1 Analysis of income and expenditure

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

	2009 £m	2008 £m
Revenue	**974.6**	924.8
Cost of sales	**(492.5)**	(460.1)
Distribution and marketing expenses	**(281.9)**	(261.5)
Contribution before Process costs	**200.2**	203.2
Distribution and marketing expenses within Process costs	**(96.8)**	(92.1)
Administrative expenses	**(9.8)**	(7.4)
Group Process costs	**(106.6)**	(99.5)
Headline operating profit	**93.6**	103.7
Net financial expense	**(7.0)**	(7.3)
Headline profit before tax	**86.6**	96.4
Pension changes/reorganisation income (costs)		
Distribution and marketing expenses	**8.7**	(1.0)
Administrative expenses	**1.2**	–
Profit before tax	**96.5**	95.4

2 Segmental analysis

For management purposes, the Group is managed in regions – United Kingdom, Continental Europe, North America and Asia Pacific. Continental Europe comprises trading operations in France, Germany, Italy, Austria, Denmark, Norway, Sweden, Republic of Ireland, Spain, The Netherlands and Belgium. Asia Pacific comprises trading operations in Japan, Australia, Chile, India, New Zealand, Singapore, Malaysia, South Africa, Phillipines, Thailand, Hong Kong and China. North America comprises trading operations in the United States of America and Canada. These regions are the basis on which the Group reports its primary segment information. The Group has only one type of business and does not have separately identifiable business segments, no secondary segment information is therefore given.

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.

		2009 £m	2008 £m
By geographical destination			
Revenue:	United Kingdom	**323.9**	342.6
	Continental Europe	**350.4**	320.6
	North America	**185.2**	161.7
	Asia Pacific	**115.1**	99.9
		974.6	924.8

		2009 Total sales £m	**Inter-segment sales £m**	**Revenue £m**	2008 Total sales £m	Inter-segment sales £m	Revenue £m
By geographical origin							
Revenue:	United Kingdom	**469.1**	**(129.8)**	**339.3**	493.3	(135.3)	358.0
	Continental Europe	**374.6**	**(27.9)**	**346.7**	332.2	(16.0)	316.2
	North America	**190.2**	**(3.6)**	**186.6**	165.9	(2.6)	163.3
	Asia Pacific	**103.8**	**(1.8)**	**102.0**	90.4	(3.1)	87.3
		1,137.7	**(163.1)**	**974.6**	1,081.8	(157.0)	924.8

2 Segmental analysis continued

		2009 £m	2008 £m
Profit before tax:	United Kingdom	**93.1**	100.9
	Continental Europe	**75.9**	71.0
	North America	**24.3**	22.0
	Asia Pacific	**6.9**	9.3
	Contribution before Process costs	**200.2**	203.2
	Groupwide Process costs	**(106.6)**	(99.5)
	Net financial expense	**(7.0)**	(7.3)
	Headline profit before tax	**86.6**	96.4
	Pension changes/Reorganisation income (costs)	**9.9**	(1.0)
		96.5	95.4

		2009 £m	2008 £m
By geographical location			
Total assets:	United Kingdom	**230.0**	241.5
	Continental Europe	**151.5**	151.2
	North America	**266.7**	198.2
	Asia Pacific	**59.4**	50.0
	Total assets	**707.6**	640.9
	Unallocated assets		
	cash at bank and in hand	**2.0**	28.4
	deferred tax asset	**10.7**	14.7
	income tax asset	**1.1**	1.3
		721.4	685.3

		2009 £m	2008 £m
Total liabilities:	United Kingdom	**80.2**	103.1
	Continental Europe	**58.4**	56.9
	North America	**10.6**	10.3
	Asia Pacific	**17.7**	11.8
	Total liabilities	**166.9**	182.1
	Unallocated liabilities		
	income tax	**15.2**	17.5
	deferred tax liability	**31.3**	24.4
	loans and overdrafts	**205.2**	179.5
		418.6	403.5

		2009 £m	2008 £m
Capital expenditure:	United Kingdom	**11.8**	13.2
	Continental Europe	**1.5**	1.3
	North America	**0.6**	3.5
	Asia Pacific	**1.0**	1.1
		14.9	19.1

2 Segmental analysis continued

		2009 £m	2008 £m
Depreciation and amortisation:	United Kingdom	**19.7**	19.2
	Continental Europe	**3.9**	4.0
	North America	**1.9**	1.3
	Asia Pacific	**1.8**	2.2
		27.3	26.7

		2009 £m	2008 £m
Significant non-cash (credit) expenses:	United Kingdom	**(15.9)**	0.7
	Continental Europe	**0.2**	0.2
	North America	**0.1**	0.1
	Asia Pacific	**0.1**	0.1
		(15.5)	1.1

3 Profit before tax

	2009 £m	2008 £m
Profit before tax is stated after charging (crediting):		
Remuneration of the auditors and their associates:		
Group audit fee	**0.3**	0.3
The audit of subsidiaries pursuant to legislation	**0.5**	0.4
Other services pursuant to legislation	**–**	–
Taxation	**0.1**	0.1
Depreciation	**13.1**	13.2
Amortisation of intangibles	**14.2**	13.5
Amortisation of government grants	**(0.2)**	(0.2)
Loss on disposal of property, plant and equipment	**0.7**	0.7
Hire of plant and machinery	**3.4**	3.5

4 Pension changes/reorganisation (income) costs

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

	2009 £m	2008 £m
Redundancy costs	**6.6**	0.9
Pension scheme changes and curtailment	**(16.7)**	–
Other initiatives	**0.2**	0.1
	(9.9)	1.0

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

	2009 £m	2008 £m
Distribution and marketing	**(8.7)**	1.0
Administrative expenses	**(1.2)**	–
	(9.9)	1.0

The one-off net income, below headline profit, of £9.9m comprised: income due to the accounting benefits of the changes made to the UK defined benefit pension scheme in June 2008 of £17.5m, £6.8m costs associated with reorganisation activities across the Group and £0.8m UK defined benefit pension scheme costs due to these reorganisation activities. Further details of the items included in pension changes and reorganisation (income) costs are included within the Business Review.

5 Employees

Numbers employed	**2009**	2008
The average number of employees during the year was:		
Management and administration	**294**	282
Distribution and marketing	**5,731**	5,808
	6,025	6,090

Of these staff 2,601 were employed in the United Kingdom (2008: 2,643)

Aggregate employment costs	**£m**	£m
Wages and salaries	**156.8**	144.6
Social security costs	**18.0**	16.3
Equity-settled transactions	**1.2**	1.1
Pension costs	**11.6**	10.0
	187.6	172.0

The remuneration of individual Directors is detailed on page 32.

In addition to the pension costs above there was a net credit of £16.7m below headline operating profit due to changes to the United Kingdom defined benefit scheme. Details of this are provided within note 4 to the Group accounts.

6 Share-based payments

The Group has a number of share-based incentive plans for employees. These comprise an Executive Incentive Plan (EIP) awarded to the Group's most senior executives, a Long Term Incentive Plan (LTIP) awarded to senior managers and employees, a Save As You Earn (SAYE) scheme that is made available to the majority of employees and a US s423 option scheme that is offered to all permanent employees in the US operating company. In addition there was a Long Term Incentive Option Plan (LTIOP) which operated until 2005, awarding options to senior managers.

The LTIOP and SAYE schemes were 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 all these schemes, after 7 November 2002 in accordance with the transitional provisions in IFRS 1 and IFRS 2.

6 Share-based payments continued

Executive Incentive Plan (EIP)

The EIP scheme is a one-off conditional award on 1 February 2006 of shares to the 12 most senior executives in the Group to be delivered following the financial year ended 31 March 2009. The number of shares to be awarded was dependent on the performance of the Group during the year ended 31 March 2009 varying between 0 and 2,700,000. The awards included a right to receive dividend equivalents on vesting. During 2007 further options for new senior executives totalling 221,000 options were granted. The fair value of the EIP options was calculated using a Black-Scholes model based on the assumptions below.

No further share options were issued during the year ended 31 March 2009. At 29 May 2009 all share options relating to the EIP scheme lapsed.

	EIP 2007	EIP 2006
Fair value at grant date	280p	300p
Assumptions used		
Share price	280p	300p
Expected volatility	22.4%	39.7%
Expected option life	1.75 years	3.25 years
Risk free interest rate	5.5%	4.4%

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

Long Term Incentive Option Plan (LTIOP) and Long Term Incentive Plan (LTIP)

The LTIOP schemes were awarded to key senior employees at a grant price equal to the Group's share price. The vesting conditions include a continuation of service, a minimum of three years, and the performance of the Group's shares against a comparator group. The share price is tested against this group after three years and can be retested after four and five years if the options have not vested. The proportion of the options vesting is also dependent on the comparative share performance. The share options can be exercised up to 10 years after the grant date. Any options remaining unexercised after 10 years from the date of grant will expire.

In June 2006 a new Executive Plan (the Long Term Incentive Plan 'LTIP') conditional award of shares was made. The vesting conditions are based on Total Shareholder Return ('TSR') performance of the Group versus the FTSE 250 over the three year life of the scheme. 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 further conditional award of shares was made. In June 2008 the terms and conditions of the LTIP were modified such that the vesting conditions are based on both the performance of the TSR of the Group versus the FTSE 250 and growth of the Group's nominal Earnings per Share. Further details are provided in the Remuneration Committee report on page 29.

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

	LTIP 2008	LTIP 2007	LTIP 2006	LTIOP 2005	LTIOP 2004
Options granted	1,594,600	1,529,127	1,542,118	5,264,667	4,959,435
Fair value at grant date	54.0p	106.0p	111.0p	35.6p	78.6p
Assumptions used					
Share price	147p	280p	237p	249p	369p
Exercise price	Nil	Nil	Nil	251p	365p
Expected volatility	27.2%	22.9%	24.9%	34.9%	39.7%
Expected option life	3 years	3 years	3 years	7 years	7 years
Expected dividend yield	9.1%	6.8%	7.0%	6.2%	4.9%
Risk free interest rate	4.9%	5.5%	4.7%	4.1%	5.0%

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

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 less 20%. (The French scheme may be offered at a different rate to ensure compliance with French regulations.) 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 attached to the vesting of the options.

6 Share-based payments continued

	SAYE 3 yr 2008	SAYE 5 yr 2008	SAYE 3 yr 2007	SAYE 5 yr 2007	SAYE 3 yr 2006	SAYE 5 yr 2006	SAYE 3 yr 2005	SAYE 5 yr 2005	SAYE 5 yr 2004
Options granted	1,415,168	956,100	382,543	222,116	832,027	510,502	1,105,515	795,833	291,856
Fair value at grant date	18.2p	17.5p	38.1p	50.5p	42.7p	51.0p	55.2p	58.3p	126.8p
Assumptions used									
Share price	141p	141p	262p	262p	232p	232p	247p	247p	357p
Exercise price	131p	131p	241p	241p	196p	196p	212p	212p	283p
Expected volatility	27.2%	27.2%	22.9%	29.8%	26.9%	33.6%	34.8%	35.7%	38.4%
Expected option life	3 years	5 years	3 years	5 years	3 years	5 years	3 years	5 years	5 years
Expected dividend yield	9.0%	9.0%	6.7%	6.7%	7.1%	7.1%	6.3%	6.3%	4.9%
Risk free interest rate	5.1%	5.1%	5.5%	5.5%	4.8%	4.8%	4.1%	4.1%	5.0%

French awards have the following differences to the above awards:

Options granted	9,462	41,459	6,103	5,698	2,298	29,790	10,384	25,210	15,502
Fair value at date of grant	18.2p	17.5p	38.1p	50.5p	42.7p	51.0p	55.2p	58.3p	123.6p
Exercise price	131p	131p	241p	241p	196p	196p	212p	212p	292p

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.

US s423 scheme

The US s423 scheme is available to permanent employees of Allied Electronics Inc., the Group's US operating company. The options are granted to those who elect to participate and the scheme has a savings element similar to the SAYE scheme. At the end of one year up to 20% of the options can be exercised with the remainder exercisable after 2 years. The option price is the lesser of 85% of the market value of the shares on the date of grant and the date of exercise. There are no market conditions attached to the vesting of the options.

The fair value of the options was calculated at the grant date using a Black-Scholes model and the assumptions used are shown below.

	s423 2008	s423 2007	s423 2006
Options granted	20,657	4,203	12,370
Fair value at grant date	24.1p	41.4p	39.1p
Assumptions used			
Share price	141p	262p	232p
Exercise price	120p	228p	197p
Expected volatility	30.8%	22.4%	24.0%
Expected option life	2 years	2 years	2 years
Expected dividend yield	7.9%	6.7%	6.8%
Risk free interest rate	5.1%	5.5%	4.8%

Number and weighted average exercise prices of share options

In thousands of options	**Weighted average exercise price 2009**	**Number of options 2009**	Weighted average exercise price 2008	Number of options 2008
Outstanding at the beginning of the year	**243p**	**23,205**	264p	24,107
Forfeited during the year	**314p**	**(1,896)**	263p	(2,055)
Lapsed during the year	**309p**	**(9,186)**	275p	(1,193)
Exercised during the year	**202p**	**(10)**	227p	(25)
Granted during the year	**79p**	**4,037**	63p	2,371
Outstanding at the end of the year	**155p**	**16,150**	243p	23,205
Exercisable at the end of the year	**233p**	**16**	283p	20

Outstanding options include 590,300 options relating to schemes in operation before 7 November 2002.

The options outstanding at 31 March 2009 have an exercise price in the range 0p to 686p and a weighted average contractual life of 5.9 years.

6 Share-based payments continued

In thousands of options	2009	2008
Option prices		
£nil-£1.00	**6,736**	5,555
£1.00-£2.00	**2,631**	975
£2.00-£3.00	**3,930**	5,438
£3.00-£4.00	**2,262**	10,006
£4.00-£5.00	**157**	328
£5.00-£6.00	**292**	622
£6.00-£7.00	**142**	281
	16,150	23,205

Employee expenses

	2009 £m	2008 £m
Share options granted in 2004/05	**–**	0.1
Share options granted in 2005/06	**–**	(0.2)
Share options granted in 2006/07	**0.5**	0.6
Share options granted in 2007/08	**0.5**	0.6
Share options granted in 2008/09	**0.2**	–
Total expense recognised as employee costs	**1.2**	1.1

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 2009 amounted to £3.2m (2008: £3.5m) excluding the one-off credit due to pension scheme changes and curtailments of £16.7m. The contributions paid by the Group to the defined contribution section of the scheme amounted to £2.6m (2008: £1.8m). The increase in contributions paid by the Group to the defined contribution scheme is largely attributable to the introduction of a salary sacrifice scheme whereby the company contributes in place of employees' contribution.

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, the Trustee and the Company have agreed a plan to eliminate the deficit over time and the Trustee has confirmed that it has no current intention of exercising its power to wind up the scheme.

IFRIC 14 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction' which defines the interaction of the defined benefit assets and any minimum funding requirement will apply for future reporting periods. If the interpretation was applied to the current reporting period, there would be no material impact on the Income Statement or Retained Earnings at the year end.

In addition to the UK scheme outlined above there are certain pension benefits provided on a defined benefit basis in Germany and Ireland amounting to £1.3m (2008: £1.1m), defined contribution basis in Australia and North America amounting to £1.3m (2008: £1.0m), and via government schemes in France, Italy, Scandinavia and North Asia amounting to £3.2m (2008: £2.6m).

The Group expects to pay £5.9m to its UK defined benefit pension plan in 2010.

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

	2009 United Kingdom	2009 Germany	2009 Republic of Ireland	2008 United Kingdom	2008 Germany	2008 Republic of Ireland
Discount rate	**6.25%**	**5.90%**	**5.90%**	5.90%	5.50%	5.50%
Rate of increase in salaries	**2.55%**	**3.00%**	**4.00%**	3.80%	3.00%	4.00%
Rate of increase of pensions in payment	**3.00%**	**2.75%**	**2.75%**	3.60%	2.50%	2.50%
Inflation assumption	**3.00%**	**2.75%**	**2.75%**	3.60%	2.50%	2.50%

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

7 Pension schemes continued

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

	2009 United Kingdom	**2009 Germany**	**2009 Republic of Ireland**	2008 United Kingdom	2008 Germany	2008 Republic of Ireland
Equities	**7.20%**	**n/a**	**8.50%**	7.60%	n/a	7.70%
Corporate bonds	**5.75%**	**n/a**	**n/a**	5.40%	n/a	n/a
Government bonds	**3.70%**	**n/a**	**4.50%**	4.10%	n/a	4.70%
Diversified growth funds	**6.70%**	**n/a**	**n/a**	7.10%	n/a	n/a
Enhanced matching funds	**3.40%**	**n/a**	**n/a**	4.25%	n/a	n/a
Cash	**0.00%**	**n/a**	**n/a**	4.75%	n/a	n/a
Other	**n/a**	**n/a**	**4.60%**	n/a	n/a	5.70%

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.

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

	2009 United Kingdom Years	**2009 Germany Years**	**2009 Republic of Ireland Years**	2008 United Kingdom Years	2008 Germany Years	2008 Republic of Ireland Years
Member aged 65 (current life expectancy) – male	**22.0**	**18.4**	**21.4**	22.0	18.4	21.4
Member aged 65 (current life expectancy) – female	**24.9**	**22.5**	**26.4**	24.9	22.5	26.4
Member aged 45 (life expectancy at aged 65) – male	**23.1**	**21.8**	**21.4**	23.1	21.8	21.4
Member aged 45 (life expectancy at aged 65) – female	**25.9**	**25.7**	**26.4**	25.9	25.7	26.4

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

	2009 United Kingdom £m	**2009 Germany £m**	**2009 Republic of Ireland £m**	**2009 Total £m**	2008 United Kingdom £m	2008 Germany £m	2008 Republic of Ireland £m	2008 Total £m
Current service cost	**4.9**	**0.7**	**0.1**	**5.7**	5.6	0.7	0.1	6.4
Past service cost	**(5.2)**	**–**	**–**	**(5.2)**	–	–	–	–
Interest cost	**17.3**	**0.5**	**0.2**	**18.0**	16.0	0.3	0.1	16.4
Effect of curtailment	**(11.5)**	**–**	**–**	**(11.5)**	–	–	–	–
Expected return on scheme assets	**(19.0)**	**–**	**(0.2)**	**(19.2)**	(18.1)	–	(0.1)	(18.2)
Total Income Statement (credit) charge	**(13.5)**	**1.2**	**0.1**	**(12.2)**	3.5	1.0	0.1	4.6

Of the (credit) charge for the year, £1.0m credit (2008 charge: £0.2m) has been included in administrative expenses and the remaining £11.2m credit (2008 charge: £4.4m) in distribution and marketing expenses.

The actual loss on scheme assets was: UK £33.5m (2008: £0.5m), Germany £nil (2008: £nil) and Republic of Ireland £0.7m (2008: £0.3m).

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

	2009 United Kingdom £m	**2009 Germany £m**	**2009 Republic of Ireland £m**	2008 United Kingdom £m	2008 Germany £m	2008 Republic of Ireland £m
Equities	**79.9**	**n/a**	**1.2**	113.2	n/a	1.6
Corporate bonds	**14.4**	**n/a**	**–**	14.6	n/a	–
Government bonds	**16.5**	**n/a**	**0.4**	18.9	n/a	0.3
Diversified growth funds	**94.0**	**n/a**	**–**	98.9	n/a	–
Enhanced matching funds	**34.8**	**n/a**	**–**	27.9	n/a	–
Cash	**0.7**	**n/a**	**–**	0.9	n/a	–
Other	**–**	**n/a**	**0.3**	–	n/a	0.3
Total market value of scheme assets	**240.3**	**–**	**1.9**	274.4	–	2.2

7 Pension schemes continued

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

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

	2009 United Kingdom £m	**2009 Germany £m**	**2009 Republic of Ireland £m**	**2009 Total £m**	2008 United Kingdom £m	2008 Germany £m	2008 Republic of Ireland £m	2008 Total £m
Total market value of assets	**240.3**	**–**	**1.9**	**242.2**	274.4	–	2.2	276.6
Present value of scheme liabilities	**(246.6)**	**(9.4)**	**(3.1)**	**(259.1)**	(296.2)	(7.8)	(2.6)	(306.6)
Deficit in the scheme	**(6.3)**	**(9.4)**	**(1.2)**	**(16.9)**	(21.8)	(7.8)	(0.4)	(30.0)

The German scheme is unfunded, in line with local practice, and the deficit of £9.4m in the German scheme is financed through accruals established within the German accounts.

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

	2009 United Kingdom £m	**2009 Germany £m**	**2009 Republic of Ireland £m**	**2009 Total £m**	2008 United Kingdom £m	2008 Germany £m	2008 Republic of Ireland £m	2008 Total £m
Present value of the defined benefit obligations at the beginning of the year	**296.2**	**7.8**	**2.6**	**306.6**	303.8	6.5	2.3	312.6
Movement in year:								
Current service cost	**4.9**	**0.7**	**0.1**	**5.7**	5.6	0.7	0.1	6.4
Interest cost	**17.3**	**0.5**	**0.2**	**18.0**	16.0	0.3	0.1	16.4
Contributions from scheme members	**0.4**	**–**	**–**	**0.4**	2.2	–	–	2.2
Past service cost	**(5.2)**	**–**	**–**	**(5.2)**	–	–	–	–
Insurance premiums paid	**–**	**(0.1)**	**–**	**(0.1)**	–	(0.1)	–	(0.1)
Actuarial (gain)	**(48.4)**	**(0.6)**	**(0.1)**	**(49.1)**	(23.2)	(0.8)	(0.3)	(24.3)
Effect of curtailment	**(11.5)**	**–**	**–**	**(11.5)**	–	–	–	–
Benefits paid	**(7.1)**	**(0.1)**	**–**	**(7.2)**	(8.2)	(0.1)	–	(8.3)
Exchange differences	**–**	**1.2**	**0.3**	**1.5**	–	1.3	0.4	1.7
Present value of the defined benefit obligations at the end of the year	**246.6**	**9.4**	**3.1**	**259.1**	296.2	7.8	2.6	306.6

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

	2009 United Kingdom Valuation £m	**2009 Germany Valuation £m**	**2009 Republic of Ireland Valuation £m**	**2009 Total Valuation £m**	2008 United Kingdom Valuation £m	2008 Germany Valuation £m	2008 Republic of Ireland Valuation £m	2008 Total Valuation £m
Present value of fair value of scheme assets at the beginning of the year	**274.4**	**–**	**2.2**	**276.6**	271.9	–	2.0	273.9
Movement in year:								
Expected return on scheme assets	**19.0**	**–**	**0.2**	**19.2**	18.1	–	0.1	18.2
Actuarial loss	**(52.5)**	**–**	**(1.0)**	**(53.5)**	(18.6)	–	(0.5)	(19.1)
Contributions by company	**6.1**	**0.2**	**0.2**	**6.5**	9.0	0.1	0.1	9.2
Contributions from scheme members	**0.4**	**–**	**–**	**0.4**	2.2	–	–	2.2
Insurance premiums paid	**–**	**(0.1)**	**–**	**(0.1)**	–	(0.1)	–	(0.1)
Benefits paid	**(7.1)**	**(0.1)**	**–**	**(7.2)**	(8.2)	(0.1)	–	(8.3)
Exchange differences	**–**	**–**	**0.3**	**0.3**	–	0.1	0.5	0.6
Present value of fair value of scheme assets at the end of the year	**240.3**	**–**	**1.9**	**242.2**	274.4	–	2.2	276.6

7 Pension schemes continued

Experience adjustments were:

	2009 United Kingdom	**2009 Germany**	**2009 Republic of Ireland**	2008 United Kingdom	2008 Germany	2008 Republic of Ireland
Difference between expected and actual return on plan assets	**(21.8%)**	**n/a**	**(52.8%)**	(6.8%)	n/a	(26.0%)
Experience (gains) losses on plan liabilities	**(2.1%)**	**2.3%**	**1.8%**	1.5%	0.4%	2.5%

The cumulative amount of actuarial gains recognised is £5.1m (2008: £9.5m).

In addition, the value of the assets held in respect of AVCs amounted to £0.6m as at 31 March 2009 (2008: £0.9m).

The value of the assets held in respect of the defined contribution section of the UK scheme amounted to £7.4m as at 31 March 2009 (2008: £6.3m).

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 £5m
Effect on obligation of a 0.1% increase to the assumed inflation rate	Liabilities increase by £4m
Effect on obligation of an assumed increase in one year's life expectancy	Liabilities increase by £6m

8 Income tax expense

Taxation on the profit of the Group	2009 £m	2008 £m
United Kingdom corporation tax at 28% (2008: 30%)	**25.1**	28.0
United Kingdom deferred taxation	**1.7**	0.9
Double tax relief	**(12.1)**	(15.5)
	14.7	13.4
Overseas taxation – current	**11.2**	13.7
Overseas taxation – deferred	**4.4**	4.4
Total income tax expense in Income Statement	**30.3**	31.5
Total tax expense is reconciled to a notional 28% (2008: 30%) of profit before taxation as follows:		
Expected tax charge	**27.0**	28.6
Differences in overseas corporation tax rates	**2.4**	1.7
Utilisation of tax losses	**(0.1)**	0.3
Items not deductible (chargeable) for tax purposes	**0.8**	(0.1)
Other local taxes suffered overseas	**0.4**	0.4
Deferred tax adjustment due to change in United Kingdom corporation tax rate	**–**	(0.1)
Non-taxable income	**–**	(1.3)
(Over) under provision in prior years	**(0.2)**	2.0
	30.3	31.5

Tax recognised directly in equity		
Recognised in retained earnings		
Relating to actuarial (losses) gains	**(1.1)**	1.3
Recognised in the hedging reserve		
Relating to gain (losses) on cash flow hedges	**0.7**	(3.3)
Recognised in the cumulative translation reserve		
Relating to losses on net investment hedges	**2.0**	–
	1.6	(2.0)

In the UK the standard rate of corporation tax was reduced from 30% to 28% from 1 April 2008.

9 Dividends

	2009 £m	2008 £m
Amounts recognised in the period:		
Final dividend for the year ended 31 March 2008 – 12.6p (2007: 12.6p)	**54.8**	54.8
Interim dividend for the year ended 31 March 2009 – 5.0p (2008: 5.8p)	**21.8**	25.2
	76.6	80.0
Proposed dividend for the year ended 31 March 2009 – 6.0p	**26.1**	

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

	2009 £m	2008 £m
Profit for the year attributable to the equity shareholders	**66.2**	63.9
Pension changes/reorganisation (income) costs	**(9.9)**	1.0
Tax impact of pension changes/reorganisation	**3.0**	(0.3)
Headline profit after taxation	**59.3**	64.6
Weighted average number of shares	**435,048,300**	435,030,505
Dilutive effect of share options	**784,719**	1,232,055
Diluted weighted average number of shares	**435,833,019**	436,262,560

	pence	pence
Basic earnings per share	**15.2**	14.7
Diluted earnings per share	**15.2**	14.6
Headline basic earnings per share	**13.6**	14.8
Headline diluted earnings per share	**13.6**	14.8

A further 7,268,938 share options were outstanding as at 31 March 2009 (2008: 15,346,707) 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 2007	133.6	101.9	0.3	235.8
External additions	–	6.2	–	6.2
Translation differences	(1.9)	2.8	–	0.9
At 1 April 2008	131.7	110.9	0.3	242.9
External additions	–	8.1	–	8.1
Disposals	–	(0.1)	–	(0.1)
Translation differences	51.2	5.2	–	56.4
At 31 March 2009	**182.9**	**124.1**	**0.3**	**307.3**
Amortisation				
At 1 April 2007		39.1	–	39.1
Charged in the year		13.5	–	13.5
Translation differences		1.7	–	1.7
At 1 April 2008		54.3	–	54.3
Charged in the year		14.1	0.1	14.2
Disposals		(0.1)	–	(0.1)
Translation differences		4.3	–	4.3
At 31 March 2009		**72.6**	**0.1**	**72.7**
Net book value				
At 31 March 2009	**182.9**	**51.5**	**0.2**	**234.6**
At 31 March 2008	131.7	56.6	0.3	188.6
At 31 March 2007	133.6	62.8	0.3	196.7

Goodwill principally relates to the acquisition of Allied Electronics Inc. in July 1999.

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 six years. These cash flow projections are assessed for the reasonableness of the underlying 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 six years, are extrapolated using a long term annual growth rate of 2% (2008: 2%) which is consistent with the 'market estimate' long-term average growth rate for the industry.

A period of more than five years has been used as the Directors believe that this is a reasonable assumption since the investments are being held for the long-term.

A pre-tax discount rate of 9% (2008: 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 long-term average growth rates for the 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 2009 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 business exceeds its carrying value and the carrying value of the goodwill is therefore not impaired.

12 Property, plant and equipment

Cost	Land and buildings £m	Plant and machinery £m	Computer systems £m	Total £m
At 1 April 2007	95.8	107.4	61.4	264.6
Additions	1.3	6.4	5.2	12.9
Disposals	(0.5)	(3.9)	(1.8)	(6.2)
Translation differences	4.9	3.3	1.7	9.9
At 1 April 2008	101.5	113.2	66.5	281.2
Additions	0.5	3.9	2.4	6.8
Disposals	(0.3)	(2.9)	(1.5)	(4.7)
Translation differences	11.5	7.4	3.5	22.4
At 31 March 2009	**113.2**	**121.6**	**70.9**	**305.7**
Depreciation				
At 1 April 2007	22.7	85.2	45.6	153.5
Charged in the year	1.8	4.9	6.5	13.2
Disposals	(0.5)	(3.5)	(1.5)	(5.5)
Translation differences	0.9	2.8	1.4	5.1
At 1 April 2008	24.9	89.4	52.0	166.3
Charged in the year	2.0	5.1	6.0	13.1
Disposals	–	(2.5)	(1.1)	(3.6)
Translation differences	1.5	4.2	2.8	8.5
At 31 March 2009	**28.4**	**96.2**	**59.7**	**184.3**
Net book value				
At 31 March 2009	**84.8**	**25.4**	**11.2**	**121.4**
At 31 March 2008	76.6	23.8	14.5	114.9
At 31 March 2007	73.1	22.2	15.8	111.1

Net book value of land and buildings	2009 £m	2008 £m
Freehold land	**12.9**	11.8
Freehold buildings	**68.5**	61.8
Long leasehold buildings	**0.4**	0.4
Short leasehold buildings	**3.0**	2.6
	84.8	76.6

Net book value of plant and machinery	2009 £m	2008 £m
Plant and machinery	**22.2**	20.6
Other office equipment	**2.2**	2.2
Motor vehicles	**1.0**	1.0
	25.4	23.8

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

13 Capital commitments

	2009 £m	2008 £m
Contracted capital expenditure at 31 March, for which no provision has been made in these accounts	**2.9**	0.6

14 Investments

	2009 £m	2008 £m
Jointly controlled entity	**0.5**	0.4
	0.5	0.4

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
Mail order of electronic, electrical and mechanical products		
RS Components Pty Limited*	Sydney	Australia
RS Components GesmbH*	Gmünd	Austria
Allied Electronics (Canada) Inc.*	Ottawa	Canada
RS Componentes Electrónicos Limitada*	Santiago	Chile
RS Components A/S*	Copenhagen	Denmark
Radiospares Composants SNC*	Beauvais	France
RS Components GmbH*	Frankfurt	Germany
RS Components Limited*	Kowloon	Hong Kong
RS Components & Controls (India) 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
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 we do 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. During the year ended 31 March 2009 the Group made sales of £0.9m (2008 £0.8m) to RSCC and supplied catalogues at a cost to RSCC of £0.1m (2008: £0.1m). RSCC is treated in the accounts as an associated undertaking.

16 Inventories

	2009 £m	2008 £m
Raw materials and consumables	**12.2**	8.5
Finished goods and goods for resale	**168.6**	152.6
	180.8	161.1

17 Trade and other receivables

	2009 £m	2008 £m
Gross trade receivables	**156.1**	165.0
Provision for doubtful debts	**(5.5)**	(3.9)
Amounts owed by jointly controlled entity	**0.4**	0.5
Derivative assets	**4.4**	1.1
Other receivables	**2.1**	2.2
Prepayments and accrued income	**9.5**	8.1
Trade and other receivables falling due within one year	**167.0**	173.0
Corporation tax	**–**	0.3
Derivative assets	**0.1**	–
Other receivables	**3.2**	2.6
Other receivables falling due after more than one year	**3.3**	2.9

18 Trade and other payables

	2009 £m	2008 £m
Trade payables	**66.0**	79.2
Other taxation and social security	**11.8**	10.3
Derivative liabilities	**15.4**	11.8
Other payables	**4.9**	5.7
Government grants	**0.2**	0.2
Accruals and deferred income	**42.6**	36.5
Trade and other payables due within one year	**140.9**	143.7
Derivative liabilities	**0.2**	–
Other payables	**4.1**	3.8
Government grants	**4.8**	4.6
Other payables due in more than one year	**9.1**	8.4

19 Interest bearing loans and borrowings

	2009 £m	2008 £m
Non-current liabilities:		
Unsecured bank facilities	**192.8**	165.2
Secured bank loans	**1.6**	2.2
Unsecured bank loans	**5.7**	4.0
Finance lease liabilities	**1.1**	1.0
	201.2	172.4
Current liabilities:		
Unsecured bank facilities	**0.5**	4.3
Unsecured bank overdrafts	**1.2**	1.2
Secured bank loans	**0.8**	0.7
Finance lease liabilities	**1.5**	0.9
	4.0	7.1
Borrowings are repayable as follows:		
Amounts falling due on demand or in less than one year	**4.0**	7.1
In more than one but not more than two years	**7.5**	166.9
In more than two but not more than three years	**0.9**	4.8
In more than three but not more than four years	**192.8**	0.7
	205.2	179.5

Borrowings are analysed by currency as:	**Total 2009 £m**	**Sterling 2009 £m**	**US Dollars 2009 £m**	**Euro 2009 £m**	**Japanese Yen 2009 £m**	**Other 2009 £m**
Unsecured bank overdrafts	**1.2**	**–**	**–**	**0.2**	**–**	**1.0**
Unsecured bank facilities	**193.3**	**40.8**	**90.8**	**40.1**	**7.8**	**13.8**
Secured bank loans	**2.4**	**–**	**–**	**2.4**	**–**	**–**
Unsecured bank loans	**5.7**	**–**	**–**	**–**	**5.7**	**–**
Finance lease liabilities	**2.6**	**2.1**	**0.5**	**–**	**–**	**–**
Total borrowings	**205.2**	**42.9**	**91.3**	**42.7**	**13.5**	**14.8**

	Total 2008 £m	Sterling 2008 £m	US Dollars 2008 £m	Euro 2008 £m	Japanese Yen 2008 £m	Other 2008 £m
Unsecured bank overdrafts	1.2	–	0.2	0.1	–	0.9
Unsecured bank facilities	169.5	–	85.3	32.0	34.5	17.7
Secured bank loans	2.9	–	–	2.9	–	–
Unsecured bank loans	4.0	–	–	–	4.0	–
Finance lease liabilities	1.9	1.5	0.4	–	–	–
Total borrowings	179.5	1.5	85.9	35.0	38.5	18.6

20 Financial instruments

Fair values of financial assets and liabilities

Set out below is a comparison by category of carrying values and fair values of all the Group's financial assets and liabilities as at 31 March 2009 and 31 March 2008. None of the financial assets or financial liabilities have been reclassified during the year.

	Derivatives and other items at fair value £m	Amortised cost £m	Total carrying value £m	Fair value £m
2009				
Cash and cash equivalents*		2.0	2.0	2.0
Bank overdrafts**		(1.2)	(1.2)	(1.2)
Interest rate swaps:				
Assets	–		–	–
Liabilities	–		–	–
Forward exchange contracts:				
Assets	4.5		4.5	4.5
Liabilities	(15.6)		(15.6)	(15.6)
Loans due within one year	(0.8)	(0.5)	(1.3)	(1.3)
Loans due after more than one year	(7.3)	(192.8)	(200.1)	(200.1)
Finance lease liabilities		(2.6)	(2.6)	(2.6)
Other financial assets		154.9	154.9	154.9
Other financial liabilities		(140.4)	(140.4)	(140.4)
At 31 March 2009	**(19.2)**	**(180.6)**	**(199.8)**	**(199.8)**

	Derivatives and other items at fair value £m	Amortised cost £m	Total carrying value £m	Fair value £m
2008				
Cash and cash equivalents*		28.4	28.4	28.4
Bank overdrafts**		(1.2)	(1.2)	(1.2)
Interest rate swaps:				
Assets	–		–	–
Liabilities	–		–	–
Forward exchange contracts:				
Assets	1.1		1.1	1.1
Liabilities	(11.8)		(11.8)	(11.8)
Loans due within one year	(0.7)	(4.3)	(5.0)	(5.0)
Loans due after more than one year	(6.2)	(165.2)	(171.4)	(171.4)
Finance lease liabilities		(1.9)	(1.9)	(1.9)
Other financial assets		165.4	165.4	165.4
Other financial liabilities		(149.2)	(149.2)	(149.2)
At 31 March 2008	**(17.6)**	**(128.0)**	**(145.6)**	**(145.6)**

* Largely comprises 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.

** Bank overdrafts are repayable on demand and are all unsecured and bear interest at rates set by reference to applicable local rates.

20 Financial instruments continued

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table.

Derivatives

For interest rate swaps broker quotes are used. Forward exchange contracts are valued by discounting the difference between the contractual forward price and the current forward rate. The rates used represent active market prices for actively traded instruments.

Interest-bearing loans

Fair value is calculated based on discounted expected future principal and interest cash flows. For amounts with a repricing maturity of less than one year the carrying amount approximates fair value.

Finance lease liabilities

The fair value is estimated as the present value of future cash flows discounted at market rates.

Other financial assets and liabilities

Receivables and payables are discounted to determine the fair value. For amounts with a repricing maturity of less than one year the carrying amount approximates fair value.

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 always meet its liabilities as they fall due. The Group ensures this by always having sufficient committed debt facilities in place to meet all 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 2009 the Group had two committed revolving bank facilities: a syndicated multicurrency facility for £142m, $137m and €47m with a maturity of September 2012 and a bilateral facility for £25m with a maturity of March 2010. It also had a fully drawn bank facility for Yen 800m with a maturity of December 2010 and a fully drawn, amortising, bank facility of €2.7m as at 31 March 2009, with a final maturity of December 2011. The €2.7m bank facility is secured on the Group's warehouse in Bad Hersfeld.

As at 31 March 2009 the Group had available £113.5m 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.

Maturity profile of financial liabilities

	Within 1 year £m	1-2 years £m	2-3 years £m	3-4 years £m
Bank overdrafts	(1.2)	–	–	–
Loans	(1.3)	(6.4)	(0.9)	(192.8)
Finance lease liabilities	(1.5)	(1.1)	–	–
Other financial liabilities	(140.4)	–	–	–
At 31 March 2009	**(144.4)**	**(7.5)**	**(0.9)**	**(192.8)**

	Within 1 year £m	1-2 years £m	2-3 years £m	3-4 years £m
Bank overdrafts	(1.2)	–	–	–
Loans	(5.0)	(165.9)	(4.8)	(0.7)
Finance lease liabilities	(0.9)	(1.0)	–	–
Other financial liabilities	(149.2)	–	–	–
At 31 March 2008	**(156.3)**	**(166.9)**	**(4.8)**	**(0.7)**

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 over operating company catalogue period is implemented in order to 'shelter' the forecast gross profits over those catalogue periods. In this way the impacts of currency fluctuations can be smoothed until catalogue selling prices can be changed in 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.

Within cash flow hedges the Group classifies forward exchange contracts as hedging instruments against forecast receivables/payables. The forecast cash flows are expected to occur evenly throughout the period for 17 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 2009 was £1.8m.

Cash flow hedges

	£m
Fair value of hedging instruments under cash flow hedges as at 31 March 2007:	
Assets	2.0
Liabilities	(1.1)
Net	**0.9**

In the year ended 31 March 2008:	
Amount removed from equity and taken to Income Statement in operating profit	(0.8)
Fair value of derecognised cash flow hedges taken to Income Statement in operating profit	(0.1)
Fair value of cash flow hedges taken to equity	(10.7)

Fair value of hedging instruments under cash flow hedges as at 31 March 2008:	
Assets	1.1
Liabilities	(11.8)
Net	**(10.7)**

In the year ended 31 March 2009:	
Amount removed from equity and taken to Income Statement in operating profit	10.1
Fair value of derecognised cash flow hedges taken to Income Statement in operating profit	1.8
Fair value of cash flow hedges taken to equity	(10.6)

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

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.

20 Financial instruments continued

Maturity profile of financial derivatives

	Within 1 year £m	1-2 years £m
Interest rate swaps:		
Assets	–	–
Liabilities	–	–
	–	–
Forward exchange contracts:		
Assets	4.4	0.1
Liabilities	(15.4)	(0.2)
At 31 March 2009	**(11.0)**	**(0.1)**

	Within 1 year £m	1-2 years £m
Interest rate swaps:		
Assets	–	–
Liabilities	–	–
	–	–
Forward exchange contracts:		
Assets	1.1	–
Liabilities	(11.8)	–
At 31 March 2008	**(10.7)**	**–**

Foreign currency translational risk

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 2009 was US $170m (£118.9m), of which $128.5m (£89.9m) formed part of the unsecured bank facility and $41.5m (£29.0m) was in the form of an overdraft. The carrying amount of the Euro hedge was €65m (£60.2m), of which €38m (£35.2m) formed part of the unsecured bank facility and €27m (£25.0m) 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 $ and € hedges remained unchanged, and 100% effective, throughout the year ended 31 March 2009 and the year ended 31 March 2008.

A foreign exchange loss of £41.7m (2008: loss £6.5m) was recognised in equity on translation of the loans to Sterling in the year ended 31 March 2009.

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 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.

Interest rate risk

The Group has relatively high interest cover and therefore relatively low interest rate risk. For this reason the Group adopts a policy of paying and receiving 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.

Two interest rate swaps have been entered into in order to hedge interest rate risk. The swaps mature over the next four years following the maturity of the related loans, one of which is amortising, and have fixed swap rates of 1.15% and 3.85%. At 31 March 2009 the Group had interest rate swaps with notional contract amounts of Yen 800m and €2.7m (2008: Yen 800m and €3.6m).

20 Financial instruments continued

Interest rate profile

The interest rate profile of the Group's interest bearing financial instruments, as at 31 March 2009 and as at 31 March 2008 are set out below. In the case of non-current financial liabilities, the classification includes the impact of the interest rate swaps.

	2009			2008		
	Fixed rate £m	**Floating rate £m**	**Total £m**	Fixed rate £m	Floating rate £m	Total £m
Financial liabilities						
Interest bearing loans and borrowings						
Current	**(2.0)**	**(2.0)**	**(4.0)**	(0.9)	(6.2)	(7.1)
Non-current	**(1.1)**	**(200.1)**	**(201.2)**	(1.0)	(171.4)	(172.4)
	(3.1)	**(202.1)**	**(205.2)**	(1.9)	(177.6)	(179.5)
Financial assets						
Fixed deposits	**–**	**–**	**–**	–	22.5	22.5
Cash and cash equivalents	**–**	**2.0**	**2.0**	–	5.9	5.9
	–	**2.0**	**2.0**	–	28.4	28.4

The Group classifies its interest rate swaps as fair value hedges against interest rate risk and states them at fair value.

Fair value hedges

	2009 £m	2008 £m
Included in finance income and expense		
Fair value adjustments through the Income Statement in respect of hedged debt designated at fair value	**–**	–
Fair value adjustments through the Income Statement in respect of hedging instruments designated at fair value	**–**	–
Net	**–**	–

Multi-currency cash pooling is in place with the Group's banks to ensure daily netting of principally all the Groups cash flows in all currencies with consequent improvements to liquidity and interest costs.

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 2009 and the year ended 31 March 2008;
- 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 2009 and the year ended 31 March 2008.

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 and all interest rate hedges are expected to be highly effective;
- 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;
- All net investment and foreign currency cash flow hedges are expected to be highly effective.

Year ended 31 March 2009	**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	**(2.1)**	**2.1**	**4.2**	**(4.2)**
Impact on equity: gain (loss)	**–**	**–**	**12.9**	**(12.9)**

Year ended 31 March 2008	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	(1.7)	1.7	4.6	(4.6)
Impact on equity: gain (loss)	0.2	(0.2)	5.4	(5.4)

Credit risk
The Group is exposed to credit risk on financial assets such as cash balances (including deposits and cash and cash equivalents), 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 and customers and geographical location. As such the Group does not believe its credit risk has materially altered during the year.

Financial assets
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 each month 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.

20 Financial instruments continued

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

	2009 £m	2008 £m
UK	**49.9**	58.3
US	**19.7**	18.1
Euro zone countries	**62.8**	66.8
Other European countries	**2.7**	2.3
Japan	**2.4**	2.7
Other countries	**13.1**	12.9
	150.6	161.1

The aging of trade receivables at the reporting date was:

	2009 £m	2008 £m
Not past due	**109.2**	114.7
Past due 0-60 days	**36.9**	41.1
Past due 60-120 days	**3.2**	3.1
Past due >120 days	**1.3**	2.2

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 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	
	2009 £m	2008 £m	**2009 £m**	2008 £m	**2009 £m**	2008 £m
Property, plant and equipment	**0.1**	0.4	**(11.2)**	(12.7)	**(11.1)**	(12.3)
Goodwill	**–**	–	**(36.9)**	(22.3)	**(36.9)**	(22.3)
Retirement benefit obligations	**1.9**	6.1	**–**	–	**1.9**	6.1
Inventories	**0.1**	0.2	**(0.3)**	(0.1)	**(0.2)**	0.1
Employee benefits	**0.9**	1.4	**–**	–	**0.9**	1.4
Provisions	**2.3**	1.3	**–**	–	**2.3**	1.3
Other items	**3.4**	5.8	**(0.3)**	(0.6)	**3.1**	5.2
Tax losses	**19.4**	10.8	**–**	–	**19.4**	10.8
Tax assets (liabilities)	**28.1**	26.0	**(48.7)**	(35.7)	**(20.6)**	(9.7)
Set off of tax	**(17.4)**	(11.3)	**17.4**	11.3	**–**	–
Net tax assets (liabilities)	**10.7**	14.7	**(31.3)**	(24.4)	**(20.6)**	(9.7)

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.

	2009 £m	2008 £m
Unrecognised deferred tax assets		
Tax losses	**14.0**	14.0

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 aggregate amount of temporary differences for which deferred tax liabilities have not been recognised was expected to be £5.9m (2008: £5.9m). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. Further, the Group has sufficient relevant losses to offset fully the £5.9m liability.

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. In the UK, the standard rate of corporation tax for the year ended 31 March 2009 is 28%.

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 (including interest) for 2009 was £3.4m (2008: £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 £8.8m (2008: £8.0m). The rents payable under these leases are subject to renegotiation at various intervals specified in the leases. The Group pays all insurance, maintenance and repairs of these properties. Operating lease rentals are payable as follows:

	Properties		Plant and machinery	
	2009 £m	2008 £m	**2009 £m**	2008 £m
Within one year	**8.1**	7.0	**3.0**	3.2
Within two to five years	**17.3**	15.3	**4.9**	3.5
After five years	**6.8**	8.7	**–**	–
	32.2	31.0	**7.9**	6.7

23 Related parties

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

	2009 £m	2008 £m
Remuneration	**1.1**	1.5
Social security costs	**–**	0.1
Equity-settled transactions	**0.2**	–
Pension costs	**0.3**	0.2
	1.6	1.8

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

24 Share capital

	2009 Number of shares	2008 Number of shares	**2009 £m**	2008 £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	**435,350,416**	435,325,007	**43.5**	43.5
New share capital subscribed	**10,312**	25,409	**–**	–
At 31 March	**435,360,728**	435,350,416	**43.5**	43.5

All of the new share capital subscribed in the financial year 2009 related to the exercise of share options (note 6).

Details of the own shares held are given in note 8 to the Company accounts on page 78.

25 Retained earnings and cumulative translation

	Retained earnings		Cumulative translation	
	2009	2008	**2009**	2008
	£m	£m	**£m**	£m
At 1 April	**205.0**	216.1	**3.9**	1.8
Total recognised income and expense (net of tax)	**62.9**	67.8	**32.8**	2.1
Dividends paid	**(76.6)**	(80.0)	**–**	–
Equity-settled transactions	**1.2**	1.1	**–**	–
At 31 March	**192.5**	205.0	**36.7**	3.9

The total recognised income and expense for the year includes tax recognised directly in equity as detailed in note 8 to the Group accounts.

The cumulative goodwill written off directly to retained earnings in respect of subsidiaries that form part of the Group's continuing activities at 31 March 2009 is £42.8m (2008: £42.8m).

The cumulative translation reserve comprises all foreign exchange differences arising from the translation of the accounts of foreign operations as well as from the translation of liabilities that hedge the Group's net investment in foreign subsidiaries.

26 Reserves

		Other Reserves			
	Share premium account £m	Own shares held £m	Hedging reserve £m	Total Other reserves £m	Total £m
At 1 April 2007	38.7	(1.7)	0.9	(0.8)	37.9
Total recognised income and expense	–	–	(8.5)	(8.5)	(8.5)
Premium on new share capital subscribed	–	–	–	–	–
At 31 March 2008	38.7	(1.7)	(7.6)	(9.3)	29.4
Total recognised income and expense	–	–	0.7	0.7	0.7
Premium on new share capital subscribed	–	–	–	–	–
At 31 March 2009	**38.7**	**(1.7)**	**(6.9)**	**(8.6)**	**30.1**

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 (note 6).

The hedging reserve comprises the fair value of forward foreign exchange contracts net of tax, at the year end.

The total recognised income and expense for the year includes tax recognised directly in equity as detailed in note 8 to the Group accounts.

Details of own shares held are shown in note 8 to the Company accounts.

27 Reconciliation of movements in equity

	2009 £m	2008 £m
Profit for the year	**66.2**	63.9
Dividend	**(76.6)**	(80.0)
Foreign exchange translation differences	**34.8**	2.1
Fair value of derecognised cash flow hedges	**1.8**	–
(Loss) on cash flow hedges	**(0.4)**	(11.8)
Actuarial (loss) gain on defined benefit pension schemes	**(4.4)**	5.2
Equity-settled transactions	**1.2**	1.1
Tax impact on adjustments taken directly to equity	**(1.6)**	2.0
New share capital subscribed	**–**	–
Equity shareholders' funds at the beginning of the year	**281.8**	299.3
Net increase (reduction) to equity	**21.0**	(17.5)
Equity shareholders' funds at the end of the year	**302.8**	281.8

28 Cash and cash equivalents

	2009 £m	2008 £m
Bank balances	**2.0**	5.9
Call deposits and investments	**–**	22.5
Cash and cash equivalents in the balance sheet	**2.0**	28.4
Bank overdrafts	**(1.2)**	(1.2)
Cash and cash equivalents in the cash flow statement	**0.8**	27.2
Current instalments of loans	**(2.8)**	(5.9)
Loans repayable after more than one year	**(201.2)**	(172.4)
Net debt	**(203.2)**	(151.1)
Gross pension deficit	**(16.9)**	(30.0)
Net debt including gross pension deficit	**(220.1)**	(181.1)

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

Analysis of movement in net debt	2009 £m	2008 £m
Net debt at 1 April	**(151.1)**	(136.2)
Free cash flow	**78.0**	75.0
Equity dividends paid	**(76.6)**	(80.0)
New finance leases	**(2.3)**	(0.3)
Translation differences	**(51.2)**	(9.6)
Net debt at 31 March	**(203.2)**	(151.1)

29 Contingent liabilities

At 31 March 2009 there were no contingent liabilities (2008: none).

30 Principal exchange rates

	2009 Average	2009 Closing	2008 Average	2008 Closing
United States Dollar	**1.72**	**1.43**	2.01	1.99
Euro	**1.21**	**1.08**	1.41	1.25
Japanese Yen	**175**	**142**	229	198