

Notes to the Company Accounts

For the year ended 31 March 2008

1 Profit for the financial year

The profit dealt with in the accounts of the Company is £42.5m (2007: £90.9m). A separate profit and loss account has not been presented in respect of the Company, as provided by Section 230 of the Companies Act 1985.

Fees paid to KPMG Audit Plc and its associates for non-audit services to the Company itself are not disclosed in the individual accounts of Electrocomponents plc because the Company's consolidated accounts are required to disclose such fees on a consolidated basis.

2 Employees

Numbers employed

	2008	2007
The average number of employees during the year was:		
Management and administration	26	25
Distribution and marketing	10	11
	36	36

Aggregate employment costs

	£m	£m
Wages and salaries	4.5	4.9
Social security costs	0.5	0.4
Equity-settled transactions	(0.2)	1.5
Pension costs	0.5	0.3
	5.3	7.1

The remuneration of individual Directors is detailed on page 27.

3 Share based payments

Details of the share based payment schemes that existed during the year are given in note 7 to the Group accounts.

Number and weighted average exercise prices of share options

In thousands of options	Weighted average exercise price 2008	Number of options 2008	Weighted average exercise price 2007	Number of options 2007
Outstanding at the beginning of the year	217p	6,310	237p	9,120
Forfeited during the year	299p	(15)	272p	(2,163)
Lapsed during the year	232p	(548)	207p	(1,114)
Exercised during the year	n/a	–	205p	(59)
Granted during the year	5p	497	12p	526
Outstanding at the end of the year	199p	6,244	217p	6,310
Exercisable at the end of the year	–	–	–	–

The options outstanding at 31 March 2008 have an exercise price in the range 0p to 686p and a weighted average contractual life of 7.4 years.

Employee expenses

	2008 £m	2007 £m
Share options granted in 2003/04	–	0.1
Share options granted in 2004/05	–	0.3
Share options granted in 2005/06	(0.5)	0.8
Share options granted in 2006/07	0.2	0.3
Share options granted in 2007/08	0.1	–
Total expense recognised as employee costs	(0.2)	1.5

4 Pension

The UK defined benefit scheme is described in note 8 to the Group accounts. The last actuarial valuation of the UK scheme was carried out as at 31 March 2007 and has been updated to 31 March 2008 by a qualified independent actuary in accordance with FRS 17. The deficit on 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 part of it.

As part of the formal triennial valuation of the UK defined benefit pension scheme at 31 March 2007, which has been agreed in principle with the Trustee of the scheme, the Group considered the prospective future cost and volatility of the UK defined benefit scheme structure. This has led to the Group concluding a consultation, on 3 April 2008, with the membership of the scheme over a number of proposed changes. These changes are designed to reduce the cost and volatility of maintaining the UK defined benefit scheme going forwards and are intended to apply from June 2008.

The principal assumptions used in the valuation of the liabilities of the scheme were:

	2008	2007	2006
Discount rate	5.90%	5.25%	4.90%
Rate of increase in salaries	3.80%	3.85%	3.90%
Rate of increase of pensions in payment	3.60%	3.10%	2.90%
Inflation assumption	3.60%	3.10%	2.90%

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

	2008	2007	2006
Equities	7.60%	7.40%	7.05%
Corporate bonds	5.40%	4.50%	4.15%
Diversified growth funds	7.10%	n/a	n/a
Enhanced matching funds	4.25%	n/a	n/a
Government bonds	4.10%	3.90%	3.55%
Cash	4.75%	4.50%	3.75%

The valuation of the assets of the scheme as at 31 March was:

	2008 £m	2007 £m	2006 £m
Equities	113.2	203.7	189.9
Corporate bonds	14.6	24.0	22.6
Government bonds	18.9	41.6	39.7
Diversified growth funds	98.9	–	–
Enhanced matching funds	27.9	–	–
Cash	0.9	2.6	1.5
Total market value of assets	274.4	271.9	253.7

The valuation of the scheme as at 31 March was:

	2008 £m	2007 £m
Total market value of assets	274.4	271.9
Present value of scheme liabilities	(296.2)	(303.8)
Deficit in the scheme recognised in the accounts of RS Components Ltd	(21.8)	(31.9)
Related deferred tax asset	6.1	9.6
Net pension liability	(15.7)	(22.3)

In addition, the value of the assets held in respect of AVCs amounted to £0.9m as at 31 March 2008 (2007: £1.0m). The value of the assets held in respect of the defined contribution section of the scheme amounted to £6.3m (2007: £5.5m).

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4 Pension continued

The amounts charged to the Profit and Loss Account are as shown below. The charge has been allocated between RS Components Ltd and Electrocomponents plc based upon the pensionable salaries of current employees.

	2008 £m	2007 £m
Current service cost	5.6	6.9
Past service cost	–	–
Interest cost	16.0	14.2
Expected return on scheme assets	(18.1)	(15.9)
Total profit and loss account charge included in the accounts of Electrocomponents plc and RS Components Ltd	3.5	5.2

The amount included within the statement of total recognised gains and losses in RS Components Ltd was:

	2008	2007	2006	2005	2004
Actual less expected return on scheme assets (£m)	(18.6)	(1.5)	36.1	4.2	25.3
As a % of scheme assets	(6.8%)	(0.6%)	14.2%	2.1%	14.8%
Experience gains and losses arising on the scheme liabilities (£m)	4.3	(0.8)	0.1	7.7	(4.4)
As a % of scheme liabilities	(1.5%)	(0.3%)	0.0%	3.2%	2.0%
Changes in the assumptions underlying the present value of the scheme liabilities (£m)	18.9	1.3	(32.0)	(10.1)	(22.1)
Actuarial gain (loss) recognised in the statement of total recognised gains and losses (£m)	4.6	(1.0)	4.2	1.8	(1.2)
As a % of scheme liabilities	(1.6%)	0.3%	1.5%	0.8%	0.6%

The movement in the deficit was:

	£m
Deficit in the scheme at the beginning of the year	(31.9)
Movement in the year:	
Current service cost	(5.6)
Past service cost	–
Contributions	9.0
Other finance expense	2.1
Actuarial gain	4.6
Deficit in the scheme at the end of the year	(21.8)

5 Dividends

	2008 £m	2007 £m
Amounts recognised in the period:		
Final dividend for the year ended 31 March 2007 -12.6p (2006: 12.6p)	54.8	54.8
Interim dividend for the year ended 31 March 2008 - 5.8p (2007: 5.8p)	25.2	25.2
	80.0	80.0
Proposed dividend for the year ended 31 March 2008 - 12.6p	54.8	

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 2007	21.5	9.2	0.4	31.1
Additions	–	–	–	–
At 31 March 2008	21.5	9.2	0.4	31.1

Depreciation

At 1 April 2007	3.6	8.5	0.4	12.5
Charged in the year	0.3	0.2	–	0.5
At 31 March 2008	3.9	8.7	0.4	13.0

Net book value

At 31 March 2008	17.6	0.5	–	18.1
At 31 March 2007	17.9	0.7	–	18.6

Net book value of land and buildings

	2008 £m	2007 £m
Freehold land	4.6	4.6
Freehold buildings	12.9	13.2
Leasehold buildings	0.1	0.1
	17.6	17.9

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

7 Investments: subsidiary undertakings

Cost	Shares £m	Loans £m	Total £m
At 31 March 2007 (restated)	179.3	213.4	392.7
Additions	1.1	6.0	7.1
Disposals	–	(9.6)	(9.6)
At 31 March 2008	180.4	209.8	390.2

Provisions

At 31 March 2007	–	15.4	15.4
Released in the year	–	–	–
At 31 March 2008	–	15.4	15.4

Net book value

At 31 March 2008	180.4	194.4	374.8
At 31 March 2007 (restated)	179.3	198.0	377.3

A list of the principal subsidiary undertakings held by the Company is disclosed in note 16 to the Group accounts.

Following the adoption of UITF 44, the cost for 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 direct to reserves. This has resulted in the restatement of the prior year figures as noted in the Company Significant Accounting Policies.

8 Own shares

During the year no ordinary shares in the Company were purchased by the trustees (2007: nil). At 31 March 2008, a total of 308,417 (2007: 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. The market value of the shares at 31 March 2008 was £561,319 (2007: £892,867).

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9 Debtors

	2008 £m	2007 £m
Amounts owed by subsidiary undertakings	10.6	158.6
Other debtors	–	0.8
Other prepayments and accrued income	–	0.7
Amounts falling due within one year	10.6	160.1

10 Creditors

	2008 £m	2007 £m
Bank overdrafts (unsecured)	30.5	63.2
Current instalments of loans (note 11)	4.3	74.1
Amounts owed to subsidiary undertakings	22.8	47.0
Other taxation and social security	0.1	0.1
Accruals and deferred income	7.7	4.4
Amounts falling due within one year	65.4	188.8
Amounts falling due after more than one year:		
Loans repayable after more than one year (note 11)	165.2	70.2
	230.6	259.0

11 Loans

	2008 £m	2007 £m
Australian Dollar bank loans	0.8	2.2
Danish Krone bank loans	1.4	–
Euro bank loans	32.0	37.5
Sterling bank loans	52.7	7.1
Hong Kong Dollar bank loans	2.1	5.0
Japanese Yen bank loans	34.5	28.3
Singapore Dollar bank loans	5.9	5.1
South African Rand bank loans	7.5	6.7
US Dollar bank loans	32.6	52.4
	169.5	144.3
Amounts falling due within one year or on demand	(4.3)	(74.1)
	165.2	70.2
Loans repayable in more than one but not more than two years	165.2	–
Loans repayable in more than two but not more than five years	–	70.2
	165.2	70.2

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

12 Provisions for liabilities and charges

	Deferred taxation £m
At 1 April 2007	0.8
Credit in the year	(0.6)
At 31 March 2008	0.2

	2008 £m	2007 £m
Deferred taxation		
Amounts provided:		
Accelerated capital allowances	1.0	1.0
Share schemes	(0.8)	(0.5)
Other short-term timing differences	–	0.3
	0.2	0.8

13 Lease commitments

The minimum annual rentals in respect of the Company's operating lease commitments are as follows:

	Land and Buildings	
	2008 £m	2007 £m
Within one year	–	–
Within two to five years	0.1	0.1
After five years	0.3	0.3
	0.4	0.4

14 Contingent liabilities

Guarantees in respect of bank facilities available to certain subsidiaries up to a maximum of £24.8m (2007: £23.6m), of which £14.0m (2007: £16.4m) 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

	2008 Number of shares	2007 Number of shares	2008 £m	2007 £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 2007	435,325,007	435,276,125	43.5	43.5
New share capital subscribed	25,409	48,882	–	–
At 31 March 2008	435,350,416	435,325,007	43.5	43.5

All of the new share capital subscribed in 2008 related to the exercise of share options.

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16 Reserves

	Share premium account £m	Own shares held £m	Hedging Reserve £m	Profit and loss account £m	Retained earnings £m	Total £m
At 1 April 2007	38.7	(1.7)	0.6	243.4	242.3	281.0
Prior year adjustment – implementation of UITF 44	–	–	–	4.7	4.7	4.7
At 1 April 2007 - as restated	38.7	(1.7)	0.6	248.1	247.0	285.7
Profit for the year	–	–	(3.2)	42.5	39.3	39.3
Dividend	–	–	–	(80.0)	(80.0)	(80.0)
Equity-settled transactions	–	–	–	0.9	0.9	0.9
At 31 March 2008	38.7	(1.7)	(2.6)	211.5	207.2	245.9

17 Reconciliations of movements in shareholders' funds

	2008 £m	Restated 2007 £m
Profit for the year	42.5	90.9
Dividend	(80.0)	(80.0)
(Loss) gain on cashflow hedges	(3.2)	0.6
Equity-settled transactions	0.9	2.4
New share capital subscribed	–	0.3
Net (reduction) increase in equity	(39.8)	14.2
Equity shareholders' funds at the beginning of the year – as previously reported	324.5	311.2
Prior year adjustment – implementation of UITF 44	4.7	3.8
Equity shareholders' funds at the beginning of the year – as restated	329.2	315.0
Equity shareholders' funds at the end of the year	289.4	329.2

Equity shareholders' funds at the beginning of the year have been restated due to the implementation of accounting for group and treasury share transactions in accordance with UITF 44. This has increased opening Equity shareholders' funds by £3.8m at 1 April 2006.