Korea, Switzerland, Poland, Hungary and the Czech Republic to support the Asia Pacific and European regional growth strategies. During the year the team introduced a number of new and innovative applications. These included the launch on the iPad of the Group's already popular eTech magazine for electronics design engineers. This is an industry first, providing a new way to display product information with additional detail, images and video animation. More recently, during April, we launched RS Partsfinder: an easy to use plug in browser enabling instant access to the RS database. This provides an even easier mechanism for engineers to find, buy and design with the components that they need.

Supply Chain maintained the business's high service levels to customers whilst controlling stock and reducing costs as a percentage of sales. During the year, the team implemented market leading stock forecast and planning systems together with supporting team structures and managed changes to a number of freight providers and more recently the moving of the Shanghai, China warehouse to a new larger location.

The Group's Information Systems Process oversees and manages the Group's transactional systems and eCommerce platform. During the year the team has also provided support and assistance to our North American business who are progressing with activities to implement its new SAP based ERP systems in the first half of calendar 2012.

Process costs as a percentage of sales reduced by 0.6 % points as the business benefited from the leveraging of the fixed cost base. The continued investment in the implementation of the electronics and eCommerce strategies, together with increased variable costs associated with the strong International sales growth and new product introductions resulted in Process costs increasing by 14.6% at constant exchange rates.

Taxation

The Group's effective tax rate was 31% of headline profit before tax, which was the same as the prior year. The Group's current effective tax rate includes the effect of a significant and continuing increase in the deferred tax liability due to the tax amortisation of overseas goodwill. This deferred tax liability is not expected to crystallise in the foreseeable future. This combined with the impact of the phasing of tax payments means that the effective tax rate was significantly higher than the cash tax rate of 19%.

Pension

The Group has defined benefit pension schemes in the UK, the Republic of Ireland and Germany. All these schemes are closed to new entrants and in Germany the pension scheme is closed to accruals for future service.

Under IAS 19, the combined gross deficit of the Group's defined benefit schemes was £5.4m at 31 March 2011. This balance comprised a £4.8m deficit in Germany, £0.4m deficit in the Republic of Ireland and £0.2m deficit in the UK.

The largest defined benefit scheme is in the UK where the accounting valuation as at 31 March 2011 disclosed a surplus of £24.9m, which was an improvement of £35.1m on last year. This improvement was principally caused by reducing liabilities due to weaker mortality assumptions following a detailed review, increased discount rates and lower inflation assumptions together with actuarial gains caused by member experience and returns on assets being higher than expected. The £24.9m surplus has not been recognised in the Group accounts, as per IFRIC14, which results in a small £0.2m deficit.

The triennial funding valuation of the UK defined benefit pension scheme as at 31 March 2010 has now been completed and disclosed a deficit of £1.6m. A recovery plan has been agreed with the Pension Scheme Trustees and consequently the Group made £0.75m deficit recovery contributions to the pension scheme during the financial year ended 31 March 2011 and will make contributions of around £0.3m per annum for the next four years.

Principal risks and uncertainties

Governance

The Group has well established risk management and internal control processes for the identification, assessment and management of the strategic, operational, financial and compliance risks likely to affect the achievement of the Group's corporate and strategic objectives.

The risk management process

The Board has overall responsibility for the Group's risk management process with the Audit Committee reviewing its effectiveness. Day to day management of risk is delegated to the Group Executive Committee ('GEC') who are accountable for the implementation and management of risk mitigation activities.

The GEC conducts a formal review and assessment of the potential risks to the Group's strategy at the start of each financial year, and prioritises the agreed risks according to an assessment of the Group's risk tolerance limits. The output of this process is reported to the Board for review.

All agreed Group risks have an allocated Executive Committee 'risk owner' who is responsible to the GEC for developing a risk plan that identifies the risk scenarios, documents the risk exposures and monitors performance.

The GEC receive scheduled updates on the major business risks and review new or developing risks for their potential effects on the business. The Board receive scheduled summaries of the prioritised Group major risks from the respective GEC risk owners during the year, together with updates to the Group's risk register.

All operational businesses complete an annual combined risk and controls profile, which feeds into the overall risk assessment process that is reviewed by the GEC, and by the Audit Committee in the annual Risk Review. The results of the risk assessment are factored into the audit plan to focus audit testing on key controls within the business.

Principal risks and uncertainties

The table on pages 28 and 29 presents the principal risks to the achievement of the Group's strategic objectives as identified through the risk management process described above.

The risks are described in terms of their likely impacts and opportunities, the measures that are applied in monitoring the risk, and the mitigating actions that form the main elements of the risk plan.

The senior executives responsible for the management of risks are required to report on progress with their respective risk plans to the GEC and the Board, to ensure the risk and the mitigating actions are appropriate and proportionate.

Risk	Impact
<p>Pricing</p> <p>Customers value the high service model less in a price sensitive market.</p> <p>The risk is that our competitors close the service gap and become more competitive on price.</p>	<p>Threat</p> <ul style="list-style-type: none"> • Pressure on gross margin • Lower sales if we do not act quickly <p>Opportunity</p> <ul style="list-style-type: none"> • Differentiated by industry leading service levels • Sales opportunity for value RS brand products
<p>Macro Economic Conditions</p> <p>The improving global economic conditions remain vulnerable to major shocks such as a further banking crisis or sovereign debt defaults.</p> <p>The Group's sales and profits could be exposed by a worsening of global economic conditions and a loss of business confidence.</p>	<p>Threat</p> <ul style="list-style-type: none"> • Reduced sales • Lowering of operational leverage • Excess stock • Bad debts increase • Funding shortfall <p>Opportunity</p> <ul style="list-style-type: none"> • Focus on markets served by smaller competitors • Customers reduce stock holding and use RS to source and supply components
<p>Risks from the implementation of the Allied ERP system</p> <p>The implementation of the new ERP platform in the Allied business holds inherent risks as with any project of this scale, including the potential distraction from 'business as usual' activities.</p>	<p>Threat</p> <ul style="list-style-type: none"> • Project costs are higher than anticipated • Project does not deliver expected business benefits • Project deadlines are not achieved <p>Opportunity</p> <ul style="list-style-type: none"> • Provides a robust platform for business growth and the development of new service opportunities • Improved management information
<p>Customer acquisition, retention and frequency of spend is insufficient to meet strategy objectives</p> <p>The business does not attract sufficient numbers of new customers, and is unable to develop new and existing customer behaviour to increase order frequency at a sustained level.</p>	<p>Threat</p> <ul style="list-style-type: none"> • Insufficient numbers of new customers • Development of new customers behind target • Average order frequency does not improve • Unable to achieve sustainable sales growth <p>Opportunity</p> <ul style="list-style-type: none"> • Increased sales and profitability • Sustained growth in market share
<p>Product data quality and content reduces eCommerce effectiveness</p> <p>The risk is that current information and data structures inhibit the future effectiveness of the eCommerce offer.</p> <p>The risk anticipates increasing market demands for faster rates of new product introductions, price changes and provision of comprehensive product information.</p>	<p>Threat</p> <ul style="list-style-type: none"> • eCommerce sales are not optimised • Poor customer experience relative to competitors • Competitors are quicker to innovate and develop new web functionality <p>Opportunity</p> <ul style="list-style-type: none"> • Increase of eCommerce sales • Improve cross selling within the eCommerce offer • Better 'search and find' attracts new customers

Key Risk Measures

- Gross margin
- Value for money (VfM) performance
- Competitor price matching coverage
- Frequency of price reviews
- RS Brand sales growth
- 'On Time in Full' performance indicators

Mitigating actions

- ➔ Dynamic pricing strategy
- ➔ Adapt sale prices in response to and in anticipation of external factors
- ➔ Increase price matches with competitor products
- ➔ Continued focus on customer service
- ➔ Monitor and maintain customer service

- Free cash flow
- Available 'headroom' in banking covenants and facilities
- Working capital metrics
- Costs

- ➔ Strong balance sheet
- ➔ Significant headroom to the Group's banking covenants and facilities
- ➔ Cost management
- ➔ Geographic spread of business
- ➔ Working capital management

- Project milestones monitored through formal project Steering Group with Executive Committee oversight
- Project costs and benefits reviewed by Steering Group
- Project risks and major risks logs monitored by Group

- ➔ Specialist consultancy support embedded in the implementation team
- ➔ Approved project governance procedures in place
- ➔ Close review and monitoring by Allied management team, with executive committee oversight
- ➔ Benefits management process

- New customer acquisition
- Average order frequency
- Metrics on new customers' purchasing behaviours
- Customer retention metrics
- Customer satisfaction survey

- ➔ Customer acquisition campaign
- ➔ Brand awareness programmes in new markets
- ➔ Development programme to influence new customer purchasing behaviours
- ➔ Improvements to the eCommerce 'customer journey'
- ➔ Targeted and relevant mass marketing programmes
- ➔ Continuing high levels of new product introductions

- Web conversion rate
- Sales credits
- Proportion of product data 'cleansed'
- Customer satisfaction survey

- ➔ Ongoing programmes to improve product data and content quality
- ➔ Customer expectations and experiences monitored through customer surveys
- ➔ Localisation of product hierarchies
- ➔ Governance structure for new product introductions

Corporate social responsibility

Sound corporate responsibility policies and practices are integral to our business.

Policy and overview

We are committed to sound corporate social responsibility policies and practices as an integral part of our business. We believe that the progressive alignment of our values and strategy with responsible and ethical business policies and practices helps enhance employee engagement and competitiveness, and is a driver for sustainable growth and success.

The Board of Electrocomponents takes account of Corporate Social Responsibility (CSR) matters in our business operations. The Group Chief Executive is the Director responsible for CSR, environment and health and safety across the business. Electrocomponents plc is a member of the FTSE4Good index.

The Group has a policy manual, 'Our Standards', which sets out the standards of behaviour to which every employee is expected to work and which defines the core values and principles we apply in dealing with our customers, suppliers and other stakeholders. 'Our Standards' covers gifts, hospitality and donations, fraud, compliance, competition law, conflicts of interest and respect for our employees. We issue 'Our Standards' annually to our management population across the Group in seven languages, using a web-based tool which ensures the manual has been received, read, understood and accepted. 'Our Standards' is also available to all employees via the Group intranet site.

The Group has an independently operated whistle-blowing facility called 'Speak Up'. This facility allows employees to report matters of concern in confidence using a telephone hotline, email or a web-based system. During the year, the scope of Speak Up was increased from UK and Asia Pacific to include North America and Europe, so that it now operates Group-wide.

Health and Safety

Health and Safety is of paramount importance to the Group and ensuring the safety of our 5,800 employees around the world is a primary concern.

We have taken positive steps to not only improve training and raise awareness of safety in the workplace, but long term also to develop the behaviours and mindset of employees to ensure sustainable improvement can be achieved. The Group believes it will take three to five years to achieve this behavioural change fully and we are a year into this journey.

Engaging with Corporate Responsibility

We participate in and engage in a number of external schemes including the FTSE4Good index and the Carbon Disclosure Project, in which we were recognised as a FTSE 350 sector leader. In the UK our business has been granted patron status of the NSPCC.



FTSE4Good



CARBON DISCLOSURE PROJECT

The Group's long term aspirational goal is for 'zero lost time accidents', with stretching annual targets to deliver safety improvements. During the year, we can report good progress. High profile branded Health and Safety campaigns were launched across the Group to raise awareness and develop wider safety engagement. 'Target Zero' in the UK, and 'Open Your Eyes' in Europe have featured preventative campaigns on areas including 'slips, trips and falls' and safety on staircases, with the content then shared broadly across the other regions. These initiatives were supported by an increase in health and safety training courses which saw attendances exceed 8,700 people, which translates to over 1.5 courses for every employee in the business – the highest ever recorded by the Group.

The Group placed a requirement for health and safety objectives to be set for all departments and managers in the UK, North America, Europe and Asia Pacific to broaden participation in the health and safety effort from the wider management population.

The Group Executive Committee and senior management conduct regular health and safety visits to our distribution centres and trade counters to reinforce the importance of this vital issue. There were 73 GEC health and safety visits recorded during the year and 141 senior managers attended behavioural safety training aimed at reinforcing attitudes and behaviours on health and safety; with the training being cascaded to all levels in the business this year.

Despite an increase in workload of over 20% during the year and an increase in the number of full-time employees across the Group, there was a 40% reduction in days lost to injury from 1,211 in 2010 to 737 in 2011 – a significant improvement. There was a slight improvement in the lost time accident (LTAs) rate recorded across the group from 1.05 LTAs per 200,000 hours worked in 2010 to 1.01 per 200,000 in 2011.

The Group's objective is to achieve long term behavioural change, promoting good practice and behaviours amongst all employees, regardless of whether they are office-based, field-based or work at our distribution centres and trade counters. To raise awareness, the Group has improved reporting of near-misses to reduce the potential of accidents happening and introduced regional health and safety forums reporting to a global health and safety committee. A Group Health and Safety Manager was also appointed in May 2011 and the Group is committed to continually improving its health and safety performance.

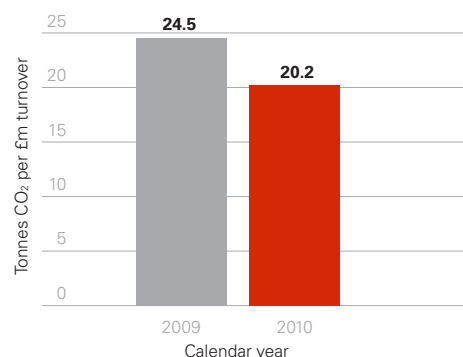
Environment

The Group Environmental Policy Statement, which is set out in 'Our Standards' commits us to identifying and managing the environmental impacts associated with our activities. The policy and our implementation programmes support the Group's business strategy. Our aims are to promote greater efficiency and progressively reduce our environmental impacts per unit of turnover.

The most significant environmental impacts are carbon emissions due to the consumption of energy at our facilities, the use of paper in our printed catalogues and packaging for our products, the generation of waste, and water use.

We use a set of key performance indicators (KPIs) to assess and monitor the environmental performance of our sites and businesses. The KPIs index relevant environmental impacts to sales to reflect performance allowing for business growth. This enables us to benchmark individual areas of the Group's business and helps identify performance improvement opportunities.

We encourage areas to gain certification to ISO14001:2004 Environmental Management Standard where this supports our business objectives. 57% of the Group by sales turnover is certificated to ISO14001.

Tonnes CO₂ per £m turnover

We aim continually to improve the quality and coverage of our environmental reporting and have restated 2009 performance where appropriate, with all KPIs on a constant currency basis and other adjustments to reflect more accurately the prior year's data. All of our facilities across the Group report their environmental performance and this section covers the comparable data for calendar years 2009 and 2010.

Emissions

The Group participates in the Carbon Disclosure Project, and in 2010 was recognised as a FTSE 350 sector leader for its CO₂ emissions performance and reporting information.

Our premises and operations infrastructure continue to be the primary source of our energy usage and carbon emissions, presenting a relatively fixed element of our carbon emissions 'footprint'. For 2010 this has meant that the level of energy and carbon emissions has stayed relatively flat (at 78.6kg CO₂ per m² in 2010, against 78.2kg CO₂ per m² in 2009) despite the growth in the Group's sales, resulting in increases in overall efficiency.

There was an increase of 1% in total energy usage in calendar year 2010 relative to 2009. This was against a 20% year on year increase in sales across the Group.

As a result, 2010 saw an improvement of around 17% in energy intensity (tonnes of CO₂ per £m turnover). This has been driven primarily by sales growth, with contributions also from continuing local energy efficiency initiatives, including for example energy efficient lighting projects in the larger businesses, including in the UK, North America and Europe.

The Group is investing £500,000 this year in new video-conferencing facilities to improve our international communications, which should also reduce overall travel costs and carbon emissions.

The UK business participates in the Carbon Reduction Commitment Energy Efficiency scheme, requiring the monitoring and reporting of energy usage and the related emissions on an annual basis. We purchase a number of carbon allowances to account for the emissions for which we are responsible. The UK business continues as a member of the Carbon Trust Standard, and was independently verified to confirm year on year reduction in carbon emissions.

Emissions KPIs

	Total Emissions (Tonnes CO ₂)		Tonnes CO ₂ per £m Turnover		Kg CO ₂ per m ² Floor area	
	2010	2009	2010	2009	2010	2009
CO ₂ due to premises energy use*#	22,943	23,015	20.2	24.5	78.6	78.2

* CO₂ equivalent from all energy sources, including country specific CO₂ factors for electricity

Excludes a number of smaller facilities where utilities are included in lease costs

Paper and Packaging

We continue to work closely with our pulp and paper suppliers and printers to reduce the carbon footprint of the paper catalogue. This applies both in production and distribution, and we work to minimise weight and to maximise efficiency. As a result we have improved distribution efficiencies, reduced costs and cut our carbon footprint.

All the pulp for our paper catalogues are sourced from either the Sustainable Forestry Initiative or PEFC accredited forests, with all the printing carried out in ISO14001 certificated facilities. Our catalogues in the European and Asian markets all carry the PEFC 'chain of custody' accreditation marks.

Our customer packaging is the subject of on-going review which aims to identify opportunities to reduce the quantity of packaging whilst ensuring customer orders are protected against damage whilst in transit.

The quantity of packaging consumed by the business increased significantly during 2010 with a 20% increase in the total used, driven by the sales increases.

There was an increase of 4% in the quantity of packaging per line ordered during the year, with the development of the 'Production Packaging' customer offer for electronics introducing a new packaging stream to the business. The UK is the primary reserve stock location for the Group, and the increase in sales in Europe and Asia Pacific resulted in an increase in demand for international transit packaging from the UK which also contributed to the 4% increase.

Waste

The total quantity of waste produced across the Group in 2010 was 3,074 tonnes, remaining broadly consistent with that reported in 2009.

The uplift in sales in 2010 produced an 18% improvement in waste intensity (kilogrammes of waste per £k turnover) over 2009.

Recycling rates across the Group improved by 3% points to 74% in 2010. A recycling initiative in our North American business resulted in the tonnage of waste disposed of to landfill being halved over that for 2009.

The UK started an initiative to significantly reduce landfill waste from its larger distribution centre. The ultimate aspirational goal is to achieve a 'zero to landfill' objective for the site.

We emphasise the importance of waste reduction and recycling initiatives across the business by spreading best practice, including for example moving to electronic invoicing, inclusion of buyback clauses in supplier contracts and reuse of transit packaging.

Waste and recycling KPIs

	Total waste (tonnes)		Kg waste/£k turnover	
	2010	2009	2010	2009
Total waste	3,074	3,080	2.7	3.3

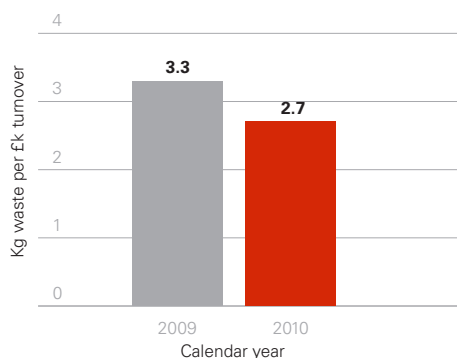
	Waste recycled (tonnes)		% of total waste recycled	
	2010	2009	2010	2009
Waste reused/recycled	2,268	2,196	74%	71%

Water

The Group continues to work to reduce water consumption and in calendar year 2010 total water use and water use per employee was down. The Group's use of water is primarily for domestic and fire safety purposes, such as catering, washroom purposes, and water sprinkler systems.

Total water consumption across the Group reduced by around 2% in 2010 relative to 2009, with consumption per employee reducing by around 3%. The improvement was driven by reductions in consumption reported in North America, Italy and South East Asia where local initiatives such as tighter control of irrigation of green spaces, improved metering of supplies and monitoring of consumption have had positive effects.

Kg waste per £k turnover



Waste reused/recycled

74%

These gains were partially offset by a significant increase in water consumption reported from France, where fire protection improvements to the warehouse resulted in the water sprinkler systems being drained and refilled on a number of occasions during the commissioning process.

Water KPIs

	Total Water Consumption (m ³)		Consumption per employee (Litres)	
	2010	2009	2010	2009
Total Water Use	40,929	41,809	7,536	7,737

Our People

We value the commitment of our employees. We respect the rights of every employee and, regardless of circumstances, we aim to treat our employees with dignity and consideration. Our employment policies are designed to attract, retain, motivate and train our people and to respect their rights. We provide training and personal and professional development opportunities to equip employees with the necessary skills to carry out their roles and to provide career growth opportunities and job satisfaction.

We are committed to a policy of equal opportunity with regard to our employment practices and procedures. No employee or prospective employee should receive less favourable treatment on the grounds of gender, ethnic or national origin, religion, sexual orientation, marital status, age or disability, or any other factor that is not justified in law or relevant to the requirements of the job.

This year, we strengthened our Executive team with three key appointments: Keith Reville, joining from Orange where he was Director of Online Sales, to head up our eCommerce team, Phil Cook previously Chief Information Officer of BAT to lead our Global Information Systems team and Nigel Main, previously communications director for EMEA at Wyndham Exchange and Rentals, to lead our Communications team. We intensified the global roll out of our Leadership Coaching Programme throughout the business.

The implementation of a global recruitment system in 2010 ensures we can provide potential candidates with complete visibility of all vacancies throughout our Group. Our market leading use of social media tools such as LinkedIn to attract and vet the best candidates has enabled us to increase quality whilst significantly reducing cost.

Building a Great Place to Work continues to be a strategic focus for us throughout the Group with Continuous Improvement and Health and Safety being key elements of this strategy. The Executive team also launched Face2Face, our award-winning employee communication programme in the UK, and have held similar sessions around the Group. We regularly measure progress against our employee engagement targets through employee surveys and have achieved consistently positive results.

During the year a business-wide initiative was undertaken to crystallise the organisational values we have now, recognising the evolution we have achieved in the Group. 5,000 of our employees were invited to respond with their views on what our values should be and the kind of behaviours we should expect from one another. Over 50 focus groups were conducted amongst over 400 employees to take initial responses and refine them into a simple set of words, phrases, actions and behaviours. These will reflect the best qualities of what we do now, but also set aspirational values to evolve the organisation and culture to be a better, more satisfying place to work in as an employer and a more customer focused dynamic business for our customers, suppliers and stakeholders. Our new values will be launched across the Group in the autumn of 2011.

Corporate Responsibility in action

Our offices and distribution centres have very strong links to our local communities and we positively encourage and support our employees to be involved with charitable activities.



Community and Charity

We have around 5,800 employees globally, located in 32 markets. It is a fundamental Group value that we interact with and support the people and communities where our offices are located.

Through our offices and distribution centres we have very strong links to our local communities and we positively encourage and support our employees to be involved with charitable activities.

The emphasis is on local focus as opposed to a central or corporate policy, consequently there are many smaller activities conducted locally rather than one or two large global initiatives. Examples of such local initiatives are detailed below:

- During the year, our UK business was granted patron status of the children's charity, the NSPCC. This was recognition for donations by employees in excess of £150,000 through a salary donation scheme and through organised events; our UK business is proud to have a ten-year association with the NSPCC.
- Our UK business's call centre supported the UK's Comic Relief charity as part of the donation network across the country for Red Nose Day 2011. Over 150 volunteers made up of RS staff, friends and family members manned the call centre during the evening of Red Nose Day to take donations and pledges. Over 4,200 calls were handled which generated £130,000 for Comic Relief.
- Our Asia Pacific management team donated £5,000 to our employees in Japan to donate to a charity of their choice in the wake of the March 2011 earthquake and tsunami.
- In North America, our Allied business is an active participant in a number of community initiatives including; the United Way, the Future City Competition and the Battered Women's Foundation.
- Supporting education is a key theme for our UK business. We are a sponsor of the local Business Academy and an active participant in the Young Enterprise Scheme and Enterprise in Action. We also support a 'Mentor' programme for teenage children in local schools.
- The Group supports its employees' efforts to raise funds and increase awareness of personal worthy causes, as well as organising events for national charities. In 2010, UK based employees raised over £50,000 for various charities, including: the Lakelands Day Care Hospice, Help for Heroes, the Riding School for the Disabled, Warwickshire & Northamptonshire Air Ambulance, Rosie Weaver Campaign and George Eliot School.

Verification

Electrocomponents evaluates its CR policies and performance as part of its risk management and internal audit processes. Those locations certificated to ISO9001, ISO14001 and OSHAS18001 have regular audits by external agencies.

Our environmental reporting processes and data are reviewed by our Group Risk Manager working with external consultants to verify, where appropriate, our environmental key performance indicators.

We consider that these procedures provide a reasonable level of assurance that our non-financial key performance indicators are free from material misstatement. Whilst we have considered the potential for further external verification of the Group's CR performance we have decided that currently we will limit this to external professional advice on specific matters as required.

Board of Directors



Peter Johnson
Chairman

Peter Johnson, 63, joined as Chairman in October 2010. He is Chairman of DS Smith plc, a leading international producer of paper and packaging materials and distributor of office products. He is also a Member of the Supervisory Board of Wienerberger AG and until recently was a non-executive Director of SSL International plc. He was previously Chief Executive of George Wimpey plc and prior to that Chief Executive of The Rugby Group plc.

*(Chairman of the
Nomination Committee
from 1 October 2010) (a)*

Ian Mason
Group Chief Executive

Ian Mason, 49, joined the Group in February 1995 as Director of Business Development. He was appointed to the Board of Directors in July 2000 as Chief Operating Officer and was appointed Group Chief Executive in July 2001. Previously he worked for The Boston Consulting Group. In November 2007 he was appointed as a non-executive Director of The Sage Group plc.

*(Chairman of the Group Executive
Committee) (b) (c)*

Simon Boddie
Group Finance Director

Simon Boddie, 51, joined as Group Finance Director in September 2005 from Diageo plc. He joined Diageo in 1992 where he held a variety of senior finance positions, latterly as Finance Director of Key Markets.

*(Chairman of the Treasury
Committee) (b) (c)*



Adrian Auer
Non-Executive Director

Adrian Auer, 62, joined as a non-executive Director on 1 July 2009. Adrian is Chairman of both Shanks Group plc and Readymix plc. He is a non-executive Director of Umeco plc, and in May of this year he became a non-executive Director of AZ Electronic Materials S.A. He is also Chairman of Addaction, Britain's largest specialist drug and alcohol treatment charity. Adrian has held the position of Finance Director in a number of major companies and has extensive international business experience. (a) (d) (e)

Paul Hollingworth
Non-Executive Director

Paul Hollingworth, 51, joined as a non-executive Director in May 2008. He is Group Chief Financial Officer of Thomas Cook Group plc. Previously he was Chief Financial Officer of Mondi Group and prior to that held positions as Group Finance Director of BPB plc, De La Rue plc and Ransomes plc.

(Chairman of the Audit Committee) (a) (d) (e)

Rupert Soames
Non-Executive Director

Rupert Soames, 52, joined as a non-executive Director in July 2007. Rupert is Group Chief Executive of Aggreko plc. Previously he was Chief Executive of the Banking and Securities Division of Misys plc and a non-executive Director of Baggeridge Brick plc.

(Senior Independent Director and Chairman of the Remuneration Committee) (a) (d) (e)

Ian Haslegrave
General Counsel and
Company Secretary

Ian Haslegrave, 42, joined the Company in September 2006 from Viacom Outdoor Limited where he was International Legal Director. Previously he worked at United Biscuits Limited and Freshfields Bruckhaus Deringer. (b)

(a) = member of the Nomination Committee
(b) = member of the Treasury Committee
(c) = member of the Group Executive Committee
(d) = member of the Remuneration Committee
(e) = member of the Audit committee

Directors' report

The Directors present their report on the affairs of the Group together with the audited accounts for the year ended 31 March 2011.

Principal Activity and Business Review

The principal activity of the Group is the high service level distribution of electronics, electrical, industrial and commercial supplies and services to engineers worldwide, through its 32 operating companies and its distributors. Significant events which occurred during the year are detailed in the Chairman's Report on pages 4 to 5, the Group Chief Executive's Review on pages 6 to 11, Corporate Social Responsibility Report on pages 30 to 35 and the Business Review on pages 18 to 29. The Business Review is incorporated by reference into, and forms part of, this Directors' Report.

Corporate Governance

The Company and the Group are committed to high standards of corporate governance and the Board is accountable to the Company's shareholders. Details are given in the Corporate Governance and Audit Committee Reports on pages 40 to 42 and 43 to 44, which form part of and are incorporated by reference into this Directors' Report, and in the Remuneration Report on pages 45 to 51.

Results and Dividends

Results for the year are set out in the Income Statement on page 54. An analysis of revenue, profit and net assets by region is shown in note 2 on pages 63 to 65.

The Directors recommend a final dividend of 6.5p per ordinary share, to be paid, if approved, on 22 July 2011 which, together with the interim dividend of 5p per share paid in January 2011, amounts to a total dividend of 11.5p for the year ended 31 March 2011 (2010: 11.0p).

Going Concern

The Group's activities, strategy and performance are explained in the Chief Executive's Review on pages 6 to 11 and the Business Review on pages 18 to 29.

Further detail on the financial performance, financial position and cash flows of the Group is provided in the Business Review on pages 18 to 29.

Note 20 to the consolidated financial statements provides details of the Group's debt maturity profile, capital management policy, hedging activities and financial instruments and its exposures to interest rate and foreign currency risks.

The Group is highly cash generative as evidenced in its strong cash flow performance with free cash flow representing 73% of profit after tax for the year ended 31 March 2011. Management reviews its actual and forecast cash flows each month to ensure that sufficient facilities are in place to meet the Group's requirements.

At 31 March 2011, the Group's net debt was £160.7m with total committed debt and loan facilities of £298.6m with undrawn committed facilities of £133.4m

The Group's main sources of finance are a syndicated multicurrency facility from ten banks for US\$97m, £102m and €47m maturing in September 2012 and \$150m of Private Placement notes, split \$65m maturing June 2015 and \$85m maturing June 2017.

Compliance with the Group's bank covenants is monitored monthly and sensitivity analyses are periodically applied to forecasts to assess their impact on covenants and net debt. At 31 March 2011 there was significant headroom between the Group's financial position and its banking covenants; it is expected that such covenants will continue to be complied with for the foreseeable future.

The Group has sufficient financial resources, a large and geographically spread customer base and strong supplier relationships. Therefore, the Directors believe that the Group is well placed to manage its business risks successfully.

The Directors, having made appropriate enquiries, have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Group's accounts. The Directors confirm that this statement has been prepared in accordance with Going Concern and Liquidity Risk: Guidance of UK companies 2009, published by the Financial Reporting Council in October 2009.

Financial Instruments

For information on the Group's use of financial instruments, including financial risk management objectives and policies of the Group and exposure of the Group to certain financial risks, see note 20 on pages 80 to 87 to the Group accounts.

Payment to Suppliers

The Group agrees terms and conditions for its business transactions with different 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 2011 represent 36 days (2010: 37 days) of average purchases.

Directors Indemnities

A list of Directors and their interests in the ordinary share capital of the Company and details of their options over the ordinary share capital of the Company are given in the Remuneration Report on pages 45 to 51.

In accordance with the Company's Articles of Association, the Company entered into a deed to indemnify to the extent permitted by law the Directors of the Company and the Company Secretary in 2007. A copy of this indemnity is available at the registered office of the Company.

The Company purchased and maintained directors' and officers' liability insurance throughout 2010, which was renewed for 2011.

Neither the indemnity nor insurance provide cover in the event that the Director, officer or Company Secretary is proved to have acted fraudulently.

Employment Policies

The Group values highly the commitment of its employees and has maintained its practice of communicating business developments to them in a variety of formats which include monthly conference calls to managers across the Group, postings on the Group Intranet and a discussion forum for managers. Over the last two years the Group has organised several local communication meetings ('Face2Face' meetings), further details of which are given in the Corporate Social

Responsibility report on pages 30 to 35. These are two-way communication forums at which employees at all levels are encouraged to engage directly with the members of the Group Executive Committee and are given the opportunity to ask questions on all aspects of the business. The Executive Directors continue to provide presentations to employees of the Group Results (including the Half-Yearly Financial Results) and by targeted e-zines. In June, representatives from around the world met for the Group Management Meeting to share the Group's vision and strategy.

The Group has numerous consultation forums and a culture of two way communications is actively promoted, with trade unions, works councils and other employee groups involved wherever appropriate.

Employees are appraised regularly. The appraisal process has been designed to link closely with the business planning process and provides employees with a clear set of business and personal objectives, together with identifying clear personal development plans.

Many employees are stakeholders in the business through participation in all employee share plans and long-term performance share plans. During the year employees around the world were invited to participate in all employee share plans.

The Group is firmly committed to a policy of Equal Opportunities in its employment practices and our policies are designed to provide such equality irrespective of sex, creed, ethnic or natural origins, nationality, religion or belief, sexual orientation, age or disability. The Group has a 'Diversity Policy' and as part of this every possible step is taken to ensure that individuals are treated equally and fairly and we are placing increasing focus on improving our gender diversity at senior levels. The same criteria are applied to people with disabilities as they are to other employees. Where appropriate, facilities are adapted and retraining offered to any employee who develops a disability during their employment.

Substantial Shareholders

As at 23 May 2011, the Company has been notified, in accordance with the FSA Disclosure and Transparency Rules, of the following interests in the voting rights of the Company:

	Nature of Interest	Number of Shares	Percentage held
Silchester International Investors LLP	Direct	73,892,888	16.96%
Sprucegrove Investment Management Ltd	Direct	33,046,296	7.58%
Prudential plc group of companies	Direct	26,003,990	5.97%
FIL Limited (Fidelity)	Indirect	21,697,500	4.98%
Majedie Asset Management Ltd	Indirect	21,489,116	4.94%
Oppenheimer Funds Inc. and Baring Asset Management Ltd	Indirect	17,649,626	4.05%
Legal & General Group plc	Direct	17,403,410	3.99%

Share Capital

Full details of share options and awards and shares issued under the terms of the Company's share incentive plans can be found in note 6 to the accounts on pages 67 to 68.

As at 31 March 2011, the Company's issued share capital was comprised of a single class of 435,679,731 ordinary shares of 10 pence each, totalling £43,568.

The Company was authorised by shareholders at the Annual General Meeting held on 15 July 2010 to purchase its own shares in the market up to 43,539,328 shares. This authority will expire at the 2011 Annual General Meeting and the Company will seek a resolution to renew it for another year.

Additional Information for Electrocomponents plc Shareholders

The information for Electrocomponents plc shareholders required pursuant to the Companies Act 2006 can be found on page 101 and is incorporated by reference into, and forms part of this report.

Political and Charitable Contributions

The Group made no political contributions during the year. Charitable contributions within the UK amounted to £9,837 (2010: £9,061) and outside the UK amounted to £34,140 (2010: £14,909). Further information regarding charitable work and involvement in local community activities within the group is given in the Corporate Social Responsibility report on pages 30 to 35.

Disclosure of Information to Auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Annual General Meeting

The Notice of the Annual General Meeting, which will be held at 12 noon on Friday 15 July 2011 at the Company's premises, The International Management Centre, 8050 Oxford Business Park North, Oxford, OX4 2HW, is set out in a separate circular.

By order of the Board

Ian Haslegrave

General Counsel & Company Secretary

27 May 2011

Corporate Governance report

During the year ended 31 March 2011, the Company has been subject to the provisions of the Combined Code on Corporate Governance published in July 2003 and last revised in June 2008 (the 'Combined Code'). Section 1 of the Combined Code establishes 17 main principles and 26 supporting principles of good governance in four areas: Directors; Relations with Shareholders; Accountability and Audit; and Remuneration of Directors. This report explains how these principles were applied in the first two of these areas. Detailed reports on Directors' Remuneration and the Audit Committee can be found on pages 45 to 51 and pages 43 to 44 respectively. The Audit Committee Report is incorporated by reference into, and forms part of, this Corporate Governance Report.

Directors

The Board

As at 31 March 2011 the Board comprised the Chairman, two Executive Directors and three independent Non-Executive Directors. The Board is collectively responsible for promoting the success of the Company. The Board has carefully considered the guidance criteria on independence of the Chairman and Non-Executive Directors under the Combined Code. In the opinion of the Board, the Chairman and all the Non-Executive Directors bring independence of judgement and character to the Board and to the committees on which they sit. They are sufficiently independent of management and are free from any business or other relationships which could interfere with the exercise of their judgement.

The Board has a formal schedule of matters reserved for its approval. It is responsible for the overall Group strategy and the approval and review of major investment proposals. The Board discusses and agrees strategic plans, reviews forecasts and evaluates Group and subsidiary performance. Other day-to-day operational decisions are delegated by the Board to the Group Executive Committee. Information and agenda items are recommended to the Board by the Group Executive Committee and the Company Secretary after discussion with the Chairman and Group Chief Executive. A twelve month rolling programme of Board items and other key issues are discussed and agreed by the Board.

The Board normally meets seven times per year and supplementary meetings are held as and when necessary. Its annual schedule of meetings normally includes a visit to an operating company, which give the Directors the opportunity to review operations and meet local management. Directors receive a pack of relevant and timely information on the matters to be discussed at each meeting. Senior managers below Board level also attend relevant parts of Board meetings in order to make presentations on their areas of responsibility. Between Board meetings, Directors are provided with information on matters affecting the business as and when relevant.

The Company's Articles of Association give the Board the power to authorise situations which might give rise to Directors' conflicts of interest. The Board has in place a formal conflicts of interest management procedure. The Board is responsible for considering whether authorisation is required, and if it can be given, in relation to new situations as they arise. The Board reviews annually any conflict authorisations it has given and any limitations which have been applied.

Biographical details of the Directors at the date of this report are set out on pages 36 and 37, together with details of their membership of Board Committees.

Board Committees

The Board has a number of standing committees consisting of certain Directors and, in the case of the Group Executive Committee and Treasury Committee, certain senior managers, to which specific responsibilities have been delegated and for which written terms of reference have been agreed. These terms of reference are available for inspection on the Company's website. Board members receive minutes of meetings of all the Board's committees and can request presentations or reports on areas of interest.

The Group Executive Committee consists of the Executive Directors and certain senior managers with Operating Company and Process responsibilities. It is chaired by the Group Chief Executive. The Committee has met ten times during the financial year ended 31 March 2011 and manages the day-to-day activities of the Group.

The Board has delegated the following responsibilities to the Group Executive Committee: the development and recommendation of strategic plans for consideration by the Board; the monitoring of the operating and financial results against plans and forecasts; and the development of risk management and control procedures. The Company Secretary acts as secretary to the Committee.

The Audit Committee consists of all the Non-Executive Directors and is chaired by Paul Hollingworth. Under its terms of reference the Committee meets at least three times a year. During the year under review the Committee met four times. It ensures the integrity of financial reporting and audit processes and the maintenance of a sound internal control and risk management system. The Company Secretary acts as secretary to the Committee. Further details of the Audit Committee and its activities are set out in the Audit Committee Report on pages 43 to 44.

The Treasury Committee consists of the Group Chief Executive, the Group Finance Director, the Group Treasurer, the Assistant Group Treasurer, the Group Controller, the Company Secretary and the Group Tax Manager and sets detailed treasury policy for the Group within guidelines established by the Board. The Committee meets quarterly. The Assistant Group Treasurer acts as secretary to the Committee.

The Remuneration Committee consists of all the Non-Executive Directors and is chaired by Rupert Soames. Under its terms of reference the Committee meets at least twice a year. During the year under review the Committee met four times. It is responsible for all aspects of the remuneration of the Executive Directors. The Company Secretary acts as secretary to the Committee. Further details of the Remuneration Committee, remuneration policy and of the remuneration of each Director are set out in the Remuneration Report on pages 45 to 51.

The Nomination Committee consists of the Chairman and all the Non-Executive Directors. The Chairman, Peter Johnson (or Helmut Mamsch in the period until his resignation), chaired the Committee. The Committee meets as required and recommends to the Board candidates for appointment as Directors of the Company. The

Committee periodically assesses what new skills, knowledge and experience are required on the Board and if appropriate, recommends a candidate profile which is then used to brief recruitment consultants appointed by the Committee to undertake the selection process. Initial meetings are held generally by the Chairman and the Group Chief Executive with prospective candidates and a shortlist of individuals is selected to meet with other Nomination Committee members and the Executive Directors. The Nomination Committee then meets and decides which candidate, if any, will be recommended to join the Board. This process was used for the recent appointment of Peter Johnson as Chairman of the Board. Meetings relating to the appointment of the new Chairman were chaired by Rupert Soames, as Senior Independent Director. The Board has succession plans in place for both the Board and the Group Executive Committee. The Company Secretary acts as secretary to the Committee.

Board Attendance

The following table sets out the number of meetings of the Board and of the Audit, Remuneration and Nomination Committees during the year and individual attendance by the relevant members at these meetings:

	Board	Audit Committee	Remuneration Committee	Nomination Committee
Number of meetings held during the year	7	4	4	3
H Mamsch ^(a)	3(3)	–	–	3(3)
P Johnson ^(b)	3(3)	–	–	–
I Mason	7(7)	–	–	–
S Boddie	7(7)	–	–	–
A Auer	7(7)	4(4)	4(4)	3(3)
P Hollingworth	7(7)	4(4)	4(4)	3(3)
R Soames	7(7)	4(4)	4(4)	3(3)

(The maximum number of meetings held during the year that each Director could attend is shown in brackets)

(a) Helmut Mamsch ceased to be Chairman on 15 July 2010.

(b) Peter Johnson was appointed as Chairman on 1 October 2010.

Chairman, Group Chief Executive and Senior Independent Director

The roles of Chairman and Group Chief Executive are held by different individuals. The division of responsibilities between the Chairman and Group Chief Executive has been clearly established; their responsibilities are set out in writing and have been agreed by the Board.

The Chairman is responsible for leadership of the Board and for organising the business of the Board, ensuring its effectiveness and setting its agenda. The Chairman facilitates the effective contribution of the Non-Executive Directors, and ensures all Directors receive accurate, timely and clear information. He is also responsible for effective communication between the Board and shareholders.

Peter Johnson was appointed Chairman on 1 October 2010. Helmut Mamsch retired as Chairman at last year's Annual General Meeting with Rupert Soames acting as Chairman in the period up until Peter Johnson's appointment.

The Group Chief Executive has direct charge of the Company on a day-to-day basis and is accountable to the Board for the financial and operational performance of the Group, and the determination of the strategy and the achievement of its objectives.

The Senior Independent Director is responsible for chairing the meeting of Non-Executive Directors for the purpose of evaluating the Chairman's performance and to provide an alternative communication channel for shareholders if required.

Board Training and Induction

A tailored induction programme is provided for each new Director. Overall, the aim of the induction programme is to introduce new Directors to the Group's business, its operations and its governance arrangements. Such inductions typically include meetings with senior management, the Company Secretary, sales visits to customers and presentations of key business areas and other relevant documentation. As part of Peter Johnson's induction he also met with the Company's Auditors, Corporate Broker and a number of major shareholders.

Directors are encouraged to update their skills, knowledge and familiarity with the Group by attending external seminars and briefings, through participation at meetings and through visits to operating units, both in the UK and overseas, as well as by receiving presentations from senior management. The Directors are updated on new legislation and corporate governance issues as they arise. Directors are given access to independent professional advice at the Group's expense, if they deem it necessary in order for them to carry out their responsibilities. This is in addition to the access that every Director has to the Company Secretary, who is responsible to the Board for ensuring that Board procedures are complied with.

Performance Evaluation

The Board annually evaluates its own performance and that of its Directors. Due to the recent appointment of Peter Johnson a decision was made to delay the Board and Committee evaluation process and this was completed after the end of the financial year. The delay has allowed sufficient Board and Committee meetings to have taken place under the new Chairman. For the same reason, a meeting to appraise the Chairman's performance and meetings involving only the Non-Executive Directors were not held during the financial year. Detailed questionnaires were sent to Board members covering the Board, and its Directors and Committees. The questionnaire covers issues such as effectiveness of meetings, how well strategy is tested and developed, Board composition and succession planning and risk management controls. Since the year end, the Chairman has met individual Board directors to discuss their responses to the questionnaire and has provided a report to the Board with recommendations for actions to improve the effectiveness of the Board. The responses to the Committee questionnaires have been collated independently by the Company Secretary who has prepared reports for each of the Chairmen of the Committees. These reports have been discussed at the relevant Committee meetings.

Re-appointment of Directors

Helmut Mamsch retired at the Annual General Meeting in July 2010, having served almost four years on the Board.

Having considered the recommendations of the UK Corporate Governance Code, the Board has decided that the Chairman and Non-Executive Directors will retire and stand for re-election at the forthcoming Annual General Meeting on 15 July 2011 and annually thereafter. The Executive Directors will continue to retire every three years, and offer themselves for re-election, in accordance with the Company's Articles of Association. This will be kept under review. The Board considers that the Chairman and Non-Executive Directors are accountable to shareholders for the performance of the Executive Directors and that it is in the best interests of the Company for any change to the Executive Directors to be part of a controlled succession planning process.

Internal Control and Risk Management

The Group has an established and ongoing process of risk management and internal control which has continued throughout the year under review and up to the date of approval of the annual report and accounts. The Board is responsible for the effectiveness of the Group's system of internal control, which has been designed and implemented to meet the particular requirements of the Group and the risks to which it is exposed.

In accordance with the requirements of the Combined Code and the recommendations of the Turnbull Review Group on internal control, the Audit Committee has regularly reviewed the effectiveness of the Group's system of internal control and risk management and reported the results to the Board. These reviews covered all material controls, including financial, operational and compliance controls and risk management systems. Further details of this process are given in the Audit Committee Report on pages 43 and 44.

The Group's internal control system can provide reasonable but not absolute assurance against material misstatement or loss.

Relations with Shareholders

The Annual Report and Accounts is sent to all shareholders who wish to receive a copy. It is also available on the Company's website, which additionally contains up-to-date information on the Group's activities and published financial results and presentations.

Executive Directors have frequent discussions with institutional shareholders on a range of issues affecting the Group's performance, which include meetings following the announcements of the annual and interim results, the results of which are communicated to, and discussed by, the Board. At these meetings the Executive Directors meet with major shareholders to discuss performance, strategy and governance, and the Chairman and Non-Executive Directors are available for discussions with shareholders if required. Upon his appointment as Chairman, Peter Johnson wrote to the largest 20 shareholders offering meetings. The Group Finance Director regularly reports to the Board on Investor Relations and meetings with shareholders, ensuring that the views of the shareholders are communicated to the Board through these reports.

The Senior Independent Director attended meetings with major shareholders during the financial year ended 31 March 2011.

The Annual General Meeting is used as an opportunity for the Chairman and other Board members to meet with shareholders and investors and give them the opportunity to ask questions.

Compliance with the Combined Code

During the year ended 31 March 2011, the Directors consider that the Company complied with the provisions set out in Section 1 of the Combined Code with the exception of items noted in Performance Evaluation.

By order of the Board

Ian Haslegrave

General Counsel and Company Secretary

27 May 2011

Audit Committee report

There follows a report from the Audit Committee detailing the role and responsibilities of the Committee and its activities during the year. The Board Report on the systems of Internal Control and their effectiveness can be found in the Corporate Governance Report on pages 40 to 42. This report is incorporated by reference into, and forms part of, the Corporate Governance Report.

Role

The role of the Committee is to assist the Board in its duties regarding the integrity of the financial reporting and auditing processes and the maintenance of a sound internal control and risk management system. In doing this, the Committee ensures that an appropriate relationship is maintained between Electrocomponents and its external auditors, reviews the scope and effectiveness of the external audit process and makes recommendations to the Board on the appointment of the external auditors. The Committee reviews the effectiveness of the Internal Audit function and the Group's system of internal control and the processes for monitoring and evaluating the risks facing the Group.

In the performance of its duties, the Committee has independent access to the Internal Audit team and to the external auditors. The Head of Internal Audit and the external auditors have direct access to the Chairman of the Committee outside formal committee meetings.

The Committee has written terms of reference that outline its authority and responsibilities and these are reviewed periodically by the Committee. The Committee's current terms of reference are available for inspection on the Company's website.

The Board is kept fully apprised of the Committee's work and the minutes of each Committee meeting are circulated to Board members.

Membership

The Committee consists of all the Non-Executive Directors and is chaired by Paul Hollingworth. The Board is satisfied that Paul Hollingworth, the Group Chief Financial Officer at Thomas Cook Group plc, has the current and relevant financial and accounting experience required by the provisions of the Combined Code.

The other members of the Committee have a wide range of business experience, which is evidenced in their biographies on pages 36 and 37.

Meetings and Attendance

The Committee met four times during the year ended 31 March 2011. These meetings were timed in accordance with the financial and reporting cycles of the Company. Members' attendance during the year is set out in the Corporate Governance Report on page 41.

In addition to the members of the Committee, it was normal for the Chairman of the Company, the Group Chief Executive, the Group Finance Director and Group Controller, the Head of Internal Audit, the Company Secretary and the Group Audit Engagement Director from KPMG Audit Plc ('KPMG') to receive the Committee papers and attend meetings. The Group Risk Manager also attends meetings when required. Their attendance was at the invitation of the Committee Chairman only and does not restrict the Committee's independent decision making.

Activities during the year

Financial Reporting

In its financial reporting to shareholders and other key interested parties, the Board aims to present a balanced and understandable assessment of the Group's position and prospects. The Committee reviews and advises the Board on the Group's Annual and Half-Yearly Financial Reports, Interim Management Statements and other periodic statements. The Committee focuses in particular on key accounting policies and practices adopted by the Group and any significant areas of judgement that materially impacted reported results. In its review of the financial statements for the year ended 31 March 2011, the Committee also considered analysis to support the going concern judgement.

Internal Control and Risk Management

The Board's responsibilities for Internal Control are set out in the Corporate Governance Report on pages 40 to 42.

The Committee receives regular reports on the performance of the system of internal control, and on its effectiveness in managing material risks and in identifying control failings or weaknesses.

The Committee annually reviews the Group's risk management process with the outcome of the review reported to the Board. This, together with the provision of regular updates to the Board on material risk issues, allows the Board to make the assessment on the systems of internal control for the purposes of making its public statement.

Where weaknesses in the internal control system have been identified through the monitoring processes outlined above, plans for strengthening them are put in place and actions plans regularly monitored until complete. During the period under review there were no control failings or weaknesses that resulted in unforeseen material losses.

Further information regarding risks to the business is given on pages 27 to 29 of the Business Review.

Internal Financial Controls

Internal financial controls are the systems employed by the Group to enable the Directors to discharge their responsibilities for financial matters. Those responsibilities are noted on page 52.

The main financial control elements are described below.

Clear terms of reference set out the duties of the Board and the Board Committees, with delegation of operating responsibility through the Board Committees 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 financial risk. Smaller Group operating companies are supported by Group, regional and Process specialists in key areas.

Financial reporting systems are comprehensive and include weekly, monthly and annual reporting cycles. Monthly management accounts are prepared by all operating companies and groupwide Processes. These contain forecasts of the current financial year which are updated at least four times per year and are compared against the previous forecast, the budget and prior year actual figures. 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.

Internal Audit

The Group has a team of internal auditors which has an annually agreed audit programme approved by the Committee. The Committee also reviews the level and skills of resources allocated to the Internal Audit function to conduct this programme of work. The Committee reviews a summary of the results of each audit and the resolution of any control issues identified.

The Head of Internal Audit has regular contact with the Chairman of the Committee.

On an annual basis the Committee as a whole discuss with the Head of Internal Audit the control environment of the Group without the presence of executive management.

The effectiveness of the Internal Audit function was formally reviewed by the Committee during the year.

External Auditors

The Committee and Board put great emphasis on the objectivity of the Company's auditors KPMG in their reporting to shareholders. The Group Audit Engagement Director from KPMG was present at all of the Committee meetings to ensure full and open communication.

The performance of the auditors is reviewed annually by the Committee, and covers qualification, expertise, resources and re-appointment as well as reassurance that there are no issues which could adversely affect the auditors' independence and objectivity. As part of risk evaluation planning the Committee will also consider the need to include the risk of its current auditor withdrawing from the market.

Views of management are also taken into account and this is reported to senior members of KPMG. This forms part of KPMG's own system of quality control. The Committee also met with KPMG, without management being present, on the adequacy of controls and on any significant area where management judgement has been applied.

The auditors' engagement letter and the scope of the year's audit is discussed in advance by the Committee, ensuring that any changes in circumstances arising since last year are taken into account. Following discussions between the operating companies and the local KPMG offices and a review by Group management, audit and non-audit fees are reviewed by the Committee and are then recommended to the Board for approval. Details of audit and non-audit fees are given in note 3 on page 66.

With respect to non-audit assignments undertaken by KPMG the Company has a policy to ensure that the provision of such services does not impair KPMG's independence or objectivity.

The policy is as follows:

- When considering the use of the external auditors to undertake non-audit work, the Group Finance Director should at all times give consideration to the provisions of the Smith Report with regard to the preservation of independence and objectivity;
- the external auditors must certify to the Company that they are acting independently;
- in providing a non-audit service, the external auditors should not:
 - audit their own work;
 - make management decisions for the Company;
 - create a mutuality of interest;
 - find themselves in the role of advocate for the Company;

- before commissioning non-audit services, the Committee or the Group Finance Director as appropriate must ensure that the external auditors are satisfied that there is no issue as regards independence and objectivity;
- the Group Finance Director has authority to commission the external auditors to undertake non-audit work where there is a specific project with a cost that is not expected to exceed £50,000. This work has to be reported to the Committee at its next meeting. If the cost is expected to exceed £50,000, the agreement of the Committee is required before the work is commissioned. In either case, other potential providers must be adequately considered; and
- the Group Finance Director monitors all work done by the external auditors or other providers of accountancy services anywhere in the Group in excess of £10,000.

Professional rules require rotation of the Group Audit Engagement Director from KPMG. This took place in July 2009 when a new Director was appointed, replacing the previous Director who had held the post for five years. A formal statement of independence from the external auditors is received each year. The Group will not engage the auditors to undertake any work that could threaten their independence.

As part of this year's decision to recommend the re-appointment of the auditors, the Committee has taken into account the tenure of the auditors and the need to consider at least every five years whether there should be a full tender process. There are no contractual obligations that act to restrict the Committee's choice of external auditors.

The annual appointment of auditors by the shareholders at the Annual General Meeting is a fundamental safeguard, and beyond this, there are controls in place to ensure that additional work performed by the auditors is appropriate and subject to proper review.

Fraud

The Committee reviews the procedures for prevention and detection of fraud in the Group. Suspected cases of fraud must be reported to the Company Secretary within 48 hours and investigated by operational management or Internal Audit, as appropriate. The outcome of any investigation will be reported to the Company Secretary. A register of all suspected fraudulent activity and the outcome of any investigation will be kept which will be circulated to the Committee on a regular basis.

Whistleblowing

In accordance with the provisions of the Combined Code the Committee is responsible for reviewing the arrangements whereby staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensuring that any matters are investigated and escalated as appropriate. This is run by an external third party. Whistleblowing is referred to as 'Speak Up' internally and is now available to all staff groupwide. The 'Speak Up' policy was revised, updated and communicated in September 2010. The Board receives aggregated reports on matters raised through these services and monitors their use throughout the Group.

By order of the Board

Paul Hollingworth

Chairman of the Audit Committee

27 May 2011

Remuneration report

This report sets out the Company's remuneration policy and provides details of the remuneration of the Executive and Non-Executive Directors for services in the year ended 31 March 2011. The report has been prepared in accordance with the relevant legal and accounting regulations, and meets the requirements of the UK Listing Authority Listing Rules. During the year the Committee has complied with the principles and provisions of the relevant part of the Combined Code.

Remuneration Committee

Responsibilities and Membership

The Remuneration Committee ('Committee') is a sub-committee of the Board. Its responsibilities are set out in its Terms of Reference which can be found on the Company's website at www.electrocomponents.com. The task of the Committee is to consider the remuneration packages needed to attract, retain and motivate Executive Directors and other senior employees and to ensure that they are compensated appropriately for their contributions to the Group's performance. The Committee also considers the remuneration of the Chairman. The Board as a whole considers and determines the remuneration of the Non-Executive Directors. No Director participates in decisions relating to their own remuneration.

The Committee was chaired by Rupert Soames throughout the year. The other members of the Committee over the year were Paul Hollingworth and Adrian Auer. The Company Chairman was invited to attend Committee meetings during the year. The Committee met four times during the year. Attendance by individual Committee members at meetings is detailed in the Corporate Governance Report on page 41.

Advisers

During the year under review, the Committee has taken advice from the following:

- Kepler Associates, who provided advice and data in respect of the remuneration of the Executive Directors, the data required for the measurement of performance targets relating to the various executive share-based plans, and advice regarding the setting of performance targets for the Long Term Incentive Plan ('LTIP'). Kepler Associates have advised the Committee since 2001 and following a tender process, were re-appointed in 2005. Kepler provide no other services to the Company or its Directors;
- the Company Chairman, Group Chief Executive and Group Finance Director, who attended meetings by invitation to advise on specific questions raised by the Committee and on matters relating to the performance and remuneration of senior managers;
- Group HR (Ian Watson), who was invited to attend meetings to advise on bonus payments, and the remuneration of senior managers; and
- the Company Secretary (Ian Haslegrave), who acts as Secretary to the Committee.

Remuneration Policy

The Committee keeps the Company's senior executives' remuneration policy under regular review. As already reported, last year the Committee developed a revised Reward Strategy, to be applied with effect from 1 April 2010. In formulating this policy, the Committee took advice from Kepler Associates.

The principle objective of the Reward Strategy is to enable the Company to attract, motivate and retain the people it needs to maximise the value of the business. In so doing the Committee will be mindful of:

- aligning the interests of executives and shareholders;
- achieving an appropriate balance between fixed and performance-related pay;
- achieving an appropriate balance between the rewards available for meeting short and long-term objectives;
- supporting the Group's values and culture; and
- complying with corporate governance best practice guidelines.

In addition, the Committee has adopted two other objectives:

- to express the Reward Strategy in a way that is understandable, clear and meaningful; and
- that there should generally be congruence between the Reward Strategy for the Executive Directors and the Group Executive Committee members.

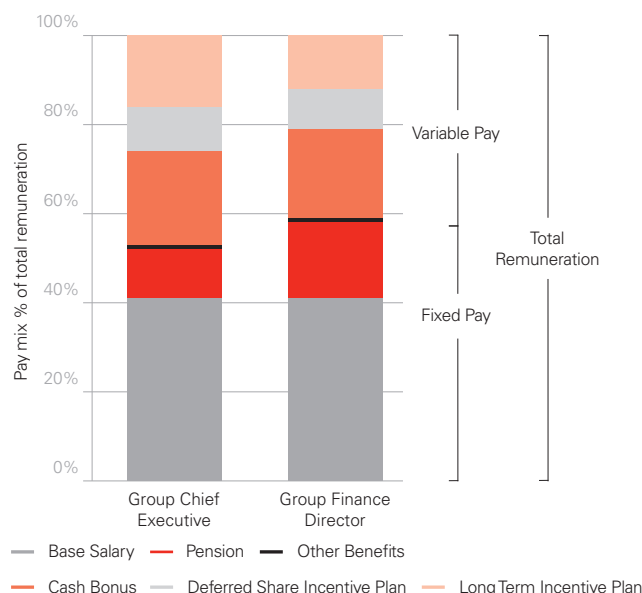
In determining Executive Directors' remuneration, the Committee also considers the pay and conditions of employees around the Group.

The components of the remuneration package for Executive Directors are set out below. The Committee is satisfied that our approach to setting the structure of remuneration packages for senior executives underpins the effective and proper management of risk by rewarding executives fairly for sustainable profit growth and long-term returns to shareholders, and delivering a significant proportion of senior executive remuneration in the form of Group shares.

The main components of remuneration are:

Fixed:	Basic Salary; Pension; value of Other Benefits.
Variable:	Annual Bonus and associated Deferred Share Bonus Plan; Long Term Incentive Plan.

Around half of the value of Executive Director's remuneration, as calculated by our independent advisers, is variable and linked to performance. The chart on page 46 illustrates the proportions of the Executive Directors' remuneration comprising Fixed Pay (Basic salary, Pension and Other Benefits) and Variable Pay, assuming achieved performance justifies a target annual bonus and a long-term incentive outcome in line with the expected value.

Executive Directors pay mix

In positioning pay, the Committee's policy states that:

- the target/fair value of total remuneration is to be set at broadly median market levels;
- fixed pay (Basic Salary, Pension, value of Other Benefits) positioning is to be at broadly median market levels; and
- the fair value of variable pay as a percentage of salary should be positioned at broadly median market levels.

The Committee recognises that, as a matter of practicality, it may on occasion have to step outside these guidelines in order to attract, motivate and retain particular individuals.

In considering market levels against which elements of remuneration are to be benchmarked, the Committee will seek its advisers views on the population of benchmark companies. In devising the benchmark, the Committee has instructed advisers that:

- companies should be UK based FTSE 250 companies with a majority of their revenues outside the UK;
- sectors should include support services, distribution and manufacturing and other similar classifications, but they should not include financial services;
- the benchmark weighting criteria should be, in descending order of weight: revenue, number of employees and market capitalisation; and
- the size of the benchmark population should be large enough to have statistical integrity, but not so large as to become a general average of FTSE 250 businesses.

The following should be benchmarked:

- Fixed pay (Basic Salary, Pension, value of Other Benefits);
- Variable pay (Annual Bonus, Long Term Incentive Plan); and
- Total Remuneration (Fixed Pay and fair value of Variable Pay).

Whilst ultimately Total Remuneration is the key benchmark, Fixed and Variable pay cannot be too far away from the adopted policy if Total Remuneration is to be around benchmark levels.

Policy on Basic Salary

Analysis carried out during the course of this year, applying the criteria set out in the Remuneration Policy, identified that although the position in relation to the policy has improved, the Executive Directors' Basic Pay is still above the chosen benchmarks. The Executive Directors received no increase in Basic Pay in 2009 and 2010. For 2011, they will receive an increase in Basic Pay of 2.5%, which is less than the currently anticipated average increase for FTSE250 executives.

Policy on Annual Bonuses

The Annual Bonus Plan aims to incentivise Executive Directors and senior managers to deliver the best possible near-term performance of the business. The Committee believes that performance targets for bonuses should be aligned with the annual budget agreed by the Board, which also sets out the resources available to management and the operational objectives they are expected to achieve. It therefore follows that annual performance targets for bonuses may, like annual budgets, be lower in some years than in previous years, if market conditions mean that financial performance is expected to deteriorate and the resources available to management need to be reduced.

The on-target annual bonus opportunity for Executive Directors is 75% of base salary, with a maximum annual bonus of 150% of base salary. One third of all bonus payments are converted into Electrocomponents shares under the Deferred Share Bonus Plan, which vests these shares after two years, subject to continued employment. Therefore, the cash element of the annual bonus is 50% of salary for on-target performance and 100% of salary for meeting or exceeding the maximum performance target.

In the year under review all of the annual bonus for Executive Directors was measured against financial performance metrics, being Group Sales, Profit before Tax and Reorganisation costs and Cashflow. In future years annual bonus earnings will continue to be determined by measuring performance against financial targets, which will be set by the Committee on an annual basis.

Sales, profits and cashflow have all exceeded both internal and external expectations at the time budgets and bonus targets were set. As a consequence of the results actually achieved, the Executive Directors have outperformed their maximum performance targets, and consequently have been awarded the maximum cash bonus of 100% of their base salary. This has been calculated as follows:

Sales: Bonus range 0-40% of salary; percentage of target achieved: 100%; percentage of salary earned as cash bonus: 40%

Profit before Tax and Reorganisation costs: Bonus range 0-40% of salary; percentage of target achieved: 100%; percentage of salary earned as cash bonus: 40%

Cash generation: Bonus range 20% of salary; percentage of target achieved: 100%; percentage of salary earned as cash bonus: 20%

Total cash bonus earned: 100%

This cash bonus will be augmented by a share award under the Deferred Share Bonus Plan equivalent to 50% of the cash award i.e. 50% of salary, which will vest two years after the award. Further details of which are given below.

Policy on Long Term Incentives

Under the Company's LTIP, a conditional award of shares (an 'Award') was made to plan participants in the year ended 31 March 2011.

The Award is subject to both a performance condition and on their continued employment with the Group until the determination of the performance condition, except in certain circumstances as explained

below. The LTIP is designed to align long-term incentives with the interests of shareholders and reflect current best practice. Participation in the plan extends to Executive Directors and the Group's senior managers. Awards were made over a total of 1,103,635 ordinary shares in the Company on 30 June 2010. The maximum value of Awards permissible under the LTIP is 150% of basic salary for exceptional performance, although in practice the Committee would not normally award shares above a value of 100% of basic salary.

For the year ended 31 March 2011, an LTIP award of 100% (2010: 100%) of salary was granted to the Group Chief Executive and 75% (2010: 75%) of salary to the Group Finance Director in June 2010.

Vesting of one half of the Awards made to Executive Directors is dependent upon Electrocomponents' three year Total Shareholder Return ('TSR') percentage out-performance of the FTSE 250 Index the 'Index'. Vesting of the other half of the Award is conditional on growth in the Company's cumulative Earnings per Share ('EPS').

For the part of the Award conditional on TSR to vest in full, the Company's TSR must out-perform the TSR of the Index by at least 20% over the three year performance period. If the Company's TSR is equal to or below the TSR of the Index, none of this part of the Award will vest. Between these two levels this part of the Award will vest on a straight-line basis.

For the part of the Award conditional on EPS to vest in full, the percentage increase in the Company's cumulative EPS over the three year performance period must be equivalent to a nominal compound growth rate of at least 10% per annum. If the percentage increase in the Company's cumulative EPS over the performance period is equivalent to a nominal compound annual growth of 5% per annum or less, none of this part of the Award will vest. Between these two levels this part of the Award will vest on a straight-line basis.

A cash payment, equivalent to the dividends that would have accrued on the number of shares that vest, will be made to participants on vesting.

For the Award to vest, the Committee must additionally be satisfied that there has been a sustained improvement in the Company's underlying financial performance.

The Committee selected TSR and EPS as performance measures because it felt this would provide a good balance between external and internal measures of performance, as well as absolute and relative performance. TSR aligns performance with shareholders' interests, and the FTSE 250 Index was chosen as the benchmark because Electrocomponents is a constituent of the Index and the Index is objective and transparent. EPS provides a measure of the profitability of the Company, reflecting more directly management performance and is a measure used by investors in deciding whether to invest in the Company.

Under the Company's Deferred Share Bonus Plan, awards of shares are made to plan participants to the value of 50% of their cash bonus. The award vests after two years, subject normally to the continued employment of the participant within the Group. There are no other performance conditions. Participation in the Plan extends to Executive Directors and members of the senior executive team. Awards were made over a total of 308,774 ordinary shares on 30 June 2010, in respect of bonuses earned for the year ended 31 March 2010. A further award will be made in respect of bonuses earned for the year ended 31 March 2011. A cash payment, equivalent to the dividends that would have accrued on the shares will be made to participants on vesting.

The Committee considers that the current structure of long-term incentives for Executive Directors and other senior executives remains appropriate, as do the performance conditions.

Executive Directors and other senior executives also participate in the Company's Savings Related Share Option Scheme, which is open to all UK employees. Performance conditions have not been imposed, as they are not permissible under UK HM Revenue & Customs rules for this type of scheme.

Awards granted under the Company's LTIP are capable of being satisfied by the issue of new shares. The Company's current dilution levels are well within commonly accepted limits. The Company's Employee Benefit Trust can also be used to provide shares to satisfy LTIP share awards, by purchasing shares in the market. This trust is funded by the Company. It is intended that awards made under the Company's Deferred Share Bonus Plan will be satisfied by the Trust. The trust currently holds 308,417 (2009: 308,417) shares.

Policy on Executive Shareholding Guidelines

Executive shareholding guidelines are in place which require Executive Directors to retain at least 50% of any share awards that vest in order to help build up their personal holdings of Electrocomponents plc shares to a value of 200% of salary for the Group Chief Executive and 100% of salary for the Group Finance Director.

Policy on Pensions

Current Executive Directors are able to participate in the section of the Electrocomponents Group Pension Scheme ('the Scheme') that provides defined benefits on retirement. The Scheme operates a Scheme specific earnings limit therefore maintaining a cap on Pensionable Earnings (the 'Earnings Cap'). At the end of the year under review, this was £123,600.

Where the amount of a pension on retirement is limited by the Earnings Cap, arrangements have been agreed with individuals to compensate them for the reduction in benefits by salary supplement, details of which are included in a table shown on page 49.

Annual salary considered for defined benefit pension purposes is restricted to increase at a maximum of 3% per annum. from June 2008, in line with the changes agreed with all members of the Scheme. Salary awards above 3% attract normal Defined Contribution section benefits in line with other members of the Scheme.

Under the Scheme, the Executive Directors benefit from the following provisions:

- a pension accrual rate of one-thirtieth for each year of service (subject to a maximum pension on retirement of up to two-thirds of Pensionable Earnings, or the Earnings Cap if lower);
- pension accrued after 1 June 2008 will be subject to a life expectancy risk sharing agreement, which was agreed with all members of the defined benefit section of the Scheme in 2008;
- a Normal Retirement Age of 60;
- benefits drawn from the Scheme before Normal Retirement Age are reduced to reflect the fact that they are paid sooner and for longer than anticipated. The reduction factors are calculated on a basis that is intended to be 'cost neutral' to the Scheme;
- in the event of 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 and children's pensions if appropriate;

- in the event of death in retirement, a spouse's pension of two-thirds of the member's pre-commutation pension is payable; and pensions in payment increase in line with RPI capped at 5% per annum for pension built up before 5 April 2006 and RPI capped at 2.5% per annum for pension built up after 6 April 2006. (Legal advice has been obtained which confirmed that the inflationary index used will not change to CPI). Additional increases are payable at the discretion of the Company and the trustee of the Scheme. No such increases have been awarded during the year; and
- pensions in deferment increase in line with RPI capped at 5% per annum for pension built up before 5 April 2009. Pension built up after 6 April 2009 receive statutory increases.

As a result of changes in pensions legislation from 6 April 2011 lowering the Annual Allowance (i.e. the maximum amount of tax relivable pensions that can be built up in one tax year) to £50,000, the Remuneration Committee has agreed the following broadly cost neutral approach to Executive Directors' pension provision with effect from 6th April 2011:

- each tax year, accrual under the Scheme (Defined Benefit Section) will be limited to the prevailing Annual Allowance;
- at the end of each tax year, cash compensation in lieu of pension benefits above the Annual Allowance, not provided through the Pension Scheme will be paid;
- the Executive Directors will cease to be a member of the Defined Contribution Section of the scheme and employer contributions will be paid as cash on a monthly basis; and
- where a salary supplement is already paid to compensate Executive Directors for the reduction in benefits due to the Scheme earnings Cap, this will continue to be paid.

Policy on Other Benefits

Executive Directors are provided with a company mobile phone, a company car (or a cash allowance) and medical insurance. The taxable value of these benefits is included in the directors' emoluments table on page 49.

Policy on Service Agreements

Executive Directors have service agreements that are on a 12 month rolling basis. These agreements provide for 12 months' notice by the Company and by the Executive Directors.

Termination payments are limited to the Directors' normal compensation, including basic salary, annual incentives and benefits for the unexpired portion of the notice period subject to performance and Remuneration Committee discretion. The Committee will aim to minimise the level of payments to that Director, however, having regard to all circumstances, including the Company's contractual obligations to the Director, the reason for the departure, and the Company's policy to apply mitigation in the case of severance.

The Company entered into an updated service agreement with Ian Mason on 1 March 2001. This agreement replaced all prior arrangements. The Company entered into a service agreement with Simon Boddie on 25 May 2005.

Policy on External Appointments

Executive Directors are permitted to take up one non-executive position on the boards of other companies, subject to the prior approval of the Board. The Executive Director may retain any fees payable in relation to such appointment. During the financial year, Ian Mason was a Non-Executive Director of Sage Group plc, and will retain the fees paid in relation to this appointment. The fee payable is £55,000 per annum.

Chairman and Non-Executive Directors

Remuneration comprises an annual fee for the Chairman and Non-Executive Directors of the Company. An additional fee is paid to the Chairmen of the Audit and Remuneration Committees. Neither the Chairman nor the Non-Executive Directors participate in the Company's incentive or bonus schemes, nor do they accrue any pension entitlement.

Letters of appointment are provided to the Chairman and Non-Executive directors providing for an initial three year term. The Chairman's letter of appointment provides for a six month notice period and the Non-Executive directors a three month notice period.

Performance Review

The following graph shows the five year TSR performance of the Company relative to the FTSE All Share and the FTSE 250 Index.

The FTSE All Share is a broad equity market index of which Electrocomponents is a member and the Company is measuring its TSR performance versus the FTSE 250 for the purposes of the LTIP and has therefore included this as a relevant index.

Total Shareholder Return

(value of £100 invested on 31 March 2006)



Source: Bloomberg
Spot-to-spot share price

Directors' Remuneration for the Year Ended 31 March 2011 (audited)

Salary, Annual Bonus and Other Benefits

	Salary paid 2011 £	Salary paid 2010 £	Cash Supplement in lieu of pension 2011 ^(a) £	Cash Supplement in lieu of pension 2010 ^(a) £	Benefits 2011 £	Benefits 2010 £	Cash Bonus 2011 ^(b) £	Cash Bonus 2010 ^(b) £	Total 2011 £	Total 2010 £
Emoluments of the Chairman										
P Johnson ^(c)	95,000	—	—	—	—	—	—	—	95,000	—
H Mamsch ^(c)	57,591	190,000	—	—	—	—	—	—	57,591	190,000
Emoluments of Executive Directors										
I Mason	540,696	540,696	95,945	95,945	16,255	19,750	551,250	408,476	1,204,146	1,064,867
S Boddie	357,156	357,156	87,653	87,653	13,116	12,740	367,500	272,318	825,425	729,867
TOTALS	1,050,443	1,087,852	183,598	183,598	29,371	32,490	918,750	680,794	2,182,162	1,984,734
Fees of Non-Executive Directors										
A Auer									42,500	31,875
P Hollingworth ^(d)									52,500	50,000
R Soames ^(d)									52,500	50,000
TOTALS									2,329,662	2,116,609

(a) In addition, the following employer contributions were made into the Defined Contribution section of the Scheme in respect of salary awards above 3%: Simon Boddie £735 (2010: £735) and Ian Mason £1,102 (2010: £1,102).

(b) An additional 50% of these amounts will be awarded to each of the Executive Directors, as was the case for the year ended 31 March 2010, in the form of shares under the Deferred Share Bonus Plan, described on page 47 of this Report. The shares will vest after two years, conditional on the director continuing in employment with the Group until that time.

(c) Helmut Mamsch resigned as Chairman of the Company on 15 July 2010. Peter Johnson was appointed as Chairman of the Company on 1 October 2010.

(d) Rupert Soames, as Chairman of the Remuneration Committee and Paul Hollingworth, as Chairman of the Audit Committee, each received an additional fee of £10,000 per annum. This fee is included within their remuneration shown above.

Ian Mason and Simon Boddie's annual salaries are £551,250 and £367,500 respectively (2010: £551,250 and £367,500). The salary paid figure above includes £1,200 (2010: £1,200) paid to both Ian Mason and Simon Boddie in cash, in lieu of personal fuel allowance, and excludes £11,754 (2010: £11,754) for Ian Mason and £11,544 (2010: £11,544) for Simon Boddie, which has been deducted in respect of salary sacrifice.

No compensation for loss of office was paid during the year ended 31 March 2011.

Pensions

The following table gives details for each Executive Director of:

- the annual accrued pension payable from Normal Retirement Age, calculated as if they had left service at the year end i.e. 31 March 2011;
- the increase in accrued pension attributable to service as a director during the year;
- the transfer value of the accrued benefit at the year end;
- the transfer value of the accrued benefit at the previous year end; and
- the increase in the transfer value over the period.

These amounts exclude any (i) benefits attributable to additional voluntary contributions; and (ii) actual members' contributions.

	Age at 31 March 2011 Years	Accrued pension as at 31 March 2011 ^(a) £	Increase in accrued pension benefits £	Increase in accrued pension net of inflation ^(b) £	Transfer value as at 31 March 2011 ^(c) £	Transfer value as at 31 March 2010 £	(Decrease) increase in transfer value less Directors' contributions ^(d) £	Transfer value at 31 March 2011 of the increase in accrued pension net of inflation less directors' contributions ^(d) £
I Mason	49	47,025	3,966	1,684	629,000	635,000	(7,124)	4,876
S Boddie	51	23,690	4,120	3,083	309,000	267,000	30,876	24,876

(a) The accrued pension benefits shown are the amounts which would be paid annually on retirement at Normal Retirement Age, based on service to the end of the year.

(b) RPI inflation for the year to March 2011 was 5.3%.

(c) Transfer values at 31 March 2011 have been calculated on the Scheme's transfer value basis, in accordance with the Occupational Pension Schemes (Transfer Values) Regulations 2008.

(d) The transfer value calculations include the effect of fluctuations in the transfer value due to factors beyond the control of the Company and Directors, such as financial market movements. The increase in transfer value and the transfer value of the increase in accrued pension net of inflation are shown after deducting the Directors' contributions.

Share Options (audited)

	Scheme	Date of Grant	Vesting Date	Expiration Date	Exercise Price	Shares under option 1 April 2010	Granted in 2011	Exercised in 2011	Lapsed in 2011	Shares under option 31 March 2011
I Mason	Savings Related	01-Jul-09	01-Sep-14	28-Feb-15	149.00p	10,436	–	–	–	10,436
	Long Term Incentive Option Plan ^(a)	13-Jun-05	12-Jun-08	12-Jun-15	251.00p	550,000	–	–	550,000	–
					Total	560,436	–	–	550,000	10,436
S Boddie	Savings Related	03-Jul-07	01-Sep-10	28-Feb-11	241.00p	1,568	–	1,568	–	–
		30-Jun-10	01-Sep-13	28-Feb-14	175.00p	–	3,085	–	–	3,085
	Long Term Incentive Option Plan ^(a)	13-Jun-05	12-Jun-08	12-Jun-15	251.00p	400,000	–	–	400,000	–
					Total	401,568	3,085	1,568	400,000	3,085

(a) No awards have been made under the Long Term Incentive Option Plan ('LTIOIP') since the year ended 31 March 2006 and there is no current intention to make further awards under this plan. Options granted under the LTIOIP were subject to a performance condition based on TSR, with no options vesting unless TSR performance was above the median for the selected comparator group, and full vesting only occurred if Electrocomponents was first out of the 14 in that group in terms of TSR.

TSR performance was measured over a minimum period of three years from the date of grant but, if the target was not met at all, the period was extended to four, and then five years from a fixed base. As the target had not been met at all at the end of five years, for the final grant of these options in 2005, all options under this plan have now lapsed.

Share Awards

	Notes	Scheme	Date of Award	Shares awarded at 1 April 2010	Shares awarded in 2011	Vested in 2011	Lapsed in 2011	Shares awarded at 31 March 2011
I Mason	(a)	Long Term Incentive Plan						
	(b)		22-Jun-07	220,000	–	47,080	172,920	–
			9-Jul-08	220,000	–	–	–	220,000
			30-Jun-09	386,165	–	–	–	386,165
			30-Jun-10	–	248,009	–	–	248,009
	(c)	Deferred Share Bonus Plan	30-Jun-10	–	93,005	–	–	93,005
			Total	826,165	341,014	47,080	172,920	947,179
S Boddie	(a)	Long Term Incentive Plan						
	(b)		22-Jun-07	110,000	–	23,540	86,460	–
			9-Jul-08	110,000	–	–	–	110,000
			30-Jun-09	193,082	–	–	–	193,082
			30-Jun-10	–	124,005	–	–	124,005
	(c)	Deferred Share Bonus Plan	30 Jun-10	–	62,003	–	–	62,003
			Total	413,082	186,008	23,540	86,460	489,090

(a) Awards made under the Long Term Incentive Plan are subject to performance conditions and a vesting period set out on pages 46 to 47.

(b) On 15 July 2010, the Committee determined that 21.4% of the award made under the Long Term Incentive Plan in June 2007 should vest in accordance with the performance condition based on the Company's TSR as described on page 46 of this Report. The Committee was satisfied that there had been sustained improvement in the Company's underlying financial performance during the performance period. In addition, cash dividend entitlements of £11,017 and £22,033 were also paid at vesting to Simon Boddie and Ian Mason respectively.

(c) Deferred Share Bonus Plan awards are subject to the terms set out on page 47.

The closing mid-market price of the Company's shares on 31 March 2011 was 267.3p. During the year, the price of the Company's shares varied between 202.3p and 279.5p. The mid-market price of the Company's shares on 30 June 2010, being the date the Savings Related Options were granted, and the Long Term Incentive Plan and Deferred Share Bonus Plan awards were made was 216.9p.

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 2011 or date ceased to be a Director	31 March 2010 or date appointed as a Director
A Auer	2,500	—
S Boddie	113,059	100,000
P Hollingworth	10,000	10,000
P Johnson ^(a)	50,000	50,000
H Mamsch ^(b)	10,000	10,000
I Mason	160,333	137,349
R Soames	15,024	15,024

(a) Peter Johnson was appointed to the Board on 1 October 2010.

(b) Helmut Mamsch ceased to be a Director on 15 July 2010.

Up to 24 May 2011 there have been no changes in the Directors' interests or rights to subscribe for shares.

By Order of the Board

Rupert Soames

Chairman of the Remuneration Committee

27 May 2011

Statement of Directors' responsibilities

Statement of Directors' responsibility in respect of the Annual Report and Accounts

The directors are responsible for preparing the Annual Report and the Group and Parent Company accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company accounts for each financial year. Under that law they are required to prepare the group accounts in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company accounts in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- for the Group accounts, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the Parent Company accounts, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the parent company accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its accounts comply with the Companies Act 2006. 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.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility Statement of the Directors in respect of the Annual Report and Accounts

We confirm that to the best of our knowledge:

- The accounts, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- The Directors' report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Ian Mason
Group Chief Executive

Simon Boddie
Group Finance Director

27 May 2011

The report and accounts contain certain statements, statistics and projections that are or may be forward-looking. The accuracy and completeness of all such statements including, without limitation, statements regarding the future financial positions, strategy, projected costs, plans and objectives for the management of future operations of Electrocomponents plc and its subsidiaries is not warranted or guaranteed. These statements typically contain words such as 'intends', 'expects', 'anticipates', 'estimates' and words of similar import. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Although Electrocomponents plc believes that the expectations reflected in such statements are reasonable, no assurance can be given that such expectations will prove to be correct. There are a number of factors, which may be beyond the control of Electrocomponents plc, which could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. Other than as required by applicable law or the applicable rules of any exchange on which our securities may be listed, Electrocomponents plc has no intentions or obligations to update forward-looking statements contained herein.

Independent auditors' report to the members of Electrocomponents plc

We have audited the financial statements of Electrocomponents plc for the year ended 31 March 2011 set out on pages 54 to 99. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 52, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2011 and of the group's and the parent company's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

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

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 52, in relation to going concern;
- the part of the Corporate Governance Statement on page 42 relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review; and
- certain elements of the report to shareholders by the Board on Directors' remuneration.

Paul Sawdon

(Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL

27 May 2011

Group income statement

For the year ended 31 March 2011

	Note	2011 £m	2010 £m
Revenue	1,2	1,182.2	972.6
Cost of sales		(625.8)	(504.5)
Gross profit		556.4	468.1
Distribution and marketing expenses		(427.6)	(379.2)
Administrative expenses		(9.0)	(8.1)
Operating profit		119.8	80.8
Financial income			
Bank interest receivable		3.0	1.5
Other interest receivable		–	–
Financial expenses			
Bank interest payable		(8.1)	(6.2)
Other interest payable		(0.7)	(0.1)
Profit before tax	1,2,3	114.0	76.0
Income tax expense	8	(35.8)	(23.4)
Profit for the year attributable to the equity shareholders of the parent company		78.2	52.6
Earnings per share			
Basic	10	18.0p	12.1p
Diluted	10	17.7p	12.0p
Dividends			
Amounts recognised in the year:			
Final dividend for the year ended 31 March 2010	9	6.0p	6.0p
Interim dividend for the year ended 31 March 2011	9	5.0p	5.0p
		11.0p	11.0p
A final dividend of 6.5p per share relating to the year has been proposed since the year end.			
Headline operating profit			
Operating profit		119.8	80.8
Pension changes/reorganisation (income)	4	–	(1.6)
		119.8	79.2
Headline profit before tax			
Profit before tax		114.0	76.0
Pension changes/reorganisation (income)	4	–	(1.6)
	2	114.0	74.4

The notes on pages 63 to 89 form part of these Group accounts.

Consolidated statement of comprehensive income

For the year ended 31 March 2011

	Note	2011 £m	2010 £m
Profit for the year		78.2	52.6
Other comprehensive income			
Foreign exchange translation differences		(5.8)	(7.5)
Actuarial gain (loss) on defined benefit pension schemes	7	31.7	(6.0)
Movement in unrecognised pension surplus	7	(25.1)	–
Gain on cash flow hedges		1.4	6.3
Taxation relating to components of other comprehensive income		(2.4)	0.2
Other comprehensive expense for the year		(0.2)	(7.0)
Total comprehensive income for the year		78.0	45.6

The notes on pages 63 to 89 form part of these Group accounts.

Group balance sheet

As at 31 March 2011

	Note	2011 £m	2010 £m
Non-current assets			
Intangible assets	11	202.6	215.8
Property, plant and equipment	12	114.1	117.5
Investments	14	0.7	0.6
Other receivables	17	4.1	3.8
Other financial assets	20	2.2	1.7
Deferred tax assets	21	9.3	9.9
		333.0	349.3
Current assets			
Inventories	16	232.8	182.7
Trade and other receivables	17	215.9	182.6
Income tax receivables		1.1	1.9
Cash and cash equivalents	25	6.3	5.5
		456.1	372.7
Current liabilities			
Trade and other payables	18	(207.8)	(166.8)
Loans and borrowings	19	(2.0)	(10.7)
Income tax liabilities		(14.5)	(13.1)
		(224.3)	(190.6)
Net current assets		231.8	182.1
Total assets less current liabilities		564.8	531.4
Non-current liabilities			
Other payables	18	(11.5)	(9.6)
Retirement benefit obligations	7	(5.4)	(16.2)
Loans and borrowings	19	(167.2)	(168.3)
Other financial liabilities	20	–	(0.3)
Deferred tax liabilities	21	(45.4)	(33.9)
		(229.5)	(228.3)
Net assets		335.3	303.1
Equity			
Called-up share capital	24	43.6	43.5
Share premium account		38.8	38.7
Retained earnings		232.4	195.5
Cumulative translation reserve		23.6	29.5
Other reserves		(3.1)	(4.1)
Equity attributable to the equity shareholders of the parent company		335.3	303.1

These Group accounts were approved by the Board of Directors on 27 May 2011 and signed on its behalf by:

Simon Boddie

Group Finance Director

The notes on pages 63 to 89 form part of these Group accounts.

Group cash flow statement

For the year ended 31 March 2011

	Note	2011 £m	2010 £m
Cash flows from operating activities			
Profit before tax		114.0	76.0
Depreciation and other amortisation		27.0	26.9
Equity-settled transactions		1.9	2.4
Finance income and expense		5.8	4.8
Non-cash movement on investment in associate		(0.1)	(0.1)
Non-recurring non-cash pensions changes	4	–	(4.8)
Operating cash flow before changes in working capital, interest and taxes		148.6	105.2
Increase in inventories		(51.2)	(3.7)
Increase in trade and other receivables		(34.0)	(17.5)
Increase in trade and other payables		43.5	30.5
Cash generated from operations		106.9	114.5
Interest received		3.0	1.5
Interest paid		(9.1)	(6.0)
Income tax paid		(21.5)	(21.7)
Net cash from operating activities		79.3	88.3
Cash flows from investing activities			
Capital expenditure and financial investment		(22.1)	(16.4)
Proceeds from sale of property, plant and equipment		0.2	–
Net cash used in investing activities		(21.9)	(16.4)
Free cash flow		57.4	71.9
Cash flows from financing activities			
Proceeds from the issue of share capital		0.2	–
New loans		76.8	24.7
Loans repaid		(85.4)	(45.3)
Equity dividends paid	9	(47.9)	(47.9)
Net cash used in financing activities		(56.3)	(68.5)
Net increase in cash and cash equivalents		1.1	3.4
Cash and cash equivalents at the beginning of the year		4.3	0.8
Effect of exchange rate fluctuation on cash		0.2	0.1
Cash and cash equivalents at the end of the year	25	5.6	4.3

The notes on pages 63 to 89 form part of these Group accounts.

Consolidated statement of changes in equity

For the year ended 31 March 2011

	Share capital £m	Share premium account £m	Other reserves		Cumulative translation £m	Retained earnings £m	Total £m
			Hedging reserve £m	Own shares held £m			
At 1 April 2010	43.5	38.7	(2.4)	(1.7)	29.5	195.5	303.1
Profit for the year	–	–	–	–	–	78.2	78.2
Foreign exchange translation differences	–	–	–	–	(5.8)	–	(5.8)
Actuarial gain on defined benefit pension schemes	–	–	–	–	–	31.7	31.7
Movement in unrecognised pension surplus	–	–	–	–	–	(25.1)	(25.1)
Gain on cash flow hedges	–	–	1.4	–	–	–	1.4
Taxation relating to components of other comprehensive income	–	–	(0.4)	–	(0.1)	(1.9)	(2.4)
Total comprehensive income	–	–	1.0	–	(5.9)	82.9	78.0
Equity-settled transactions	–	–	–	–	–	1.2	1.2
Dividends paid	–	–	–	–	–	(47.9)	(47.9)
Shares allotted in respect of share awards	0.1	0.1	–	–	–	–	0.2
Related tax movements	–	–	–	–	–	0.7	0.7
At 31 March 2011	43.6	38.8	(1.4)	(1.7)	23.6	232.4	335.3
At 1 April 2009	43.5	38.7	(6.9)	(1.7)	36.7	192.5	302.8
Profit for the year	–	–	–	–	–	52.6	52.6
Foreign exchange translation differences	–	–	–	–	(7.5)	–	(7.5)
Actuarial loss on defined benefit pension schemes	–	–	–	–	–	(6.0)	(6.0)
Gain on cash flow hedges	–	–	6.3	–	–	–	6.3
Taxation relating to components of other comprehensive income	–	–	(1.8)	–	0.3	1.7	0.2
Total comprehensive income	–	–	4.5	–	(7.2)	48.3	45.6
Equity-settled transactions	–	–	–	–	–	2.4	2.4
Dividends paid	–	–	–	–	–	(47.9)	(47.9)
Related tax movements	–	–	–	–	–	0.2	0.2
At 31 March 2010	43.5	38.7	(2.4)	(1.7)	29.5	195.5	303.1

The notes on pages 63 to 89 form part of these Group accounts.

Group significant accounting policies

Basis of consolidation

Electrocomponents plc (the 'Company') is a company domiciled in England. The Group Accounts for the year ended 31 March 2011 comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interest in a jointly controlled entity. Subsidiaries are entities controlled by the Company. All significant subsidiary accounts are made up to 31 March and are included in the Group Accounts. Further to the IAS Regulation (EC 1606/2002) the Group Accounts have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the EU ('adopted IFRS'). The Company Accounts continue to be prepared in accordance with UK Generally Accepted Accounting Practice ('UK GAAP') and details of the Company Accounts, notes to the accounts and principal accounting policies are set out on pages 90 to 99.

The accounts were authorised for issue by the Directors on 27 May 2011.

Basis of preparation

The accounts are presented in £ Sterling and rounded to £0.1m.

They are prepared on a going concern basis, as referred to in the Directors' Report on page 38, and on the historical cost basis except certain financial instruments detailed below.

The preparation of accounts in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable, under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and judgements

The preparation of accounts requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made in the accounts for the year ended 31 March 2011 are:

- Pensions: the key assumptions and estimates relate to discount rates, inflation rates and increases to salaries and pensions in payment. These are explained in more detail in note 7.
- Goodwill: the Group's goodwill principally relates to the acquisition of Allied Electronics Inc. in July 1999. The key assumptions used to determine the recoverable amount of goodwill relate to future operating performance, cash flows and discount rates. These are set out in note 11.
- Inventory: the estimation of the net realisable value of inventory. This estimation includes assessment of product sales levels and assumptions around product lifecycles.

Statement of compliance

The Group Accounts have been prepared in accordance with International Financial Report Standards ('IFRS') as adopted for use by the EU.

Adjusted measures

Profit measures such as operating profit, profit before tax and earnings per share are also presented as being results before pension changes/reorganisation income (costs) or as headline results. Similarly a cash flow term: free cash flow, representing the Group's cash flow before financing activities is also disclosed.

These measures are used by the Group for internal reporting purposes and employee incentive arrangements. The terms 'pension changes/reorganisation', 'headline' and 'free cash flow' are not defined terms under IFRS and may not be comparable with similar measures disclosed by other companies. Likewise, these measures are not a substitute for GAAP measures of profit or cash flow.

Revenue

Revenue from the sale of goods is recognised in the income statement on dispatch when the significant risks and rewards of ownership have been transferred. Revenue represents the sale of goods and services and is stated net of sales taxes and volume discounts. Freight recharged to customers is included within revenue.

Transactions eliminated on consolidation

Intra-group balances and unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing Group Accounts. Unrealised gains arising from transactions with the jointly controlled entity are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains.

Goodwill and other intangibles

Goodwill arising on all acquisitions prior to 31 March 1998 has been written off against reserves. Goodwill arising on acquisitions after 1 April 1998 has been capitalised and, under UK GAAP, was amortised on a straight-line basis over its estimated useful life, with a maximum of 20 years.

The Group has made the elective exemption under IFRS 1 that allows goodwill in respect of acquisitions made prior to 1 April 2004 to remain as stated under UK GAAP. The balance of goodwill as at 1 April 2004 is deemed to be the cost going forward. Goodwill is not amortised under IFRS. Instead the carrying value is reviewed annually for impairment.

Other intangible assets are stated at cost less accumulated amortisation. The cost of acquired intangible assets are their purchase cost together with any incidental costs of acquisition. Amortisation is calculated to write off the cost of the asset on a straight-line basis at the following annual rates:

Trademarks	5%
Computer software costs	12.5%-50%

Amortisation is disclosed in distribution and marketing expenses in the income statement. The residual value, if significant, is reassessed annually. Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

Investments in jointly controlled entities

The Group accounts include the Group's share of the total recognised gains and losses in one jointly controlled entity on an equity accounted basis.

Property, plant and equipment

Tangible assets are stated at cost less accumulated depreciation. The cost of self constructed assets includes the cost of materials, direct labour and certain direct overheads.

Leases in which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. Each finance leased asset is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception of the lease less accumulated 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 and leasehold buildings	2%
Plant and machinery	10%-20%
Mainframe computer equipment	20%
Network computer equipment	33%
Portable computers	50%
Other office equipment	20%

Depreciation is disclosed in distribution and marketing expenses in the income statement. The residual value, if significant, is reassessed annually.

Impairment

The carrying amounts of the Group's goodwill are reviewed annually to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement. The recoverable amount is calculated as the higher of fair value less cost of sale and value in use. The present value of estimated future cash flows is calculated using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Inventories

Inventories are valued at the lower of cost and net realisable value. This cost is calculated on a weighted average basis. Work in progress and goods for resale include attributable overheads.

Trade and other receivables

Trade and other receivables are initially measured on the basis of their fair value. Subsequently they are carried at amortised cost using the effective interest rate method.

Net debt

Net debt comprises cash and cash equivalents less borrowings. Cash and cash equivalents comprises cash in hand and held with qualifying financial institutions in current accounts or overnight deposits net of overdrafts with qualifying financial institutions. Cash and cash equivalents include government securities, investment in money market funds and term deposits with qualifying financial institutions. Borrowings represent term loans from qualifying financial institutions together with financial instruments classified as liabilities.

Operating expense classification

Cost of sales comprises the cost of goods delivered to customers.

Distribution and marketing expenses include all operating company expenses, including freight costs and movements in inventory provisions, together with the Supply Chain & Facilities, Product Management, Information Systems, Electronics and eCommerce process expenses.

Administration expenses comprise Group Finance, Legal and Group Human Resources Process expenses, together with the expenses of the Group Board.

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested, foreign exchange gains and losses and gains and losses on hedging instruments that are recognised in the income statement.

Interest income is recognised in the income statement as it accrues, using the effective interest method. The interest expenses component of finance lease payments is recognised in the income statement using the effective interest rate method.

Borrowing costs

Borrowing costs are recognised in the income statement as incurred. Other interest payable includes interest charges on the unhedged portion of the Private Placement Loan notes.

Catalogue costs

The costs associated with the production and printing of catalogues are expensed to the income statement when incurred. Major investments in new catalogue production systems are capitalised as intangible assets and written off over the period during which the benefits of those investments are anticipated, such period not to exceed three years.

Operating leases

Operating lease rentals are charged to the income statement 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 income statement on a straight-line basis over the full lease term.

Government grants

Government grants related to expenditure on property, plant and equipment are credited to the income statement at the same rate as the depreciation on the asset to which the grants relate. The unamortised balance of capital grants is included within trade and other payables.

Employee benefits

Pension costs

In the United Kingdom the Group operates a pension scheme providing benefits based on final pensionable pay for eligible employees who joined on or before 1 April 2004. The scheme is administered by a corporate trustee and the funds are independent of the Group's finances. In addition there are defined benefit pension schemes in Germany and the Republic of Ireland.

For UK employees who joined after 1 April 2004 the Group provides a defined contribution pension scheme. There are also defined contribution schemes in Australia, North America, Germany and the Republic of Ireland, and government schemes in France, Italy, Scandinavia and North Asia. Obligations for contributions to defined contribution schemes are recognised as an expense in the income statement as incurred.

The cost of the defined benefit scheme charged to the income statement comprises: current service cost, past service cost, expected return on scheme assets and the interest cost on the expected amount of unwinding of the discount on plan liabilities within

administrative expenses and distribution and marketing expenses. The Group has elected to adopt the amendment to IAS 19 (revised), which allows actuarial gains and losses to be recorded in the Consolidated Statement of Comprehensive Income immediately.

Obligations are measured at present value using the projected unit credit method and a discount rate reflecting yields on high quality corporate bonds. Assets are measured at their fair value at the balance sheet date.

Share-based payment transactions

The Group operates several share-based payment schemes, the largest of which are the Savings Related Share Option Scheme (SAYE), the Long Term Incentive Plan (LTIP) and the Deferred Share Bonus Plan. Details of these are provided in note 6 to the Group accounts.

Equity-settled share-based schemes are measured at fair value at the date of grant. The fair value is expensed with a corresponding increase in equity on a straight-line basis over the period during which employees become unconditionally entitled to the options. The fair values are calculated using an appropriate option pricing model. The income statement charge is then adjusted to reflect expected and actual levels of vesting based on non market performance related criteria.

Cash-settled share options are measured at fair value at the balance sheet date. The Group recognises a liability at the balance sheet date based on these fair values, taking into account the estimated number of options that will actually vest and the relative completion of the vesting period. Changes in the value of this liability are recognised in the income statement for the year.

Administrative expenses and distribution and marketing expenses include the cost of the share-based payment schemes.

Shares in the Company, held by the trust established to administer the schemes, are shown within reserves.

The Group has chosen to adopt the exemption whereby IFRS 2, Share-Based Payment, is applied only to awards made after 7 November 2002.

Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is calculated using tax rates enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which these temporary differences can be utilised.

Foreign currency

Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Net investment in foreign operations

Exchange differences arising from this translation of foreign operations, and of related qualifying hedges are taken directly to equity. They are released into the income statement upon disposal.

The elective exemption in IFRS 1 means that any translation differences prior to the date of transition (1 April 2004) do not need to be analysed retrospectively and so the deemed cumulative translation differences at this date can be set to £nil. Thus, any cumulative translation differences arising prior to the date of transition are excluded from any future profit or loss on disposal of any entities.

The Group adopted this exemption.

Foreign currency transactions

Transactions in foreign currencies are recorded using the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

Financial instruments

Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational and financing activities. It principally employs forward foreign exchange contracts to hedge against changes in exchange rates over the catalogue periods of the majority of its operating companies. In addition there are also a number of interest rate swaps which swap certain fixed rate loans into floating rate.

In accordance with its treasury policies, the Group does not hold or issue derivative financial instruments for trading purposes.

Certain derivative financial instruments are designated as hedges in line with the Group's risk management policies. Hedges are classified as follows:

- Cash flow hedges when they hedge the exposure to variability in cash flows that is attributable to a particular risk associated with a forecast transaction.
- Fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability.
- Net investment hedges when they hedge the exposure to changes in the value of the Group's interests in the net assets of foreign operations.

All the Group's derivatives are initially and in subsequent periods recognised in the balance sheet at fair value. Changes in the fair value of derivative financial instruments that do not qualify for cash flow or net investment hedge accounting are recognised in the income statement as they arise.

Cash flow hedge accounting

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. The ineffective part of any gain or loss is recognised immediately in the income statement. When the forecast transaction subsequently results in the recognition of a non-financial asset or liability the associated

cumulative gain or loss is removed from equity and included in the initial cost of the non-financial asset or liability. When the forecast transaction subsequently results in the recognition of a financial asset or liability, the associated cumulative gain or loss that was recognised directly in equity is reclassified into the income statement in the same period during which the asset acquired or liability assumed affects the income statement.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in the income statement.

The fair value of forward foreign exchange contracts is the difference between their discounted contractual forward price and their current forward price.

Fair value hedge accounting

The Group uses derivative financial instruments to hedge exposure to interest rate risks arising from financing activities, holding a small number of interest rate swaps which swap certain fixed rate loans into floating rate.

The fair value of the interest rate swaps is the market value of the swap at the balance sheet date, taking into account current interest rates. The market value of changes in fair values of derivatives designated as fair value hedges and changes in fair value of the related hedged item are recognised directly in the income statement.

All not accounted for under fair value hedge accounting are held at amortised cost, which approximates to fair value as interest repricing takes place on a regular basis.

Hedge of net investment in foreign operations

The portion of the gain or loss on an instrument used to hedge a net investment in a foreign operation that is determined to be an effective hedge is recognised directly in equity. The ineffective portion is recognised immediately in the income statement.

Changes in accounting policies

The following standard and changes to existing standards and interpretations that have been enacted, and have an impact on these accounts are:

- Revisions to IFRS 3 'Business Combinations' and amendments to IAS 27 Consolidated and Separate Financial Statements. There has been no impact as a result of adopting these standards.

The following standards and interpretations have been issued but not yet applied:

- IFRS 9 'Financial Instruments' was originally issued in November 2009 to review and replace IAS 39 – 'Financial Instruments: Recognition and Measurement'. In October 2010 the IASB issued an amended version. The standard will be applicable for annual periods beginning on or after 1 January 2013. The effect on the Group is still being evaluated.
- IAS 24 'Related Party Disclosures' was issued in November 2009 and is applicable for annual periods beginning on or after 1 January 2011. The revision clarifies the definition of a related party for disclosure purposes and will not affect the reported results or net assets of the Group.
- Amendments to IFRIC 14 'Prepayments of a Minimum Funding Requirement' was issued in November 2009 and is required to be applied for annual periods beginning on or after 1 January 2011. This will not affect the reported results or net assets of the Group.
- IFRIC 19 'Extinguishing Financial liabilities with Equity Instruments' was issued in November 2009 and is applicable for annual periods beginning on or after 1 July 2010. This will not affect the reported results or net assets of the Group.
- Amendments to IFRS 7 'Disclosures – Transfers of Financial Assets' was issued in October 2010 and is required to be applied for annual periods beginning on or after 1 July 2011. It requires a number of changes to disclosures but will not affect the reported results or net assets of the Group.
- Amendments to IFRS 1 'Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters' was issued in December 2010 and is required to be applied for annual periods beginning on or after 1 July 2011. This will not affect the reported results or net assets of the Group.
- Amendments to IAS 12 'Deferred Tax: Recovery of Underlying Assets' was issued in December 2010 and is applicable for periods beginning on or after 1 January 2012. This will not affect the reported results or net assets of the Group.

The Group does not consider that any other standards, amendments or interpretations issued by the IASB, but not yet applicable, will have a significant impact on the financial statements.

Notes to the Group accounts

For the year ended 31 March 2011

1 Analysis of income and expenditure

This analysis reconciles the Income Statement presentation to the segmental analysis shown in note 2.

	2011 £m	2010 £m
Revenue	1,182.2	972.6
Cost of sales	(625.8)	(504.5)
Distribution and marketing expenses within Headline contribution	(308.4)	(277.4)
Headline contribution before Process costs	248.0	190.7
Distribution and marketing expenses within Process costs	(119.2)	(103.4)
Administrative expenses within Process costs	(9.0)	(8.1)
Group Process costs	(128.2)	(111.5)
Headline operating profit	119.8	79.2
Net financial expense	(5.8)	(4.8)
Headline profit before tax	114.0	74.4
Pension changes/reorganisation income		
Distribution and marketing expenses	–	1.6
Profit before tax	114.0	76.0

Distribution and marketing expenses within Headline contribution comprise local costs relating to the selling and distribution of the Group's products, and are attributable to the region to which they relate.

Distribution and marketing expenses within Process costs comprise the identification, introduction and sourcing of the Group's products, managing supplier relationships, developing the Group's eCommerce strategy and development, managing the Group's stock (both quantity and location), and the Group's worldwide IT infrastructure.

2 Segmental reporting

In accordance with IFRS 8 Operating Segments, Group management has identified its operating segments. The performance of these operating segments is reviewed, on a monthly basis, by the Group Chief Executive and the senior management team (the Group Executive Committee).

These operating segments are: the United Kingdom, Continental Europe, North America and Asia Pacific. The United Kingdom comprises operations in the United Kingdom and exports to distributors where the Group does not have a local operating company. Continental Europe comprises operations in France, Germany, Italy, Austria, Denmark, Norway, Sweden, Republic of Ireland, Spain, Switzerland, the Netherlands, Belgium, Poland, Hungary and the Czech Republic. North America comprises operations in the United States of America and Canada. Asia Pacific comprises operations in Japan, Australia, New Zealand, Singapore, Malaysia, Philippines, Thailand, Hong Kong, Taiwan, People's Republic of China, South Korea, Chile and South Africa.

Each reporting segment derives its revenue from the high service level distribution of electronics and maintenance products.

Intersegment pricing is determined on an arms' length basis, comprising of sales of product at cost and a handling charge included within Distribution and Marketing expenses.

During the year the Group reviewed the allocation of costs associated with its component and production packaging offering. As a result, costs of £3.3m for the year ended 31 March 2010, which were previously charged in the UK where the work was undertaken, have been reallocated to the reporting segments where the products were sold. This reallocation has no effect on any of the Group profit measures.

	2011 £m	2010 £m
Revenue from external customers		
United Kingdom	356.3	317.7
Continental Europe	413.6	350.0
North America	262.3	191.5
Asia Pacific	150.0	113.4
	1,182.2	972.6

2 Segmental reporting *continued*

	2011 £m	2010 £m
Intersegment sales		
United Kingdom	180.4	138.7
Continental Europe	40.4	33.7
North America	5.9	4.4
Asia Pacific	2.8	2.6
	229.5	179.4

	2011 £m	Restated 2010 £m
Headline contribution		
United Kingdom	101.7	83.5
Continental Europe	90.5	75.8
North America	42.5	24.9
Asia Pacific	13.3	6.5
	248.0	190.7

Reconciliation of headline contribution to profit before tax

Headline contribution	248.0	190.7
Group Process costs	(128.2)	(111.5)
Net financial expense	(5.8)	(4.8)
Headline profit before tax	114.0	74.4
Pension changes/reorganisation income	–	1.6
Profit before tax	114.0	76.0

Net financial expenses and income tax are not included or reviewed as a measure of performance of a reportable segment, but as total costs to the Group. Therefore no segmental information has been provided.

	2011 £m	2010 £m
Segment assets		
United Kingdom	259.3	232.5
Continental Europe	171.8	148.3
North America	263.3	259.5
Asia Pacific	75.8	62.7
	770.2	703.0
Unallocated assets		
Cash at bank and in hand	6.3	5.5
Deferred tax assets	9.3	9.9
Income tax assets	1.1	1.9
Other financial assets	2.2	1.7
Total assets	789.1	722.0

2 Segmental reporting *continued*

	2011 £m	2010 £m
Segment liabilities		
United Kingdom	116.6	105.9
Continental Europe	63.0	51.2
North America	21.1	16.3
Asia Pacific	24.0	19.2
	224.7	192.6
Unallocated liabilities		
Income tax liabilities	14.5	13.1
Deferred tax liabilities	45.4	33.9
Loans and overdrafts	169.2	179.0
Other financial liabilities	–	0.3
Total liabilities	453.8	418.9

	2011 £m	2010 £m
Capital expenditure		
United Kingdom	13.1	13.9
Continental Europe	2.1	3.5
North America	3.5	0.6
Asia Pacific	1.7	1.1
	20.4	19.1

	2011 £m	2010 £m
Depreciation and amortisation		
United Kingdom	3.0	2.8
Continental Europe	1.8	1.8
North America	2.2	2.2
Asia Pacific	0.7	0.7
Process costs	19.3	19.4
	27.0	26.9

The Intangible assets and Property, plant and equipment of the Group are reported within the geographic region to which they relate. The depreciation and amortisation of assets are expensed either through the geography if they relate to a cost that is incurred by an Operating Company or through Process costs if they relate to costs incurred by a Group Process.

The Group derives its revenue from two product types:

	2011 £m	2010 £m
Electronics	489.3	373.0
Maintenance	692.9	599.6
	1,182.2	972.6

3 Profit before tax

	2011 £m	2010 £m
Profit before tax is stated after charging (crediting):		
Fees payable to the company's auditors for the audit of the parent company and group accounts	0.2	0.2
Fees payable to the company's auditors and its associates for other services:		
The audit of the company's subsidiaries, pursuant to legislation	0.5	0.5
Other services pursuant to legislation	0.1	0.1
Other services relating to taxation	0.1	0.1
Depreciation	11.0	12.1
Amortisation of intangibles	16.0	14.8
Amortisation of government grants	(0.2)	(0.2)
(Profit) loss on disposal of property, plant and equipment	(0.1)	1.2
Hire of plant and machinery	3.5	2.7

4 Pension changes/reorganisation (income)

Pension changes/reorganisation (income) costs arising in the year are as follows:

	2011 £m	2010 £m
Redundancy costs	–	0.2
Pension scheme changes and curtailment	–	(1.9)
Other initiatives	–	0.1
	–	(1.6)

The (income) costs are disclosed within the Income Statement as follows:

	2011 £m	2010 £m
Distribution and marketing expenses	–	(1.6)

Pension scheme changes in 2010 represented a curtailment gain of £1.8m and settlement gain of £3.0m for the German pension scheme (non-recurring non-cash pension changes). These were partially offset by a Company cash payment of £2.9m to settle a proportion of the scheme's liabilities resulting in a net accounting credit of £1.9m.

5 Employees

Numbers employed	2011	2010
The average number of employees during the year was:		
Management and administration	315	300
Distribution and marketing	5,469	5,256
	5,784	5,556

Aggregate employment costs	£m	£m
Wages and salaries	176.9	156.9
Social security costs	20.6	18.0
Equity-settled transactions	4.0	2.4
Pension costs	10.0	11.9
	211.5	189.2

The remuneration of individual Directors is detailed on page 49.

During the year ended 31 March 2010, in addition to the pension costs above there was a net credit of £1.9m excluded from headline operating profit due to changes to the German defined benefit pension scheme. Details of this are disclosed within note 7 to the Group accounts.

6 Share-based payments

The Group has a number of share-based incentive plans for employees. These comprise a Deferred Share Bonus Plan awarded to the Group's most senior executives, a Long Term Incentive Plan (LTIP) awarding shares to senior managers and a Save As You Earn (SAYE) scheme which is made available to all eligible employees. Until 2005 there was also a Long Term Incentive Option Plan (LTIO) awarding options to managers.

The LTIO was in operation before 7 November 2002 in addition to a pre-existing Long Term Incentive Plan. The recognition and measurement principles in IFRS 2 have only been applied to grants made, under the LTIO scheme, after 7 November 2002 in accordance with the transitional provisions in IFRS 1 and IFRS 2.

The total charge included in the Income Statement in the year was £4.0m (2010: £2.4m). Of the total charge £1.9m (2010: £1.9m) related to equity-settled share schemes and £2.1m (2010: £0.5m) related to cash-settled share schemes.

Deferred Share Bonus plan

Under the company's Deferred Share Bonus Plan, awards of shares are made to plan participants to the value of 50% of their cash bonus. The award vests after two years, subject normally to the continued employment of the participant within the Group. There are no other performance conditions. A cash payment equivalent to the dividends that would have accrued on the shares will be made to the participants on vesting.

During the year a total of 308,774 shares (2010: nil) and 34,938 share equivalent awards to be paid in cash (2010: nil) were awarded to the scheme participants.

Deferred shares relating to bonus awards to senior managers for the year ended 31 March 2011 will be granted in June 2011.

Details of shares awarded and cash entitlements as at 31 March 2011 are set out below:

	Number of shares	
	2011	2010
Shares	308,774	–
Share equivalent awards to be paid in cash	34,938	–
	343,712	–

Long Term Incentive Plan (LTIP)

Under the Group's Long Term Incentive Plan, conditional awards of shares are made to the plan participants. At the vesting date the share award will either vest or lapse. The awards include a right to receive dividend equivalents on vesting. In June 2007 a conditional award of shares was made such that the vesting conditions were based on Total Shareholder Return (TSR) performance of the Group versus the FTSE 250. In June 2008 the terms and conditions of the LTIP were modified such that the vesting conditions are based on both TSR performance of the Group versus the FTSE 250 and growth in Earnings per Share over the life of the scheme.

The fair value of the LTIP options was calculated at the grant date using a Monte Carlo model based on the assumptions below.

	LTIP 2010	LTIP 2009	LTIP 2008	LTIP 2007
Options granted	1,693,536	2,675,883	1,594,600	1,529,127
Fair value at grant date	117.1p	52.6p	54.0p	106.0p
Assumptions used				
Share price	222p	141p	147p	280p
Exercise price	Nil	Nil	Nil	Nil
Expected volatility	38.3%	37.1%	27.2%	22.9%
Expected option life	3 years	3 years	3 years	3 years
Expected dividend yield	8.9%	11.4%	9.1%	6.8%
Risk free interest rate	4.1%	4.2%	4.9%	5.5%

Volatility was estimated based on the historical volatility of the shares over a three year period up to the date of grant.

6 Share-based payments *continued***Save As You Earn (SAYE) schemes**

The SAYE schemes are available to the majority of employees of the Group. They provide an option price equal to the daily average market price at the date of the offer. The option exercise conditions are the employees' continued employment for the three or five year period and the maintenance of employees' regular monthly savings in an account. Failure of either of these conditions is deemed a forfeiture of the option. At the end of the period the employee has six months to either purchase the shares at the agreed price, or withdraw their savings with the accrued interest. There are no market conditions to the vesting of the options.

	SAYE 3 yr 2010	SAYE 5 yr 2010	SAYE 3 yr 2009	SAYE 5 yr 2009	SAYE 3 yr 2008	SAYE 5 yr 2008	SAYE 5 yr 2007	SAYE 5 yr 2006
Options granted	595,181	370,029	568,506	249,009	1,424,630	997,559	227,814	540,292
Fair value at grant date	57.6p	52.5p	21.8p	19.6p	18.2p	17.5p	50.5p	51.0p
Assumptions used								
Share price	217p	217p	141p	141p	141p	141p	262p	232p
Exercise price	175p	175p	149p	149p	131p	131p	241p	196p
Expected volatility	38.3%	32.9%	37.1%	32.4%	27.2%	27.2%	29.8%	33.6%
Expected option life	3 years	5 years	3 years	5 years	3 years	5 years	5 years	5 years
Expected dividend yield	6.2%	6.2%	7.8%	7.8%	9.0%	9.0%	6.7%	7.1%
Risk free interest rate	4.3%	4.3%	4.2%	4.2%	5.1%	5.1%	5.5%	4.8%

Volatility was estimated based on the historical volatility of the shares over a 3 or 5 year period, as appropriate, up to the date of grant.

Number and weighted average exercise prices of share options

In thousands of options	Weighted average exercise price 2011	Number of options 2011	Weighted average exercise price 2010	Number of options 2010
Outstanding at the beginning of the year	125p	11,914	155p	16,150
Forfeited during the year	114p	(208)	133p	(349)
Lapsed during the year	198p	(5,089)	149p	(7,351)
Exercised during the year	73p	(290)	143p	(29)
Granted during the year	56p	3,002	34p	3,493
Outstanding at the end of the year	65p	9,329	125p	11,914
Exercisable at the end of the year	241p	2	206p	30

Outstanding options include 208,150 options relating to schemes in operation before 7 November 2002.

The options outstanding at 31 March 2011 have an exercise price in the range 0p to 559p and a weighted average contractual life of 3.4 years.

In thousands of options	2011	2010
Option prices		
£nil-£1.00	5,870	5,331
£1.00-£2.00	3,173	2,510
£2.00-£3.00	78	3,704
£3.00-£4.00	—	—
£4.00-£5.00	—	—
£5.00-£6.00	208	251
£6.00-£7.00	—	118
	9,329	11,914

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 2011 amounted to £1.7m (2010: £3.9m). The contributions paid by the Group to the defined contribution section of the scheme amounted to £3.2m (2010: £3.1m).

During the year the statutory triennial funding valuation of the UK defined benefit pension scheme as at 31 March 2010 has been completed and disclosed a deficit of £1.6m. A recovery plan has been agreed with the Pension Scheme Trustees and consequently the Group made £0.75m deficit recovery contributions to the pension scheme during the financial year ended 31 March 2011 and will make contributions of around £0.3m p.a. for the next four years.

The rules of the UK Electrocomponents Group Pension scheme give the Trustee powers to wind up the scheme, which it may exercise if the Trustee is aware that the assets of the scheme are insufficient to meet its liabilities. Although the scheme is currently in deficit, on a statutory funding basis, the Trustee and the Company have agreed a plan to eliminate the deficit over time and the Trustee has confirmed, on 13 April 2011, that it has no current intention of exercising its power to wind up the scheme.

Having taken legal advice, it was determined that the majority of pensions under the scheme will continue to increase in line with the Retail Price Index (RPI) measure of inflation subject to the relevant caps. Therefore there was no significant impact on the value of the scheme liabilities as a result of the United Kingdom Government changing the inflation measure to Consumer Prices Index (CPI) for statutory minimum increases on pensions.

The costs of the defined benefit pension schemes in Germany and Republic of Ireland were £0.4m (2010: £0.6m). The costs of the defined contribution schemes in Australia, North America, Germany and Republic of Ireland were £1.6m (2010: £1.1m), and those via government schemes in France, Italy, Scandinavia and North Asia were £3.1m (2010: £3.2m).

The Group expects to pay £5.0m to its UK defined benefit pension scheme in 2012.

The principal assumptions used in the valuations of the liabilities of the Group's schemes were:

	2011	2011	2011	2010	2010	2010
	United Kingdom	Germany	Republic of Ireland	United Kingdom	Germany	Republic of Ireland
Discount rate	5.50%	5.00%	5.00%	5.40%	4.60%	4.60%
Rate of increase in pensionable salaries	2.55%	3.00%	3.00%	2.55%	3.00%	3.00%
Rate of increase of pensions in payment	3.20%	2.00%	2.00%	3.30%	2.00%	2.00%
Inflation assumption	3.30%	2.00%	2.00%	3.40%	2.00%	2.00%

The assumption on the rate of increase of pensionable salaries in the UK scheme has been restricted. This is due to the introduction of salary capping entitlement arrangements with respect to the defined benefit pension scheme in June 2008.

The expected long term rates of return on the schemes' assets as at 31 March were:

	2011	2011	2011	2010	2010	2010
	United Kingdom	Germany	Republic of Ireland	United Kingdom	Germany	Republic of Ireland
Equities	7.40%	n/a	7.50%	7.50%	n/a	7.50%
Corporate bonds	5.00%	n/a	n/a	4.75%	n/a	n/a
Government bonds	3.90%	n/a	4.00%	4.00%	n/a	4.00%
Diversified growth funds	6.90%	n/a	n/a	7.00%	n/a	n/a
Enhanced matching funds	3.80%	n/a	n/a	3.70%	n/a	n/a
Hedge funds	n/a	n/a	n/a	7.50%	n/a	n/a
Credit funds	6.50%	n/a	n/a	6.50%	n/a	n/a
Cash	0.00%	n/a	n/a	0.00%	n/a	n/a
Other	n/a	n/a	3.50%	n/a	n/a	3.37%

The expected return for each asset class is based on a combination of historical performance analysis, the forward looking views of the financial markets (as indicated by available yields) and the views of investment organisations.

7 Pension schemes *continued*

Based upon the demographics of scheme members, the weighted average life expectancy assumptions used to determine benefit obligations were:

	2011 United Kingdom Years	2011 Germany Years	2011 Republic of Ireland Years	2010 United Kingdom Years	2010 Germany Years	2010 Republic of Ireland Years
Member aged 65 (current life expectancy) – male	21.1	18.8	21.9	22.1	18.8	20.8
Member aged 65 (current life expectancy) – female	23.1	22.9	24.1	25.0	22.9	23.7
Member aged 45 (life expectancy at aged 65) – male	23.3	22.1	24.4	23.1	22.1	22.4
Member aged 45 (life expectancy at aged 65) – female	25.7	26.1	26.6	25.9	26.1	25.5

The net costs (income) recognised in the Income Statement were:

	2011 United Kingdom £m	2011 Germany £m	2011 Republic of Ireland £m	2011 Total £m	2010 United Kingdom £m	2010 Germany £m	2010 Republic of Ireland £m	2010 Total £m
Current service cost	4.5	0.1	0.1	4.7	3.6	–	0.1	3.7
Interest cost	16.9	0.2	0.2	17.3	15.2	0.4	0.2	15.8
Effect of curtailment	–	–	–	–	–	(1.8)	–	(1.8)
Effects of settlement	–	–	–	–	–	(3.0)	–	(3.0)
Expected return on scheme assets	(19.7)	–	(0.2)	(19.9)	(14.9)	–	(0.1)	(15.0)
Total Income Statement charge (credit)	1.7	0.3	0.1	2.1	3.9	(4.4)	0.2	(0.3)

Of the net income for the year, a charge £0.4m (2010 £0.2m) has been included in administrative expenses and a charge of £1.7m (2010 credit: £0.5m) in distribution and marketing expenses.

The actual gain on scheme assets was: UK £23.3m (2010: £69.0m), Germany £nil (2010: £nil) and Republic of Ireland £0.3m (2010: £0.6m).

The valuation of the assets of the schemes as at 31 March were:

	2011 United Kingdom £m	2011 Germany £m	2011 Republic of Ireland £m	2010 United Kingdom £m	2010 Germany £m	2010 Republic of Ireland £m
Equities	103.6	n/a	2.2	86.8	n/a	2.0
Corporate bonds	18.4	n/a	1.0	17.4	n/a	–
Government bonds	6.5	n/a	–	6.1	n/a	0.4
Diversified growth funds	139.1	n/a	–	126.7	n/a	–
Enhanced matching funds	41.0	n/a	–	37.5	n/a	–
Hedge funds	–	n/a	–	15.8	n/a	–
Credit funds	12.9	n/a	–	12.2	n/a	–
Cash	1.3	n/a	–	2.1	n/a	–
Other	–	n/a	0.1	–	n/a	0.4
Total market value of scheme assets	322.8	–	3.3	304.6	–	2.8

No amount is included in the market value of assets relating to either financial instruments or property occupied by the Group.

7 Pension schemes *continued*

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit pension schemes was:

	2011 United Kingdom £m	2011 Germany £m	2011 Republic of Ireland £m	2011 Total £m	2010 United Kingdom £m	2010 Germany £m	2010 Republic of Ireland £m	2010 Total £m
Total market value of assets	322.8	–	3.3	326.1	304.6	–	2.8	307.4
Present value of scheme liabilities	(297.9)	(4.8)	(3.7)	(306.4)	(314.8)	(5.2)	(3.6)	(323.6)
Schemes' surplus (deficit)	24.9	(4.8)	(0.4)	19.7	(10.2)	(5.2)	(0.8)	(16.2)
Unrecognised pension surplus	(25.1)	–	–	(25.1)	–	–	–	–
Schemes' adjusted deficit	(0.2)	(4.8)	(0.4)	(5.4)	(10.2)	(5.2)	(0.8)	(16.2)

As at 31 March 2011 the UK defined benefit pension scheme reported a surplus of £24.9m (2010: £10.2m deficit). In accordance with the requirements of IAS19 Employee Benefits, the company has not recognised this pension surplus in its financial statements.

The movement in present value of the defined benefit obligations in the current period was:

	2011 United Kingdom £m	2011 Germany £m	2011 Republic of Ireland £m	2011 Total £m	2010 United Kingdom £m	2010 Germany £m	2010 Republic of Ireland £m	2010 Total £m
Present value of the defined benefit obligations at the beginning of the year	314.8	5.2	3.6	323.6	246.6	9.4	3.1	259.1
Movement in year:								
Current service cost	4.5	0.1	0.1	4.7	3.6	–	0.1	3.7
Interest cost	16.9	0.2	0.2	17.3	15.2	0.4	0.2	15.8
Actuarial (gain) loss	(27.4)	(0.4)	(0.2)	(28.0)	59.6	0.7	0.3	60.6
Effect of curtailment	–	–	–	–	–	(1.8)	–	(1.8)
Effect of settlement	–	–	–	–	–	(3.0)	–	(3.0)
Benefits paid	(10.9)	(0.1)	–	(11.0)	(10.2)	(0.1)	–	(10.3)
Exchange differences	–	(0.2)	–	(0.2)	–	(0.4)	(0.1)	(0.5)
Present value of the defined benefit obligations at the end of the year	297.9	4.8	3.7	306.4	314.8	5.2	3.6	323.6

The movement in present value of the fair value of scheme assets in the current period was:

	2011 United Kingdom £m	2011 Germany £m	2011 Republic of Ireland £m	2011 Total £m	2010 United Kingdom £m	2010 Germany £m	2010 Republic of Ireland £m	2010 Total £m
Present value of fair value of scheme assets at the beginning of the year	304.6	–	2.8	307.4	240.3	–	1.9	242.2
Movement in year:								
Expected return on scheme assets	19.7	–	0.2	19.9	14.9	–	0.1	15.0
Actuarial gain	3.6	–	0.1	3.7	54.1	–	0.5	54.6
Contributions by company	5.8	0.1	0.2	6.1	5.5	0.1	0.3	5.9
Benefits paid	(10.9)	(0.1)	–	(11.0)	(10.2)	(0.1)	–	(10.3)
Present value of fair value of scheme assets at the end of the year	322.8	–	3.3	326.1	304.6	–	2.8	307.4

7 Pension schemes *continued*

Experience adjustments were:

	2011 United Kingdom	2011 Germany	2011 Republic of Ireland	2010 United Kingdom	2010 Germany	2010 Republic of Ireland
Difference between expected and actual return on scheme assets	1.1%	n/a	0.6%	17.8%	n/a	18.9%
Experience (gains) losses on scheme liabilities	(1.8%)	(1.1%)	(3.2%)	0.0%	0.1%	(3.3%)

The cumulative amount of actuarial gains recognised is £30.8m (2010: £0.9m).

In addition, the value of the assets held in respect of AVCs amounted to £0.6m as at 31 March 2011 (2010: £0.5m).

The value of the assets held in respect of the defined contribution section of the UK scheme amounted to £15.4m as at 31 March 2011 (2010: £12.2m).

Sensitivity analysis of the impact of changes in key IAS 19 assumptions

The following analysis estimates the impact of various assumption changes on the UK defined benefit pension obligation, whilst holding all other assumptions constant.

Effect on obligation of a 0.1% increase to the assumed discount rate:	Liabilities reduce by £6.0m
Effect on obligation of a 0.1% increase to the assumed inflation rate:	Liabilities increase by £4.4m
Effect on obligation of an assumed increase in one year's life expectancy:	Liabilities increase by £6.5m

8 Income tax expense

	2011 £m	2010 £m
Taxation on the profit of the Group		
United Kingdom corporation tax at 28% (2010: 28%)	9.9	12.1
United Kingdom deferred taxation	(1.1)	(1.3)
Double tax relief	–	(5.4)
	8.8	5.4
Overseas taxation – current	13.7	12.2
Overseas taxation – deferred	13.3	5.8
Total income tax expense in Income Statement	35.8	23.4
Total tax expense is reconciled to a notional 28% (2010: 28%) of profit before taxation as follows:		
Expected tax charge	31.9	21.3
Differences in overseas corporation tax rates	3.9	2.3
Utilisation of tax losses	(3.0)	(0.4)
Items not deductible for tax purposes	0.5	0.5
Other local taxes suffered overseas	0.8	0.5
Under (over) provision in prior years	1.7	(0.8)
	35.8	23.4
Tax expense (income) recognised directly in other comprehensive income		
Recognised in retained earnings		
Relating to actuarial gains (losses)	1.9	(1.7)
Recognised in the hedging reserve		
Relating to gain on cash flow hedges	0.4	1.8
Recognised in the cumulative translation reserve		
Relating to gain (loss) on net investment hedges	0.1	(0.3)
	2.4	(0.2)
Tax (income) recognised directly in equity		
Relating to equity-settled transactions	(0.7)	(0.2)

8 Income tax expense *continued*

The UK Budget on 23 March 2011 announced that the UK corporation tax rate will reduce from 28% to 23% over a period of four years from 2011. The first reduction in the UK corporation tax rate from 28% to 26% was substantively enacted on 23 March 2011. This will apply to the Group's future tax charge. In line with this change the rate applying to UK deferred tax assets and liabilities has been reduced from 28% to 26% creating a rate adjustment, which is partly reflected by a benefit to the consolidated income statement (£0.4m) and partly in a benefit to the consolidated statement of comprehensive income (£0.1m). Accordingly, both recognised and unrecognised UK deferred tax balances as at 31 March 2011 have been calculated at a rate of 26%.

The reduction in rate from 26% to 23% has not yet been substantively enacted. If these reductions had been substantively enacted at the balance sheet date the effect would have been to reduce the net deferred tax liability by £0.4m. Of this reduction it is estimated that £0.6m would have been credited to the consolidated income statement and £0.2m charged to the consolidated statement of comprehensive income.

Deferred taxation balances are analysed in note 21.

9 Dividends

	2011 £m	2010 £m
Amounts recognised in the year:		
Final dividend for the year ended 31 March 2010 – 6.0p (2009: 6.0p)	26.1	26.1
Interim dividend for the year ended 31 March 2011 – 5.0p (2010: 5.0p)	21.8	21.8
	47.9	47.9
Proposed dividend for the year ended 31 March 2011 – 6.5p	28.3	

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these accounts.

10 Earnings per share

	2011 £m	2010 £m
Profit for the year attributable to the equity shareholders of the parent company	78.2	52.6
Pension changes/reorganisation (income)	–	(1.6)
Tax impact of pension changes/reorganisation	–	0.5
Headline profit for the year attributable to equity shareholders of the parent company	78.2	51.5
Weighted average number of shares	435,251,770	435,069,090
Dilutive effect of share options	5,659,359	3,578,110
Diluted weighted average number of shares	440,911,129	438,647,200

	Pence	Pence
Basic earnings per share	18.0	12.1
Diluted earnings per share	17.7	12.0
Headline basic earnings per share	18.0	11.8
Headline diluted earnings per share	17.7	11.7

A further 208,150 share options were outstanding as at 31 March 2011 (2010: 4,000,976) but were not included as they were anti-dilutive.

11 Intangible assets

Cost	Goodwill £m	Software £m	Other Intangibles £m	Total £m
At 1 April 2009	182.9	124.1	0.3	307.3
External additions	–	7.0	–	7.0
Disposals	–	(4.0)	–	(4.0)
Translation differences	(10.7)	(0.5)	–	(11.2)
At 1 April 2010	172.2	126.6	0.3	299.1
External additions	–	11.4	–	11.4
Translation differences	(8.5)	0.2	–	(8.3)
At 31 March 2011	163.7	138.2	0.3	302.2
Amortisation				
At 1 April 2009		72.6	0.1	72.7
Charged in the year		14.8	–	14.8
Disposals		(4.0)	–	(4.0)
Translation differences		(0.2)	–	(0.2)
At 1 April 2010		83.2	0.1	83.3
Charged in the year		16.0	–	16.0
Translation differences		0.3	–	0.3
At 31 March 2011		99.5	0.1	99.6
Net book value				
At 31 March 2011	163.7	38.7	0.2	202.6
At 31 March 2010	172.2	43.4	0.2	215.8
At 31 March 2009	182.9	51.5	0.2	234.6

Of total goodwill of £163.7m (2010: £172.2m), £163.1m (2010: £171.6m) related to the acquisition of Allied Electronics Inc. in July 1999, and £0.6m (2010: £0.6m) related to the acquisition of the Group's Norwegian distributor in September 2001.

Value in use calculations

The recoverable amount of goodwill is based on value in use calculations.

These calculations use discounted cash flow projections based on actual operating results together with management projections for five years. These cash flows are based on extrapolations from earlier budgets and forecasts. These are subject to assessing the reasonableness of the assumptions; for example by examining the causes of differences between past cash flow projections and actual cash flows.

Cash flows for further periods, i.e. beyond five years, are extrapolated using a long term annual growth rate of 2% (2010: 2%) which is consistent with the prudent 'market estimate' long-term average growth rate for the distribution industry.

A pre-tax discount rate of 9% (2010: 9%) has been applied in calculating the discounted projected cash flows.

Key assumptions

The key assumptions used are the sales growth rate and discount rate.

The sales growth rate is prepared using internal forecasts based upon historical growth rates and future medium term plans together with relevant macro economic indicators. The long-term growth rates used are consistent with the prudent 'market estimate' long-term average growth rates for the distribution industry and do not exceed expected long-term GDP growth.

The discount rate is based upon the Group's Weighted Average Cost of Capital (WACC) at 31 March 2011 and has been calculated reflecting market assessments at that time.

The Directors believe that currently all 'reasonably likely' changes in the key assumptions referred to above would not give rise to an impairment charge.

Outcome of calculations

The recoverable amount of the Allied Electronics Inc. cash generating unit exceeds its carrying value and the carrying value of the goodwill is therefore not impaired.

12 Property, plant and equipment

	Land and buildings £m	Plant and machinery £m	Computer systems £m	Total £m
Cost				
At 1 April 2009	113.2	121.6	70.9	305.7
Additions	2.6	4.3	5.2	12.1
Disposals	(0.2)	(1.1)	(7.2)	(8.5)
Translation differences	(2.4)	(1.0)	(0.1)	(3.5)
At 1 April 2010	113.2	123.8	68.8	305.8
Additions	0.6	4.8	3.6	9.0
Disposals	(0.3)	(2.5)	(2.3)	(5.1)
Translation differences	(1.0)	(0.4)	(0.1)	(1.5)
At 31 March 2011	112.5	125.7	70.0	308.2
Depreciation				
At 1 April 2009	28.4	96.2	59.7	184.3
Charged in the year	2.4	5.4	4.3	12.1
Disposals	(0.2)	(0.9)	(6.2)	(7.3)
Translation differences	(0.3)	(0.4)	(0.1)	(0.8)
At 1 April 2010	30.3	100.3	57.7	188.3
Charged in the year	2.3	5.6	3.1	11.0
Disposals	(0.3)	(2.4)	(2.3)	(5.0)
Translation differences	(0.1)	(0.1)	–	(0.2)
At 31 March 2011	32.2	103.4	58.5	194.1
Net book value				
At 31 March 2011	80.3	22.3	11.5	114.1
At 31 March 2010	82.9	23.5	11.1	117.5
At 31 March 2009	84.8	25.4	11.2	121.4

	2011 £m	2010 £m
Net book value of land and buildings		
Freehold land	12.4	12.6
Freehold buildings	64.3	66.9
Long leasehold buildings	0.4	0.4
Short leasehold buildings	3.2	3.0
	80.3	82.9

	2011 £m	2010 £m
Net book value of plant and machinery		
Plant and machinery	20.1	21.0
Other office equipment	1.5	1.8
Motor vehicles	0.7	0.7
	22.3	23.5

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

13 Capital commitments

	2011 £m	2010 £m
Contracted capital expenditure at 31 March, for which no provision has been made in these accounts	4.1	–

14 Investments

	2011 £m	2010 £m
Jointly controlled entity	0.7	0.6

For details of the jointly controlled entity, see note 15 to the Group accounts.

15 Principal subsidiary undertakings and associated undertakings

	Principal location	Country of incorporation
High service distribution of electronics and maintenance products		
RS Components Pty Limited*	Sydney	Australia
RS Components Handelsges.m.b.H.*	Gmünd	Austria
Allied Electronics (Canada) Inc.*	Ottawa	Canada
RS Componentes Electrónicos Limitada*	Santiago	Chile
RS Components A/S*	Copenhagen	Denmark
RS Components SAS*	Beauvais	France
RS Components GmbH*	Frankfurt	Germany
RS Components Limited*	Kowloon	Hong Kong
RS Components & Controls (India) Limited†	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 AS*	Haugesund	Norway
RS Components (Shanghai) Company Limited*	Shanghai	People's Republic of China
RS Components Sp. Z.o.o.*	Warsaw	Poland
Radionics Limited*	Dublin	Republic of Ireland
RS Components Pte Limited*	Singapore	Singapore
Amidata SAU*	Madrid	Spain
RS Components AB*	Vällingby	Sweden
RS Components Company Limited*	Bangkok	Thailand
RS Components Limited	Corby	United Kingdom
Allied Electronics Inc.*	Fort Worth, TX	United States of America
Holding and Management Companies		
Electrocomponents France SARL*	Beauvais	France
Electrocomponents UK Limited	Oxford	United Kingdom
RS Components Holdings Limited*	Oxford	United Kingdom
Electrocomponents North America Inc.*	Laytonsville, MD	United States of America

Except as stated below all of the above are wholly owned by Electrocomponents plc. Those companies marked with an asterisk are indirectly owned. The companies operate within their countries of incorporation. RS Components Limited (UK) exports to most countries where the Group does not have a trading company and operates branch offices in Japan, South Africa, Taiwan and the Philippines. RS Components Limited also operates under the names of RS Calibration, RS Mechanical and RS Health & Safety in the United Kingdom.

†RS Components & Controls (India) Limited (RSCC) is a jointly controlled entity with Controls & Switchgear Company Limited, a company registered in India. The authorised share capital of this company is Rs20m, of which Rs18m is issued and owned in equal shares by Electrocomponents UK Limited and its partner. RS Components Limited supplies product and catalogues to RSCC, while office space and distribution network are provided by Controls & Switchgear Company Limited. During the year ended 31 March 2011 the Group made sales of £0.9m (2010 £0.8m) to RSCC and supplied catalogues at a cost to RSCC of £nil (2010: £0.1m). RSCC is treated in the accounts as an associated undertaking.

A full list of subsidiary companies is available from the Company's registered office.

16 Inventories

	2011 £m	2010 £m
Gross inventories value:		
Raw materials and consumables	40.1	20.2
Finished goods and goods for resale	209.5	174.0
	249.6	194.2
Stock provisions	(16.8)	(11.5)
	232.8	182.7

During the year £8.3m (2010: £4.5m) was recognised as an expense relating to the write down of inventory to net realisable value.

17 Trade and other receivables

	2011 £m	2010 £m
Gross trade receivables	206.7	174.9
Provision for doubtful debts	(5.5)	(5.2)
Amounts owed by jointly controlled entity	0.3	0.2
Derivative assets	0.5	0.4
Other receivables	5.3	1.6
Prepayments and accrued income	8.6	10.7
Trade and other receivables falling due within one year	215.9	182.6
Other receivables	4.1	3.8
Other receivables falling due after more than one year	4.1	3.8

18 Trade and other payables

	2011 £m	2010 £m
Trade payables	125.6	97.9
Other taxation and social security	12.8	11.3
Derivative liabilities	2.2	2.9
Other payables	4.0	3.0
Government grants	0.2	0.2
Accruals and deferred income	63.0	51.5
Trade and other payables due within one year	207.8	166.8
Derivative liabilities	–	0.5
Other payables	7.2	4.6
Government grants	4.3	4.5
Other payables due in more than one year	11.5	9.6

19 Interest bearing loans and borrowings

	2011 £m	2010 £m
Non-current liabilities:		
Unsecured bank facilities	70.8	142.5
Secured bank loans	–	0.8
Finance lease liabilities	0.6	0.3
Unsecured Private Placement Notes	95.8	24.7
	167.2	168.3
Current liabilities:		
Unsecured bank facilities	–	2.2
Unsecured bank overdrafts	0.7	1.2
Unsecured bank loans	–	5.6
Secured bank loans	0.8	0.8
Finance lease liabilities	0.5	0.9
	2.0	10.7
Borrowings are repayable as follows:		
Amounts falling due on demand or in less than one year	2.0	10.7
In more than one but not more than two years	71.4	1.1
In more than two but not more than three years	–	142.5
In more than three but not more than four years	–	–
In more than four but not more than five years	41.0	–
In more than five years	54.8	24.7
	169.2	179.0

Borrowings are analysed by currency as:	Sterling 2011 £m	US Dollar 2011 £m	Euro 2011 £m	Japanese Yen 2011 £m	Other 2011 £m	Total 2011 £m
Unsecured bank overdrafts	–	–	–	–	0.7	0.7
Unsecured bank facilities	14.7	25.0	11.4	10.0	9.7	70.8
Secured bank loans	–	–	0.8	–	–	0.8
Finance lease liabilities	–	1.1	–	–	–	1.1
Unsecured Private Placement Notes	–	95.8	–	–	–	95.8
Total borrowings	14.7	121.9	12.2	10.0	10.4	169.2

	Sterling 2010 £m	US Dollar 2010 £m	Euro 2010 £m	Japanese Yen 2010 £m	Other 2010 £m	Total 2010 £m
Unsecured bank overdrafts	–	–	–	–	1.2	1.2
Unsecured bank facilities	42.5	48.6	41.9	3.9	7.8	144.7
Secured bank loans	–	–	1.6	–	–	1.6
Unsecured bank loans	–	–	–	5.6	–	5.6
Finance lease liabilities	0.8	0.4	–	–	–	1.2
Unsecured Private Placement Notes	–	24.7	–	–	–	24.7
Total borrowings	43.3	73.7	43.5	9.5	9.0	179.0

20 Financial instruments

Fair values of financial assets and liabilities

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows.

None of the financial assets or financial liabilities have been reclassified during the year.

	Notes	Valuation Methodology	Carrying value £m	Fair value £m
Financial assets				
Financial assets held at Fair Value				
Interest rate swaps used for hedging		A	2.2	2.2
Forward exchange rate contracts used for hedging	17	A	0.5	0.5
			2.7	2.7
Financial assets held at Amortised Cost				
Cash and cash equivalents	25	C	6.3	6.3
Trade receivables, other receivables and accrued income	17	E	209.2	209.2
			215.5	215.5
Total Financial assets at 31 March 2011			218.2	218.2
Financial liabilities				
Financial liabilities held at Fair Value				
Forward exchange rate contracts used for hedging	18	A	(2.2)	(2.2)
Bank loans	19	B	(0.8)	(0.8)
Private Placement notes	19	B	(64.5)	(64.5)
			(67.5)	(67.5)
Financial liabilities held at Amortised Cost				
Bank facilities	19	C	(70.8)	(70.8)
Private Placement notes	19	C	(31.3)	(34.6)
Finance lease liabilities	19	D	(1.1)	(1.1)
Bank overdrafts	19	C	(0.7)	(0.7)
Trade payables, other payables and accruals	18	E	(222.0)	(222.0)
			(325.9)	(329.2)
Total Financial liabilities at 31 March 2011			(393.4)	(396.7)

20 Financial instruments *continued*

	Notes	Valuation Methodology	Carrying value £m	Fair value £m
Financial assets				
Financial assets held at Fair Value				
Interest rate swaps used for hedging		A	1.7	1.7
Forward exchange rate contracts used for hedging	17	A	0.4	0.4
			2.1	2.1
Financial assets held at Amortised Cost				
Cash and cash equivalents	25	C	5.5	5.5
Trade receivables, other receivables and accrued income	17	E	174.7	174.7
			180.2	180.2
Total Financial assets at 31 March 2010			182.3	182.3
Financial liabilities				
Financial liabilities held at Fair Value				
Interest rate swaps used for hedging	19	A	(0.8)	(0.8)
Forward exchange rate contracts used for hedging	18	A	(2.9)	(2.9)
Bank loans	19	B	(7.2)	(7.2)
Private Placement notes	19	B	(23.9)	(23.9)
			(34.8)	(34.8)
Financial liabilities held at Amortised Cost				
Bank loans	19	C	(144.7)	(144.7)
Private Placement notes	19	C	(0.8)	(0.8)
Finance lease liabilities	19	D	(1.2)	(1.2)
Bank overdrafts	19	C	(1.2)	(1.2)
Trade payables, other payables and accruals	18	E	(176.8)	(176.8)
			(324.7)	(324.7)
Total Financial liabilities at 31 March 2010			(359.5)	(359.5)

Estimation of fair values

The fair values reflected in the table above have been determined by reference to available market information at the balance sheet date and using the methodologies described below.

A Derivative financial assets and liabilities

Fair values are estimated by discounting expected future contractual cash flows using prevailing interest rate curves and valuing any amounts denominated in foreign currencies at the exchange rate prevailing at the balance sheet date. These financial instruments are included on the balance sheet at fair value, derived from observable market prices. (Level 2 as defined by IFRS7 Financial Instruments: Disclosures.)

B Interest-bearing loans held at fair value

These comprise foreign currency denominated interest bearing loans which are subject to hedge accounting. The foreign currency amounts have been valued at the exchange rate prevailing at the balance sheet date. (Level 2 as defined by IFRS7 Financial Instruments: Disclosures.)

C Cash and cash equivalents, Bank overdrafts, Interest-bearing loans held at amortised cost

Cash and cash equivalents largely comprise local bank account balances, which typically bear interest at rates set by reference to local applicable rates or cash float balances which have not yet cleared for interest purposes. Fair values are estimated to equate to carrying amounts as their re-pricing maturity is less than one year.

Interest bearing loans held at amortised cost comprise fixed rate foreign currency denominated loans. For carrying values the foreign currency principal amounts have been valued at the exchange rate prevailing at the balance sheet date. Fair values are estimated by discounting future cash flows using prevailing interest rate curves.

Bank overdrafts are repayable on demand and are all unsecured. They bear interest at rates set by reference to applicable local rates. Fair values are estimated to equate to carrying amounts as their re-pricing maturity is less than one year.

D Finance lease liabilities

Fair values are estimated by discounting future cash flows using prevailing interest rate curves.

20 Financial instruments *continued***E Other financial assets and liabilities**

Fair values of receivables and payables are determined by discounting future cash flows. For amounts with a re-pricing maturity of less than one year, fair value is assumed to approximate to the carrying amount.

Risk management objectives and policies

The principal financial risks to which the Group is exposed are those of liquidity, market and credit. Each of these are managed in accordance with Board approved policies. The policies are set out below.

Liquidity risk

The Group's key priority is to ensure that it can meet its liabilities as they fall due. The Group ensures this by having sufficient committed debt facilities in place to meet its anticipated funding requirements. The Group's forecast funding requirements and its committed debt facilities are reported to and monitored by the Treasury Committee monthly.

As at 31 March 2011 the Group had the following committed debt finance in place:

- a syndicated multicurrency facility for £102m, \$97m and €47m with a maturity of September 2012;
- a fully drawn, amortising, bank facility of €0.9m with a final maturity of December 2011 secured on the Bad Hersfeld warehouse;
- Private Placement notes of \$150m with maturities of June 2015 and June 2017.

As at 31 March 2011, the Group had available £133.4m of undrawn committed debt facilities in respect of which all conditions precedent had been met.

The Group also uses bank overdrafts, uncommitted short term money market loans, cash and short-term investments. The main purpose of these financial instruments is to manage the Group's day to day funding and liquidity requirements.

The following are the contractual maturities of financial liabilities, including contractual future interest payments.

Maturity profile of financial liabilities

	Carrying Amounts £m	Contractual Cash flows £m	Within 1 year £m	1-2 years £m	2-3 years £m	3-4 years £m	4-5 years £m	More than 5 years £m
Derivative financial liabilities								
Forward exchange rate contracts used for hedging	(2.2)	(2.3)	(2.3)	—	—	—	—	—
Non-derivative financial liabilities								
Bank loans	(71.6)	(71.7)	(0.9)	(70.8)	—	—	—	—
Private Placement notes	(95.8)	(121.6)	(4.5)	(4.5)	(4.6)	(4.6)	(45.1)	(58.3)
Finance lease liabilities	(1.1)	(1.1)	(0.5)	(0.6)	—	—	—	—
Bank overdrafts	(0.7)	(0.7)	(0.7)	—	—	—	—	—
Trade payables, other payables and accruals*	(219.9)	(219.9)	(219.9)	—	—	—	—	—
At 31 March 2011	(391.3)	(417.3)	(228.8)	(75.9)	(4.6)	(4.6)	(45.1)	(58.3)

	Carrying Amounts £m	Contractual Cash flows £m	Within 1 year £m	1-2 years £m	2-3 years £m	3-4 years £m	4-5 years £m	More than 5 years £m
Derivative financial liabilities								
Interest rate swaps used for hedging	(0.8)	(1.0)	(1.2)	0.5	0.3	0.2	—	(0.8)
Forward exchange rate contracts used for hedging	(2.9)	(2.9)	(2.9)	—	—	—	—	—
Non-derivative financial liabilities								
Bank loans	(151.9)	(152.3)	(9.1)	(0.8)	(142.4)	—	—	—
Private Placement notes	(24.7)	(32.5)	(0.9)	(1.2)	(1.2)	(1.2)	(1.2)	(26.8)
Private Placement notes**	—	(96.5)	(1.8)	(3.6)	(3.6)	(3.6)	(3.6)	(80.3)
Finance lease liabilities	(1.2)	(1.2)	(0.9)	(0.3)	—	—	—	—
Bank overdrafts	(1.2)	(1.2)	(1.2)	—	—	—	—	—
Trade payables, other payables and accruals*	(176.8)	(176.8)	(176.8)	—	—	—	—	—
At 31 March 2010	(359.5)	(464.4)	(194.8)	(5.4)	(146.9)	(4.6)	(4.8)	(107.9)

* Excludes derivatives which are shown separately.

** Private Placement notes for which there was a firm commitment to receive proceeds after 31 March 2010.

20 Financial instruments *continued*

Market risk

Foreign currency transactional risk

The Group is exposed to foreign currency transaction risk because most operating companies have some level of payables in currencies other than their functional currency. Some operating companies also have receivables in currencies other than their functional currency.

Hedging of currency exposures during periods when operating companies cannot easily change their selling prices is implemented in order to 'shelter' the forecast gross profits during those periods. In this way the impacts of currency fluctuations can be smoothed until selling prices can be changed in the light of movements in exchange rates. The hedges are enacted through forward foreign currency contracts entered into by Group Treasury based on trading projections provided by the operating companies.

In addition specific cash flows relating to material transactions in currencies other than the functional currency of the local business are hedged when the commitment is made.

The Group classifies forward exchange contracts as hedging instruments against forecast receivables/payables and designates them as cash flow hedges for accounting purposes. The forecast cash flows are expected to occur evenly throughout the period for 12 months from the year end, and will affect the income statement in the period in which they occur. The net fair value of forward exchange contracts not used as hedges of forecast transactions at 31 March 2011 was £Nil (2010: £Nil).

Foreign currency transaction exposures, and the hedges in place to mitigate them, are monitored monthly by the Treasury Committee.

The Group does not believe its foreign currency transactional risk has materially altered during the year.

Foreign currency translational risk

During the year ended 31 March 2010 the Group issued \$37.5m of Private Placement Notes, with maturities of June 2015 and June 2017 and using cross-currency interest rate swaps, swapped \$36.25m to £22.5m at a floating interest rate.

In June 2010 a further US\$112.5m of Private Placement Notes, with maturities of June 2015 and June 2017 was issued and using cross-currency interest rate swaps the Group swapped US\$63.75m into a combination of £14.8m and €28.3m at floating interest rates.

These cross-currency interest rate swaps are designated as fair value hedges and are expected to remain highly effective over the life of the Private Placement notes.

The Group has designated certain external loans as net investment hedges against its investments in its US and European subsidiaries.

The carrying amount of the US hedge as at 31 March 2011 was US\$170m (£106.3m), of which US\$40m (£25.0m) formed part of the unsecured bank facility, US\$50m (£31.3m) was from the US Private Placement market and US\$80m (£50.0m) was in the form of an overdraft. The carrying amount of the Euro hedge was €65m (£57.5m), of which €10.7m (£9.5m) formed part of the unsecured bank facility and €54.3m (£48.0m) was in the form of an overdraft. Both the US Dollar and Euro overdrafts are shown in the balance sheet netted with positive cash balances, as there is an absolute right of set-off.

The carrying value of these US\$ and € hedges remained highly effective, throughout the year ended 31 March 2011 and the year ended 31 March 2010.

A foreign exchange gain of £6.1m (2010: gain £9.2m) was recognised in equity on translation of the loans to Sterling in the year ended 31 March 2011.

No other foreign currency translation exposures are explicitly hedged although local currency debt is used where economic and fiscally efficient in the financing of subsidiaries and this provides a degree of natural hedging. Guidelines are in place to manage the currency mix of the Group's net debt. The Group does not believe its foreign currency translational risk has materially altered during the year.

20 Financial instruments *continued*

Interest rate risk

The Group has relatively high interest cover and therefore for this reason the Group adopts a policy of paying and receiving most of its interest on a variable interest rate basis, as in the opinion of the Group this minimises interest cost over time. This policy is subject to regular monitoring of the effect of potential changes in interest rates on its interest cost with a view to taking suitable actions should exposure reach certain levels. The Group does not believe its interest rate risk has materially altered during the year.

As at 31 March 2011 the Group had:

- Fixed the interest on \$40m borrowings from its syndicated bank facility until June 2011 using an interest rate swap designated as a cash flow hedge.
- Left \$50m of its Private Placement notes fixed until June 2015.
- Swapped \$100m of its Private Placement Notes from \$ fixed to £ floating (\$60m) and € floating (\$40m) using an interest rate swap. This is designated as a fair value hedge.
- Swapped from a fixed rate of 3.85% to floating, the interest on its €0.9m amortising bank facility maturity December 2011 using an interest rate swap. This is designated as a fair value hedge.

All other borrowings were at a variable rate.

Interest rate profile

The interest rate profile of the Group's interest bearing financial instruments, as at 31 March 2011 and as at 31 March 2010 are set out below. The classification and balances include the impact of the interest rate swaps.

	2011			2010		
	Fixed rate £m	Floating rate £m	Total £m	Fixed rate £m	Floating rate £m	Total £m
Financial liabilities						
Interest bearing loans and borrowings						
Current	(0.5)	(1.5)	(2.0)	(3.1)	(7.6)	(10.7)
Non-current	(56.9)	(108.1)	(165.0)	(60.3)	(106.6)	(166.9)
At 31 March	(57.4)	(109.6)	(167.0)	(63.4)	(114.2)	(177.6)
Financial assets						
Cash and cash equivalents	–	6.3	6.3	–	5.5	5.5
At 31 March	–	6.3	6.3	–	5.5	5.5

20 Financial instruments *continued***Cash flow hedges**

	£m
Fair value of hedging instruments under cash flow hedges as at 31 March 2009:	
Assets	4.5
Liabilities	(13.9)
Net	(9.4)

In the year ended 31 March 2010:

Amount removed from equity and taken to Income Statement in operating profit	9.3
Fair value of cash flow hedges taken to equity	(2.9)

Fair value of hedging instruments under cash flow hedges as at 31 March 2010:

Assets	0.4
Liabilities	(3.4)
Net	(3.0)

In the year ended 31 March 2011:

Amount removed from equity and taken to Income Statement in operating profit	3.0
Fair value of cash flow hedges taken to equity	(1.7)

Fair value of hedging instruments under cash flow hedges as at 31 March 2011:

Assets	0.5
Liabilities	(2.2)
Net	(1.7)

Maturity profile of financial derivatives

	Within 1 year £m	1-2 years £m	2-3 years £m	3-4 years £m	4-5 years £m	More than 5 years £m
Interest rate and cross-currency swaps hedging						
Private Placement notes						
Assets	–	–	–	–	0.4	1.8
Forward exchange contracts:						
Assets	0.5	–	–	–	–	–
Liabilities	(2.2)	–	–	–	–	–
At 31 March 2011	(1.7)	–	–	–	0.4	1.8

	Within 1 year £m	1-2 years £m	2-3 years £m	3-4 years £m	4-5 years £m	More than 5 years £m
Interest rate and cross-currency swaps hedging						
Private Placement notes						
Assets	–	–	–	–	–	1.7
Liabilities	–	–	–	–	–	(0.3)
Other interest rate swaps						
Liabilities	–	(0.5)	–	–	–	–
Forward exchange contracts:						
Assets	0.4	–	–	–	–	–
Liabilities	(2.9)	–	–	–	–	–
At 31 March 2010	(2.5)	(0.5)	–	–	–	1.4

20 Financial instruments *continued*

Sensitivity analysis

The sensitivity analysis set out below summarises the impact:

- On interest expense of a 1% increase/decrease in interest rates on all currencies from their actual levels for the year ended 31 March 2011 and the year ended 31 March 2010;
- On Group profit before tax of a 10% increase/decrease in the value of the US Dollar and the Euro against Sterling from the actual level for the year ended 31 March 2011 and the year ended 31 March 2010.

The sensitivity analysis is based on the following:

- Changes in market interest rates affect the interest income or expense of variable interest financial instruments;
- Changes in market interest rates only affect interest income or expense in relation to financial instruments with fixed interest rates if these are recognised at their fair market value;
- Changes in market interest rates affect the fair value of derivative financial instruments designated as hedging instruments;
- Changes in the fair values of derivative financial instruments and other financial assets and liabilities are estimated by discounting the future cash flows to net present values using appropriate market rates prevailing at the year end.

	1% Increase in Interest Rates £m	1% Decrease in Interest Rates £m	10% Increase in value of US\$ & € £m	10% Decrease in value of US\$ & € £m
Year ended 31 March 2011				
Impact on Income Statement: (loss) gain	(0.5)	0.5	6.3	(6.3)
Impact on equity: gain (loss)	–	–	16.8	(16.8)
Year ended 31 March 2010				
	1% Increase in Interest Rates £m	1% Decrease in Interest Rates £m	10% Increase in value of US\$ & € £m	10% Decrease in value of US\$ & € £m
Impact on Income Statement: (loss) gain	(0.9)	0.9	4.4	(4.4)
Impact on equity: gain (loss)	0.5	(0.1)	15.5	(15.5)

Credit risk

The Group is exposed to credit risk on financial assets such as cash balances (including deposits and cash and cash equivalents) and derivative instruments and on trade and other receivables.

The amounts in the balance sheet represent the maximum credit risk exposure at the balance sheet date. There were no significant concentrations of credit risk at the balance sheet date, as exposure is spread over a large number of counterparties, customers and geographic locations. As such the Group does not believe its credit risk has materially altered during the year.

The Group identifies counterparties of suitable creditworthiness based on ratings assigned by international credit-rating agencies and has procedures to ensure that only these parties are used, that exposure limits are set based on the external credit ratings and that these limits are not exceeded.

Trade and other receivables

All operating companies have credit policies and monitor their credit exposure on an ongoing basis. Each operating company performs credit evaluations on all customers seeking credit over a certain amount. Trading receivables are stated net of allowances for doubtful receivables, estimated by local management based on prior experience of customers and assessment of their current economic environment. There are no significant individual allowances for doubtful receivables included within this amount.

For countries with no local operating company presence export credit limits are set and monitored on a country basis monthly by the Treasury Committee.

Given the profile of our customers, whereby credit risk is spread amongst a large number of customers with small balances, no further material credit risk has been identified with the trade receivables not past due other than those balances for which an allowance has been made.

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	2011 £m	2010 £m
United Kingdom	63.3	55.5
Continental Europe	84.3	69.4
North America	29.7	24.9
Asia Pacific	23.9	19.9
	201.2	169.7

20 Financial instruments *continued*

The ageing of net trade receivables at the reporting date was:

	2011 £m	2010 £m
Not past due	151.5	126.6
Past due 0-60 days	45.5	40.0
Past due 60-120 days	3.1	2.5
Past due >120 days	1.1	0.6

The movement in the allowance for impairment in respect of loans and receivables during the year was as follows:

	2011 £m	2010 £m
Balance at 1 April 2010	(5.2)	(5.5)
Impairment (loss) gain recognised	(0.3)	0.3
Balance at 31 March 2011	(5.5)	(5.2)

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to support future development of the business. The Board of Directors monitors the return on capital, which the Group defines as headline operating profit as a percentage of net assets plus net debt. The Board of Directors also monitors the level of dividends to shareholders. There were no significant changes in the Group's approach to capital management during the year.

21 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2011 £m	2010 £m	2011 £m	2010 £m	2011 £m	2010 £m
Property, plant and equipment	–	0.3	(9.3)	(10.6)	(9.3)	(10.3)
Goodwill	–	–	(43.5)	(39.6)	(43.5)	(39.6)
Retirement benefit obligations	0.5	3.5	–	–	0.5	3.5
Inventories	0.1	0.1	(0.1)	–	–	0.1
Employee benefits	2.9	1.8	–	–	2.9	1.8
Provisions	1.6	1.4	–	–	1.6	1.4
Other items	1.0	1.0	–	(0.2)	1.0	0.8
Tax losses	10.7	18.3	–	–	10.7	18.3
Tax assets (liabilities)	16.8	26.4	(52.9)	(50.4)	(36.1)	(24.0)
Set off of tax	(7.5)	(16.5)	7.5	16.5	–	–
Net tax assets (liabilities)	9.3	9.9	(45.4)	(33.9)	(36.1)	(24.0)

The increase in the deferred tax liability is largely due to the continuing tax amortisation of overseas goodwill. This deferred tax liability is not expected to crystallise in the foreseeable future.

A deferred tax asset has been recognised for tax losses where current projections show that sufficient taxable profits will arise in the near future against which these losses may be offset.

	2011 £m	2010 £m
Unrecognised deferred tax assets		
Tax losses	11.3	16.2

A deferred tax asset has not been recognised in respect of tax losses which can be carried forward against future taxable income as recoverability is uncertain.

At the balance sheet date, the estimated aggregate amount of temporary differences for which deferred tax liabilities have not been recognised was £nil (2010: £5.9m). In the prior year, no liability was recognised in respect of these differences because the Group was in a position to control the timing of the reversal of the temporary differences and the Group has sufficient relevant losses to offset fully the £5.9m liability. During the year the Group undertook a transaction which crystallised the liability, which will be offset fully by losses on which no deferred tax asset has previously been recognised.

Deferred tax is provided at the standard rate of corporation tax applicable at the balance sheet date unless there is legislation enacted or substantively enacted by the balance sheet date changing the rate.

22 Lease commitments

Operating 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 for 2011 was £3.5m (2010: £3.4m). 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 £9.8m (2010: £9.4m). The rents payable under these leases are subject to renegotiation at various intervals specified in the leases. The Group pays all insurance, maintenance and repairs of these properties. Operating lease rentals are payable as follows:

	Properties		Plant and machinery	
	2011 £m	2010 £m	2011 £m	2010 £m
Within one year	8.8	8.5	2.6	2.5
Within two to five years	17.5	18.9	4.1	3.8
After five years	4.4	5.9	–	–
	30.7	33.3	6.7	6.3

23 Related parties

The Company has a related party relationship with its subsidiaries as disclosed in note 15 to the Group accounts and with its key management personnel. The key management personnel of the Group are the Executive Directors. Compensation of key management personnel was:

	2011 £m	2010 £m
Remuneration	2.0	1.8
Social security costs	0.2	0.1
Equity-settled transactions	0.6	0.4
Pension costs	0.1	0.1
	2.9	2.4

Details of transactions with the jointly controlled entity are given in note 15 to the Group accounts.

24 Share capital

	2011 Number of shares	2010 Number of shares	2011 £m	2010 £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	435,389,603	435,360,728	43.5	43.5
New share capital subscribed	290,128	28,875	0.1	–
At 31 March	435,679,731	435,389,603	43.6	43.5

All of the new share capital subscribed in the financial year 2011 related to the exercise of share options. Details are provided in note 6 to the Group accounts.

Details of the own shares held are given in note 8 to the Company accounts on page 97.

25 Cash and cash equivalents

	2011 £m	2010 £m
Bank balances	4.4	4.5
Call deposits and investments	1.9	1.0
Cash and cash equivalents in the balance sheet	6.3	5.5
Bank overdrafts	(0.7)	(1.2)
Cash and cash equivalents in the cash flow statement	5.6	4.3
Current instalments of loans	(1.3)	(9.5)
Bank loans repayable after more than one year	(71.4)	(143.6)
Private Placement Loan Notes due 2015 (4.41%)	(41.0)	(10.6)
Private Placement Loan Notes due 2017 (5.14%)	(54.8)	(14.1)
Fair value of swap hedging fixed rate borrowings	2.2	1.4
Net debt	(160.7)	(172.1)
Gross pension deficit	(5.4)	(16.2)
Net debt including gross pension deficit	(166.1)	(188.3)

The movements on net debt during the year are analysed below:

	2011 £m	2010 £m
Analysis of movement in net debt		
Net debt at 1 April	(172.1)	(203.2)
Free cash flow	57.4	71.9
Equity dividends paid	(47.9)	(47.9)
New shares issued	0.2	–
New finance leases	(1.3)	–
Translation differences	3.0	7.1
Net debt at 31 March	(160.7)	(172.1)

26 Contingent liabilities

At 31 March 2011 there were no contingent liabilities (2010: none).

27 Principal exchange rates

	2011 Average	2011 Closing	2010 Average	2010 Closing
United States Dollar	1.56	1.60	1.60	1.52
Euro	1.18	1.13	1.13	1.12

Company balance sheet

As at 31 March 2011

	Note	2011 £m	2010 £m
Fixed assets			
Tangible fixed assets	6	16.8	17.1
Investments	7	342.9	348.4
		359.7	365.5
Current assets			
Debtors: amounts falling due within one year	9	58.1	51.8
Debtors: amounts falling due after more than one year	9	3.1	1.8
Cash at bank and in hand		102.2	91.2
		163.4	144.8
Creditors: amounts falling due within one year	10	(95.6)	(83.4)
Net current assets		67.8	61.4
Total assets less current liabilities		427.5	426.9
Creditors: amounts falling due after more than one year	10	(166.7)	(159.7)
Provisions for liabilities and charges	12	(1.0)	(1.0)
		259.8	266.2
Capital and reserves			
Called-up share capital	15	43.6	43.5
Share premium account	16	38.8	38.7
Retained earnings	16	177.4	184.0
Equity shareholders' funds		259.8	266.2

These accounts were approved by the Board of Directors on 27 May 2011 and signed on its behalf by:

Simon Boddie

Group Finance Director

The notes on pages 93 to 99 form part of these Company accounts.

Company significant accounting policies

As at 31 March 2011

Basis of preparation

The Company accounts have been prepared under the historical cost convention, modified to include revaluation to fair value of certain financial instruments as described below and in accordance with UK Company Law and UK Generally Accepted Accounting Practice (UK GAAP).

The Group accounts have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and are presented on pages 54 to 89.

Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own Profit and Loss Account.

Under Financial Reporting Standard 29, the Company is exempt from the disclosure requirements of FRS 29 (Financial Instruments: Disclosures) on the grounds that the parent undertaking, Electrocomponents plc, includes the Company in its own published consolidated accounts. Disclosures are provided in note 20 under IFRS 7 (Financial Instruments: Disclosures) which comply with the disclosure requirements of FRS 29.

The following paragraphs describe the main accounting policies under UK GAAP, which have been applied consistently.

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.

Translation of foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains and losses on translation are included in the Profit and Loss Account.

Financial instruments

Derivative financial instruments

The Company uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational and financing activities. It principally employs forward foreign exchange contracts to hedge against changes in exchange rates over the catalogue periods of the majority of its operating companies. In addition, there are also interest rate swaps which swap certain fixed rate loans into floating rate.

In accordance with its treasury policies, the Company does not hold or issue derivative financial instruments for trading purposes.

Certain derivative financial instruments are designated as hedges in line with the Company's risk management policies. Hedges are classified as follows:

- Cash flow hedges when they hedge the exposure to variability in cash flows that is attributable to a particular risk associated with a forecast transaction.
- Fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability.

All the Group's derivatives are initially and in subsequent periods recognised in the Balance Sheet at fair value. Changes in the fair value of derivative financial instruments that do not qualify for cash flow or net investment hedge accounting are recognised in the Profit and Loss Account as they arise.

Cash flow hedge accounting

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. The ineffective part of any gain or loss is recognised immediately in the Profit and Loss Account. When the forecast transaction subsequently results in the recognition of a non-financial asset or liability the associated cumulative gain or loss is removed from equity and included in the initial cost of the non-financial asset or liability. When the forecast transaction subsequently results in the recognition of a financial asset or liability, the associated cumulative gain or loss that was recognised directly in equity is reclassified into the Profit and Loss Account in the same period during which the asset acquired or liability assumed affects profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in the Profit and Loss Account.

The fair value of forward foreign exchange contracts is the difference between their discounted contractual forward price and their current forward price.

Fair value hedge accounting

The Company uses derivative financial instruments to hedge exposure to interest rate risks arising from financing activities, holding interest rate swaps which swap certain fixed rate loans into floating rate.

The fair value of the interest rate swaps is the market value of the swap at the balance sheet date, taking into account current interest rates.

Pension costs

The Company participates in Group operated defined contribution and defined benefit pension schemes. The assets of the schemes are held separately from those of the Company in independently administered funds.

As allowed by FRS 17 'Retirement Benefits', the Company is unable to identify its share of the defined benefit scheme's underlying assets and liabilities and therefore accounts for it as though it was a defined contribution pension scheme. The deficit of the scheme is included within the accounts of RS Components Limited.

Share-based payments

The Company operates several share-based payment schemes, the largest of which are the Savings Related Share Option Scheme (SAYE), the Long Term Incentive Option Plan (LTIOPI), the Long Term Incentive Plan (LTIP).

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity and spread over the period during which employees become unconditionally entitled to the options. The fair values are calculated using an appropriate option pricing model. The Profit and Loss Account charge is then adjusted to reflect expected and actual levels of vesting based on non-market performance related criteria.

All Profit and Loss Account charges relating to options held by members of other Group companies are charged to the appropriate Group company.

The Company has chosen to adopt the exemption whereby FRS 20, Share-Based Payments, is applied only to awards made after 7 November 2002.

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%
Warehouse systems	10%-20%
Plant and equipment	10%-20%
Mainframe computer equipment	20%
Network computer equipment	33%
Portable computers	50%
Other office equipment	20%

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes.

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 period up to the date on which the lease rentals are adjusted to the prevailing market rate.

Own shares held

The Company's own shares held by the Electrocomponents Employee Trust are deducted from shareholders' funds until they vest unconditionally with employees as required by UITF 38: Accounting for ESOP Trusts.

Notes to the Company accounts

For the year ended 31 March 2011

1 Profit for the financial year

The profit dealt with in the accounts of the Company is £40.5m (2010: £32.7m). A separate profit and loss account has not been presented in respect of the Company, as provided by Section 408 of the Companies Act 2006.

Disclosure of the audit fees payable to KPMG Audit plc for the audit of Electrocomponents plc's financial statements is made in note 3 of the Group accounts.

2 Employees

Numbers employed

	2011	2010
The average number of employees during the year was:		
Management and administration	38	30
Distribution and marketing	15	15
	53	45

Aggregate employment costs

	£m	£m
Wages and salaries	6.0	5.0
Social security costs	0.6	0.5
Equity-settled transactions	1.0	0.8
Pension costs	0.6	0.6
	8.2	6.9

The remuneration of individual Directors is detailed on page 49.

3 Share-based payments

Details and relevant disclosures of the share-based payment schemes that existed during the year are given in note 6 to the Group accounts.

Number and weighted average exercise prices of share options

In thousands of options	Weighted average exercise price 2011	Number of options 2011	Weighted average exercise price 2010	Number of options 2010
Outstanding at the beginning of the year	87p	3,462	119p	4,745
Forfeited during the year	n/a	–	5p	(60)
Lapsed during the year	151p	(1,837)	120p	(2,168)
Exercised during the year	8p	(97)	n/a	–
Granted during the year	4p	1,300	7p	945
Outstanding at the end of the year	10p	2,828	87p	3,462
Exercisable at the end of the year	n/a	–	196p	2

The options outstanding at 31 March 2011 have an exercise price in the range 0p to 558p and a weighted average contractual life of 2.8 years.

The total charge included in the Profit and Loss Account in the year was £1.0 m (2010: £0.8m).

4 Pension schemes

The UK defined benefit scheme is described in note 7 to the Group accounts. The last actuarial valuation of the UK scheme was carried out as at 31 March 2010 and has been updated to 31 March 2011 by a qualified independent actuary in accordance with FRS 17. The accounting deficit in the UK scheme is included within the balance sheet of RS Components Ltd, a subsidiary of Electrocomponents plc, as it is this company which employs the majority of the scheme members. As allowed by FRS 17, the deficit has not been split between Electrocomponents plc and RS Components Ltd as it is not possible to do so on a consistent and reasonable basis. This disclosure therefore relates to the UK pension scheme rather than just the Electrocomponents plc portion of it.

The principal assumptions used in the valuation of the liabilities of the scheme were:

	2011	2010	2009
Discount rate	5.50%	5.40%	6.25%
Rate of increase in salaries	2.55%	2.55%	2.55%
Rate of increase of pensions in payment	3.20%	3.30%	3.00%
Inflation assumption	3.30%	3.40%	3.00%

The assumption on the rate of increase of pensionable salaries in the UK scheme has been restricted. This is due to the introduction of salary capping entitlement arrangements with respect to the defined benefit pension scheme in June 2008.

The expected long-term rates of return on the scheme assets as at 31 March were:

	2011	2010	2009
Equities	7.40%	7.50%	7.20%
Corporate bonds	5.00%	4.75%	5.75%
Diversified growth funds	6.90%	7.00%	6.70%
Enhanced matching funds	3.80%	3.70%	3.40%
Hedge funds	n/a	7.50%	n/a
Credit funds	6.50%	6.50%	n/a
Government bonds	3.90%	4.00%	3.70%
Cash	0.00%	0.00%	0.00%

The valuation of the assets of the scheme as at 31 March was:

	2011 £m	2010 £m	2009 £m
Equities	103.6	86.8	79.9
Corporate bonds	18.4	17.4	14.4
Government bonds	6.5	6.1	16.5
Diversified growth funds	139.1	126.7	94.0
Enhanced matching funds	41.0	37.5	34.8
Hedge funds	–	15.8	–
Credit funds	12.9	12.2	–
Cash	1.3	2.1	0.7
Total market value of assets	322.8	304.6	240.3

The valuation of the scheme as at 31 March was:

	2011 £m	2010 £m
Total market value of assets	322.8	304.6
Present value of scheme liabilities	(297.9)	(314.8)
Surplus (deficit) in the scheme	24.9	(10.2)
Unrecognised pension surplus	(25.1)	–
Deficit in the scheme recognised in the accounts of RS Components Ltd	(0.2)	(10.2)
Related deferred tax asset	–	2.9
Net pension liability	(0.2)	(7.3)

In addition, the value of the assets held in respect of AVCs amounted to £0.6m as at 31 March 2011 (2010: £0.5m). The value of the assets held in respect of the defined contribution section of the scheme amounted to £15.4m (2010: £12.2m).

4 Pension schemes *continued*

The total amounts charged (credited) to the Profit and Loss Account of both RS Components Limited and Electrocomponents plc are as shown below. The charge included within the Profit and Loss Account of Electrocomponents plc relates to contributions made by the Company during the year. The actuarial gain (loss) on the UK scheme is included within the Statement of Total Recognised Gains and Losses of RS Components Ltd, as it is this company which employs the majority of the scheme members.

	2011 £m	2010 £m
Current service cost	4.5	3.6
Interest cost	16.9	15.2
Expected return on scheme assets	(19.7)	(14.9)
Total Profit and Loss Account charge included in the accounts of Electrocomponents plc and RS Components Ltd	1.7	3.9

The amount included within the Statement of Total Recognised Gains and Losses in RS Components Ltd was:

	2011	2010	2009	2008	2007
Actual less expected return on scheme assets (£m)	3.6	54.1	(52.5)	(18.6)	(1.5)
As a % of scheme assets	1.1%	17.8%	(21.8%)	(6.8%)	(0.6%)
Experience (gains) and losses arising on the scheme liabilities (£m)	(5.4)	–	(5.3)	4.3	(0.8)
As a % of scheme liabilities	(1.8%)	0.0%	(2.1%)	1.5%	(0.3%)
Actuarial gain (loss) recognised in the Statement of Total Recognised Gains and Losses (£m)	31.0	(5.5)	(4.1)	4.6	(1.0)
As a % of scheme liabilities	10.4%	(1.7%)	(1.7%)	1.6%	(0.3%)

The movement in the deficit was:

	£m
Deficit in the scheme at the beginning of the year	(10.2)
Movement in the year:	
Current service cost	(4.5)
Contributions	5.8
Other finance expense	2.8
Actuarial gain	31.0
Deficit in the scheme before impact of unrecognised surplus	24.9
Unrecognised pension surplus	(25.1)
Deficit in the scheme at the end of the year	(0.2)

5 Dividends

	2011 £m	2010 £m
Amounts recognised in the period:		
Final dividend for the year ended 31 March 2010 – 6.0p (2009: 6.0p)	26.1	26.1
Interim dividend for the year ended 31 March 2011 – 5.0p (2010: 5.0p)	21.8	21.8
	47.9	47.9
Proposed dividend for the year ended 31 March 2011 – 6.5p	28.3	

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these accounts.

6 Tangible fixed assets

Cost	Land and buildings £m	Plant and machinery £m	Computer systems £m	Total £m
At 1 April 2010	21.5	9.2	0.4	31.1
Additions	–	–	0.1	0.1
At 31 March 2011	21.5	9.2	0.5	31.2
Depreciation				
At 1 April 2010	4.7	8.9	0.4	14.0
Charged in the year	0.2	0.2	–	0.4
At 31 March 2011	4.9	9.1	0.4	14.4
Net book value				
At 31 March 2011	16.6	0.1	0.1	16.8
At 31 March 2010	16.8	0.3	–	17.1
Net book value of land and buildings			2011 £m	2010 £m
Freehold land			4.6	4.6
Freehold buildings			12.0	12.2
			16.6	16.8

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

7 Investments: subsidiary undertakings

Cost	Shares £m	Loans £m	Total £m
At 1 April 2010	184.7	179.1	363.8
Additions	1.0	–	1.0
Disposals	–	(6.5)	(6.5)
At 31 March 2011	185.7	172.6	358.3
Provisions			
At 1 April 2010	–	15.4	15.4
Released in the year	–	–	–
At 31 March 2011	–	15.4	15.4
Net book value			
At 31 March 2011	185.7	157.2	342.9
At 31 March 2010	184.7	163.7	348.4

A list of the principal subsidiary undertakings held by the Company is disclosed in note 15 to the Group accounts.

The cost of share-based incentives in respect of shares in the Company granted to employees of Group companies other than Electrocomponents plc, is treated as an increase in investments with the corresponding credit taken direct to reserves. In 2011, this amounted to £1.0m.

8 Own shares

At 31 March 2011, a total of 308,417 (2010: 308,417) ordinary shares in the Company were held by the Electrocomponents Employee Trust, all of which were under option to employees for a nominal consideration. During the year no ordinary shares in the Company were purchased by the trustees (2010: nil). The market value of the shares at 31 March 2011 was £824,399 (2010: £678,517).

9 Debtors

	2011 £m	2010 £m
Amounts falling due within one year:		
Amounts owed by subsidiary undertakings	56.6	48.6
Prepayments and accrued income	1.5	3.2
	58.1	51.8
Amounts falling due after more than one year:		
Derivative assets	2.2	1.7
Deferred tax asset	0.9	0.1
	3.1	1.8

10 Creditors

	2011 £m	2010 £m
Amounts falling due within one year:		
Bank overdrafts (unsecured)	0.5	19.2
Amounts owed to subsidiary undertakings	89.3	60.9
Accruals and deferred income	5.8	3.3
	95.6	83.4
Amounts falling due after more than one year:		
Derivative liabilities	–	0.3
Loans repayable after more than one year (note 11)	166.7	159.4
	166.7	159.7

11 Loans

	2011 £m	2010 £m
Australian Dollar bank loans	1.4	–
Euro bank loans	11.5	41.9
Sterling bank loans	14.7	10.0
Hong Kong Dollar bank loans	–	2.7
Japanese Yen bank loans	10.0	3.9
Singapore Dollar bank loans	3.3	1.3
South African Rand bank loans	5.0	3.8
US Dollar bank loans	25.0	71.1
US Dollar Private Placement notes	95.8	24.7
	166.7	159.4
Amounts falling due within one year or on demand	–	–
	166.7	159.4
Loans repayable in more than one but not more than two years	70.8	–
Loans repayable in more than two but not more than five years	41.0	134.7
Loans repayable in more than five years	54.9	24.7
	166.7	159.4

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

Details of the US Dollar Private Placement loan notes are provided in note 20 to the Group accounts.

12 Provisions for liabilities and charges

	Deferred taxation £m	
At 1 April 2010		0.9
Profit and loss account		(0.5)
Recognised in reserves		(0.3)
At 31 March 2011		0.1
	2011 £m	2010 £m
Deferred taxation		
Amounts provided:		
Accelerated capital allowances	1.0	1.0
Share schemes	(0.9)	(0.1)
	0.1	0.9
	2011 £m	2010 £m
Disclosed as:		
Deferred tax asset (note 9)	(0.9)	(0.1)
Deferred tax liability	1.0	1.0
	0.1	0.9

13 Lease commitments

At 31 March 2011 the Company had annual commitments under non-cancellable operating leases expiring as follows:

	Motor Vehicles		Land and Buildings	
	2011 £m	2010 £m	2011 £m	2010 £m
Within one year	–	–	–	–
Within two to five years	0.1	0.1	–	–
After five years	–	–	0.3	0.3
	0.1	0.1	0.3	0.3

14 Contingent liabilities

Guarantees in respect of bank facilities were available to certain subsidiaries up to a maximum of £25.0m (2010: £31.9m), of which £6.3m (2010: £11.8m) had been drawn down by the end of the year.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contracts as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

15 Share capital

	2011 Number of shares	2010 Number of shares	2011 £m	2010 £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 2010	435,389,603	435,360,728	43.5	43.5
New share capital subscribed	290,128	28,875	0.1	–
At 31 March 2011	435,679,731	435,389,603	43.6	43.5

All of the new share capital subscribed in 2011 related to the exercise of share options.

16 Reserves

	Share premium account £m	Retained earnings			Total £m
		Own shares held £m	Hedging Reserve £m	Profit and Loss Account £m	
At 1 April 2010	38.7	(1.7)	2.1	183.6	222.7
Profit for the year	–	–	(1.3)	40.5	39.2
Dividend	–	–	–	(47.9)	(47.9)
Equity-settled transactions	–	–	–	2.1	2.1
New share capital subscribed	0.1	–	–	–	0.1
At 31 March 2011	38.8	(1.7)	0.8	178.3	216.2

The own shares held reserve represents the cost of shares in Electrocomponents plc purchased in the market and held by the Electrocomponents Employee Trust to satisfy options under the Group's share option schemes.

17 Reconciliation of movements in shareholders' funds

	2011 £m	2010 £m
Profit for the year	40.5	32.7
Dividend	(47.9)	(47.9)
(Loss) gain on cash flow hedges	(1.3)	3.9
Equity-settled transactions	2.1	1.7
New share capital subscribed	0.2	–
Net (reduction) in equity	(6.4)	(9.6)
Equity shareholders' funds at the beginning of the year	266.2	275.8
Equity shareholders' funds at the end of the year	259.8	266.2

Five year record

Year ended 31 March

					Restated
	2011	2010	2009	2008	2007
Revenue	1,182.2	972.6	974.6	924.8	877.5
Operating profit	119.8	80.8	103.5	102.7	93.1
Pension changes/reorganisation (income) costs	–	(1.6)	(9.9)	1.0	(0.8)
Headline operating profit	119.8	79.2	93.6	103.7	92.3
Net interest payable	(5.8)	(4.8)	(7.0)	(7.3)	(5.9)
Profit before tax	114.0	76.0	96.5	95.4	87.2
Pension changes/reorganisation (income) costs	–	(1.6)	(9.9)	1.0	(0.8)
Headline profit before tax	114.0	74.4	86.6	96.4	86.4
Tax	(35.8)	(23.4)	(30.3)	(31.5)	(29.6)
Profit for the year attributable to the equity shareholders	78.2	52.6	66.2	63.9	57.6
Non-current assets	333.0	349.3	370.5	321.5	327.1
Current assets	456.1	372.7	350.9	363.8	344.4
Current liabilities	(224.3)	(190.6)	(160.1)	(168.3)	(226.4)
Non-current liabilities	(229.5)	(228.3)	(258.5)	(235.2)	(145.8)
Net assets	335.3	303.1	302.8	281.8	299.3
Number of shares in issue:					
Weighted average (excluding own shares held)	435.3	435.1	435.0	435.0	434.9
Year end	435.7	435.4	435.4	435.4	435.3
Dividend per share (pence) proposed during the period	11.5	11.0	11.0	18.4	18.4
Average number of employees	5,784	5,556	6,025	6,090	5,451
Share price at 31 March (pence)	267.3	220.0	125.5	182.0	289.5

Additional information for Electrocomponents plc shareholders

Set out below is a summary of certain provisions of the Company's current Articles of Association (the "Articles") and applicable English law concerning companies (the Companies Act 2006, the 'Companies Act'). This is a summary only and the relevant provisions of the Articles or the Companies Act should be consulted if further information is required.

Dividends and distributions

Subject to the provisions of the Companies Act, the Company may by ordinary resolution from time to time declare dividends not exceeding the amount recommended by the Board. The Board may pay interim dividends whenever the financial position of the Company, in the opinion of the Board, justifies such payment.

The Board may withhold payment of all or any part of any dividends or other monies payable in respect of the Company's shares from a person with a 0.25 per cent interest (as defined in the Articles) if such a person has been served with a notice after failure to provide the Company with information concerning interest in those shares required to be provided under the Companies Act.

Voting Rights

Subject to any special rights or restrictions attaching to any class of shares, at a general meeting, every member present in person and every duly appointed proxy has, upon a show of hands, one vote and on a poll every member who is present in person or by proxy has one vote for each share. In the case of joint holders of a share the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members in respect of the shares.

Restrictions on voting

No member shall be entitled to vote either in person or by proxy at any general meeting or class meeting in respect of any shares held by him if any call or other sum then payable by him in respect of that share remains unpaid. In addition no member shall be entitled to vote if he has been served with a notice after failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Act.

Deadlines for exercising voting rights

Voting rights may be exercised in person, by proxy, or in relation to corporate members, by corporate representative. The Articles provide a deadline for submission of proxy forms of not less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting.

Variation of rights

Subject to the relevant law, the Articles specify that rights attached to any class of shares may be varied with the written consent of the holders of not less than three-fourths in nominal value of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of those shares.

Transfer of shares

All transfers of shares may be effected by transfer in writing in any usual or common form or in any other form acceptable to the Directors. The instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully-paid shares) by or on behalf of the transferee. Transfers of shares which are in uncertificated form are effected by means of the CREST system.

The Directors may, in the case of shares in certificated form, in their absolute discretion and without assigning any reason, refuse to register any transfer of shares (not being fully paid shares) provided that such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis.

The Directors may also refuse to register an allotment or transfer of shares (whether fully-paid or not) in favour of more than four persons jointly. If the Directors refuse to register an allotment or transfer they shall within two months after the date on which the letter of allotment or transfer was lodged with the Company send to the allottee or transferee a notice of the refusal.

Subject to statutes and applicable CREST rules, the Directors may determine that any class of shares may be held in uncertificated form and that title to such shares may be transferred by means of the CREST system or that shares of any class should cease to be so held and transferred.

A shareholder does not need to obtain the approval of the Company, or of other shareholders of shares in the Company, for a transfer of shares to take place.

Appointment and replacement of Directors

Directors shall be no less than three and no more than twelve in number. A Director is not required to hold any shares of the Company by way of qualification. The Company may by ordinary resolution increase or reduce the maximum or minimum number of Directors.

Any Director who was elected or last re-elected a Director at or before the Annual General Meeting held in the third calendar year before the current calendar year shall retire by rotation. In addition, each Director, (other than the Chairman and any director holding an executive office) shall retire at each Annual General Meeting following the ninth anniversary of the date on which he was elected. A retiring Director is eligible for re-election.

The Board may appoint any person to be a Director (so long as the total number of Directors does not exceed the limit prescribed in the Articles). Any such Director shall hold office only until the next Annual General Meeting and shall then be eligible for re-election.

Powers of the Directors

Subject to the Articles, the Companies Act and any directions given by special resolution, the business of the Company will be managed by the Board who may exercise all the powers of the Company.

The Board may exercise all the powers of the Company to borrow money and to mortgage or charge any of its undertaking, property and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Significant Agreements: Change of control

All of the Company's share plans contain provisions relating to a change of control. Outstanding awards and options would normally vest and become exercisable on a change of control, subject to the satisfaction of any performance conditions at that time.

Amendment of Articles of Association

Any amendments to the Articles of the Company may be made in accordance with the provisions of the Companies Act by way of special resolution.

Registered office, advisers and financial calendar

Registered Office

Electrocomponents plc

International Management Centre
8050 Oxford Business Park North
Oxford OX4 2HW
United Kingdom
Tel: (44) (0) 1865 204000
Fax: (44) (0) 1865 207400
Website: www.electrocomponents.com

Shareholder Services

Shareview

A website, www.shareview.co.uk, has been developed by Equiniti, the Company's registrar, enabling shareholders to access shareholdings online. The website provides information useful to the management of investments together with an extensive schedule of frequently asked questions.

In order to view shareholdings the shareholder reference number is required which can be found at the top of share certificates or on the last dividend tax voucher.

Warning to shareholders

We are aware that some shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders, offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. Such operations are commonly known as 'boiler rooms'. These 'brokers' can be very persistent and extremely persuasive and a 2006 survey by the Financial Services Authority (FSA) has reported that the average amount lost by each investor is around £20,000.

Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports.

If you receive any unsolicited investment advice:

- Make sure you get the correct name of the person and organisation.
- Check that they are properly authorised by the FSA before getting involved by visiting www.fsa.gov.uk/pages/register.
- Report the matter to the FSA. For UK callers telephone 0300 500 5000 and for overseas callers telephone +44 20 7066 1000 or visit www.moneymadeclear.fsa.gov.uk.
- If the calls persist, hang up.

If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme. The FSA can be contacted by completing an online form at www.fsa.gov.uk/pages/doing/regulated/law/alerts/overseas.shtml.

Financial Calendar

Announcement of results

The results of the Group are normally published at the following times.

Half-Yearly results for the six months to 30 September in early/mid November.

Preliminary announcement for the year to 31 March in late May/early June.

Annual Report and Accounts for the year to 31 March in mid June.

Dividend payments

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

Interim dividend in January.

Final dividend in July.

2011 final dividend:

Ex-dividend date 22 June

Record date 24 June

Annual General Meeting 15 July

Dividend paid 22 July

Advisers

Auditors

KPMG Audit Plc
15 Canada Square
London E14 5GL

Merchant Bankers

Citigroup
Citigroup Centre
33 Canada Square
Canary Wharf
London E14 5LB

Registrars and transfer office

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Solicitors

Linklaters LLP
One Silk Street
London EC2Y 8HQ

Joint Stockbrokers

Collins Stewart
88 Wood Street
London
EC2V 7QR

UBS

1 Finsbury Avenue
London EC2M 2PP

Principal locations

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International Management Centre
8050 Oxford Business Park North
Oxford OX4 2HW
United Kingdom

t: (44) (0) 1865 204000
f: (44) (0) 1865 207400
w: www.electrocomponents.com