

NOTES TO THE COMPANY ACCOUNTS

For the year ended 31 March 2009

1 Profit for the financial year

The profit dealt with in the accounts of the Company is £61.3m (2008: £42.5m). 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.

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

	2009	2008
The average number of employees during the year was:		
Management and administration	26	26
Distribution and marketing	9	10
	35	36

Aggregate employment costs

	£m	£m
Wages and salaries	2.8	4.5
Social security costs	0.4	0.5
Equity-settled transactions	0.4	(0.2)
Pension costs	0.6	0.5
	4.2	5.3

The remuneration of individual Directors is detailed on page 32.

3 Share based payments

Details 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

	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
In thousands of options	2009	2009	2008	2008
Outstanding at the beginning of the year	199p	6,244	217p	6,310
Forfeited during the year	97p	(697)	299p	(15)
Lapsed during the year	325p	(1,390)	232p	(548)
Exercised during the year	n/a	–	n/a	–
Granted during the year	12p	588	5p	497
Outstanding at the end of the year	119p	4,745	199p	6,244
Exercisable at the end of the year	–	–	–	–

The options outstanding at 31 March 2009 have an exercise price in the range 0p to 686p and a weighted average contractual life of 5.7 years.

Employee expenses

	2009	2008
	£m	£m
Share options granted in 2005/06	–	(0.5)
Share options granted in 2006/07	0.2	0.2
Share options granted in 2007/08	0.2	0.1
Share options granted in 2008/09	–	–
Total expense recognised as employee costs	0.4	(0.2)

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 2007 and has been updated to 31 March 2009 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 portion of it.

As part of the formal triennial valuation of the United Kingdom 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 changes. The changes are designed to reduce the cost and volatility of maintaining the UK defined benefit scheme going forward and were applied from June 2008.

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

	2009	2008	2007
Discount rate	6.25%	5.90%	5.25%
Rate of increase in salaries	2.55%	3.80%	3.85%
Rate of increase of pensions in payment	3.00%	3.60%	3.10%
Inflation assumption	3.00%	3.60%	3.10%

The assumption on the rate of increase of salaries 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.

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

	2009	2008	2007
Equities	7.20%	7.60%	7.40%
Corporate bonds	5.75%	5.40%	4.50%
Diversified growth funds	6.70%	7.10%	n/a
Enhanced matching funds	3.40%	4.25%	n/a
Government bonds	3.70%	4.10%	3.90%
Cash	0.00%	4.75%	4.50%

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

	2009 £m	2008 £m	2007 £m
Equities	79.9	113.2	203.7
Corporate bonds	14.4	14.6	24.0
Government bonds	16.5	18.9	41.6
Diversified growth funds	94.0	98.9	–
Enhanced matching funds	34.8	27.9	–
Cash	0.7	0.9	2.6
Total market value of assets	240.3	274.4	271.9

The valuation of the scheme as at 31 March was:

	2009 £m	2008 £m
Total market value of assets	240.3	274.4
Present value of scheme liabilities	(246.6)	(296.2)
Deficit in the scheme recognised in the accounts of RS Components Ltd	(6.3)	(21.8)
Related deferred tax asset	1.8	6.1
Net pension liability	(4.5)	(15.7)

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 scheme amounted to £7.4m (2008: £6.3m).

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4 Pension schemes continued

The amounts (credited) 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. The actuarial (loss) gain 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.

	2009 £m	2008 £m
Current service cost	4.9	5.6
Past service cost	(5.2)	–
Effect of curtailment	(11.5)	–
Interest cost	17.3	16.0
Expected return on scheme assets	(19.0)	(18.1)
Total profit and loss account (credited) charge included in the accounts of Electrocomponents plc and RS Components Ltd	(13.5)	3.5

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

	2009	2008	2007	2006	2005
Actual less expected return on scheme assets (£m)	(52.5)	(18.6)	(1.5)	36.1	4.2
As a % of scheme assets	(21.8%)	(6.8%)	(0.6%)	14.2%	2.1%
Experience gains and losses arising on the scheme liabilities (£m)	(5.3)	4.3	(0.8)	0.1	7.7
As a % of scheme liabilities	(2.1%)	1.5%	(0.3%)	0.0%	3.2%
Changes in the assumptions underlying the present value of the scheme liabilities (£m)	(4.1)	18.9	1.3	(32.0)	(10.1)
Actuarial (loss) gain recognised in the statement of total recognised gains and losses (£m)	(4.1)	4.6	(1.0)	4.2	1.8
As a % of scheme liabilities	(1.7%)	1.6%	(0.3%)	1.5%	0.8%

The movement in the deficit was:

	£m
Deficit in the scheme at the beginning of the year	(21.8)
Movement in the year:	
Current service cost	(4.9)
Past service cost	5.2
Contributions	6.1
Other finance expense	1.7
Effect of curtailment (see note 4 to the Group accounts)	11.5
Actuarial (loss)	(4.1)
Deficit in the scheme at the end of the year	(6.3)

5 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.

6 Tangible fixed assets

Cost	Land and buildings £m	Plant and machinery £m	Computer systems £m	Total £m
At 1 April 2008	21.5	9.2	0.4	31.1
Additions	–	–	–	–
At 31 March 2009	21.5	9.2	0.4	31.1

Depreciation				
At 1 April 2008	3.9	8.7	0.4	13.0
Charged in the year	0.4	0.1	–	0.5
At 31 March 2009	4.3	8.8	0.4	13.5

Net book value				
At 31 March 2009	17.2	0.4	–	17.6
At 31 March 2008	17.6	0.5	–	18.1

Net book value of land and buildings	2009 £m	2008 £m
Freehold land	4.6	4.6
Freehold buildings	12.5	12.9
Leasehold buildings	0.1	0.1
	17.2	17.6

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 2008	180.4	209.8	390.2
Additions	0.5	–	0.5
Disposals	–	(20.3)	(20.3)
At 31 March 2009	180.9	189.5	370.4

Provisions			
At 1 April 2008	–	15.4	15.4
Released in the year	–	–	–
At 31 March 2009	–	15.4	15.4

Net book value			
At 31 March 2009	180.9	174.1	355.0
At 31 March 2008	180.4	194.4	374.8

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.

The addition of £0.5m during the year relates to the cost of share-based incentives in respect of shares in the Company granted to employees of other Group companies.

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8 Own shares

At 31 March 2009, a total of 308,417 (2008: 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 (2008: nil). The market value of the shares at 31 March 2009 was £386,292 (2008: £561,319).

9 Debtors

	2009 £m	2008 £m
Amounts owed by subsidiary undertakings	51.4	10.6
Prepayments and accrued income	1.1	–
Amounts falling due within one year	52.5	10.6

10 Creditors

	2009 £m	2008 £m
Bank overdrafts (unsecured)	25.2	30.5
Current instalments of loans (note 11)	0.5	4.3
Amounts owed to subsidiary undertakings	46.8	22.8
Other taxation and social security	–	0.1
Accruals and deferred income	5.3	7.7
Amounts falling due within one year	77.8	65.4
Amounts falling due after more than one year: Loans repayable after more than one year (note 11)	152.8	165.2
	230.6	230.6

11 Loans

	2009 £m	2008 £m
Australian Dollar bank loans	0.5	0.8
Danish Krone bank loans	–	1.4
Euro bank loans	40.1	32.0
Sterling bank loans	0.8	52.7
Hong Kong Dollar bank loans	6.5	2.1
Japanese Yen bank loans	7.8	34.5
Singapore Dollar bank loans	3.0	5.9
South African Rand bank loans	3.9	7.5
US Dollar bank loans	90.7	32.6
	153.3	169.5
Amounts falling due within one year or on demand	(0.5)	(4.3)
	152.8	165.2
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	152.8	–
	152.8	165.2

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

12 Provisions for liabilities and charges

	Deferred taxation £m
At 1 April 2008	0.2
Profit and loss account	0.9
At 31 March 2009	1.1

	2009 £m	2008 £m
Deferred taxation		
Amounts provided:		
Accelerated capital allowances	1.1	1.0
Share schemes	–	(0.8)
	1.1	0.2

13 Lease commitments

At 31 March 2009 the Company had annual commitments under non-cancellable operating leases expiring as follows:

	Motor Vehicles		Land and Buildings	
	2009 £m	2008 £m	2009 £m	2008 £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 available to certain subsidiaries up to a maximum of £32.2m (2008: £24.8m), of which £18.0m (2008: £14.0m) 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

	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 2008	435,350,416	435,325,007	43.5	43.5
New share capital subscribed	10,312	25,409	–	–
At 31 March 2009	435,360,728	435,350,416	43.5	43.5

All of the new share capital subscribed in 2009 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 2008	38.7	(1.7)	(2.6)	211.5	207.2	245.9
Profit for the year	–	–	0.8	61.3	62.1	62.1
Dividend	–	–	–	(76.6)	(76.6)	(76.6)
Equity-settled transactions	–	–	–	0.9	0.9	0.9
At 31 March 2009	38.7	(1.7)	(1.8)	197.1	193.6	232.3

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 Reconciliations of movements in shareholders' funds

	2009 £m	2008 £m
Profit for the year	61.3	42.5
Dividend	(76.6)	(80.0)
Gain (loss) on cash flow hedges	0.8	(3.2)
Equity-settled transactions	0.9	0.9
New share capital subscribed	–	–
Net (reduction) in equity	(13.6)	(39.8)
Equity shareholders' funds at the beginning of the year	289.4	329.2
Equity shareholders' funds at the end of the year	275.8	289.4