

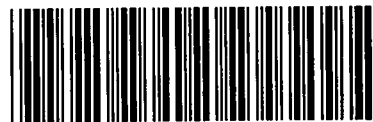
RS COMPONENTS LIMITED

Annual report and financial statements

Registered number 1002091

For the year ended 31 March 2014

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Strategic Report

The Directors present their strategic report for the year ended 31 March 2014.

Business review and Principal activity

The Company is a wholly owned subsidiary of Electrocomponents plc ('the Group').

The principal activity of the Company is the distribution of electronics, electrical, industrial and commercial supplies and services to industrial and commercial customers. There have not been any significant changes in the Company's principal activities in the year. The directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

A summary of the Company's trading and its key performance indicators are set out below:

	2014	2013
	£m	£m
Turnover	626.7	624.6
Profit on ordinary activities before taxation	58.7	55.4
Taxation	(11.5)	(13.4)
Profit on ordinary activities after taxation	47.2	42.0

The average number of employees employed during the year is as follows:

2014	2013
2,913	3,005

Sales in the year ended 31 March 2014 were in line with the prior year with profit before tax showing an improvement of around 6.0%. This was largely driven by external economic factors and ongoing cost control.

The balance sheet, on page 7 of the financial statements, shows the Company's financial position at the year end. Details of the amounts owed to its parent company and fellow subsidiary undertakings are shown in note 15 on page 18.

The Company is part of the Electrocomponents plc Group, which comprises both operating branches that sell within a particular geographic region and central Processes that support the Group's operations across the world and monitors its operations on a regional basis. The Company comprises operations in the UK, Japan, Taiwan, Philippines and South Africa as well as the majority of the Electrocomponents Group's central Processes.

During the year, the Company acquired 48.27% of the share capital of RS Components KK, a company incorporated in Japan, which it now holds as an investment in associated undertaking on the Balance Sheet.

The Company has continued implementing the Electrocomponents Group's strategy as outlined in the Group's Annual Report, focussing on the seven strategic priorities to;

- Grow Target Customers *with*
- One Global Offer *and*
- eCommerce with a Human Touch *providing*
- Value for Money *with a*
- High Performance Team *using*
- Business Insight *and*
- World Class Systems

The performance of the Group is discussed in the Group's Annual Report which does not form part of this report.

Principal risks and uncertainties

The Company's sales in Japan, Taiwan and South Africa are in the currencies of those countries. In addition the UK has an export business, a small proportion of whose sales are denominated in Euros and US Dollars. The Company is, therefore, exposed to the movement of these currencies against the pound Sterling. The Group's treasury function manages this risk at a Group level.

Other risks and uncertainties affecting the Company are summarised below and are described more fully in the Group's Annual Report, which does not form part of this report.

Delivery of the Group strategy: The Group's strategic objectives require close management and co-ordination to be delivered effectively. The risk is that the Group's resources and capabilities may be challenged by the scale and complexity of what is required. Particular risks include insufficient internal expertise, competition for key resources and unanticipated interdependencies or events disrupting programme delivery.

Macroeconomic conditions: Global economic conditions continue to be uncertain and vulnerable to major shocks such as a further banking crisis or sovereign debt defaults. A worsening of global economic conditions could result in a loss of business confidence exposing the Group's sales and profits.

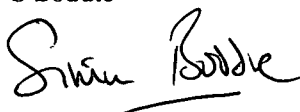
Long-term strategic market shifts: Fundamental shifts in the external environment challenge key assumptions upon which the Group strategy is based. The risk relates to the forward looking analysis of the future environment and the implications of market or structural shifts for the strategy and its delivery.

Increasing competition: New and existing competitors close the service gap, offering improved service standards and value propositions. Changes to the competitive landscape challenge the growth assumptions made in the Group's strategy. The risk is an increase in supply-side options for the customer, with declining barriers to entry and reduced switching costs for customers.

Customer acquisition: The business does not attract sufficient numbers of new customers and is unable to develop new and existing customer behaviour to deliver the sustainable sales growth objectives. The risk is that order frequency and value does not change as new customers are attracted.

By order of the Board

S Boddie



Director
Birchington Road
Weldon, Corby
Northamptonshire
NN17 9RS
28 July 2014

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 March 2014.

Dividends

A dividend of £31.0m was paid in respect of the year ended 31 March 2014 (2013: £20.0m).

Directors and directors' interests

The Directors who held office during the year were as follows:

P Qusted (resigned 12 April 2013)

I Lennard (appointed 12 April 2013, resigned 28 February 2014)

I Mason

S Boddie

Directors and Officers liabilities

Insurance cover is held, on behalf of the Company, by Electrocomponents plc to indemnify directors and officers against liabilities.

Political contributions

The Company made no political contributions during the year (2013: £ nil).

Employees

The Company recognises the benefits of keeping employees informed of the progress of the business and of involving them in the Company's performance. During the year, through the Company's internal intranet site, staff newsletters and monthly engagement meetings, employees were regularly provided with information relating to the performance of the Company and on other matters of concern to them as employees. Employee representatives are consulted regularly on a wide range of matters affecting their interests.

Environment

We are committed to minimising the impact of our activities on the environment and to the continuous improvement of our environmental performance.

Employment of disabled persons

The Group is committed to a policy of Equal Opportunities with regard to its employment practices and procedures. The Group remains supportive of the employment and advancement of disabled persons. The Group has a Diversity & Inclusion Policy which includes its clear obligations towards employees or prospective employees to ensure that people with disabilities are afforded equal employment and development opportunities.

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 a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

KPMG Audit Plc have not been reappointed and will not continue in office. In accordance with the Company's articles of association, new auditors will be appointed for the upcoming financial year.

By order of the Board

S Boddie



Director
Birchington Road
Weldon, Corby
Northamptonshire
NN17 9RS
28 July 2014

Statement of Directors' Responsibilities in respect of the Directors' Report and Financial Statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements 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 company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of RS Components Limited

We have audited the financial statements of RS Components Limited for the year ended 31 March 2014 set out on pages 6 to 24. The financial reporting framework that has been applied in their preparation 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 auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, 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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

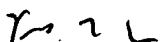
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and 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 matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements 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.



Paul Sawdon (Senior Statutory Auditor)
for and on behalf of KPMG Audit plc, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL
28 July 2014

Profit and loss account
for the year ended 31 March 2014

	<i>Note</i>	2014 £m	2013 £m
Turnover	2	626.7	624.6
Cost of sales		(423.3)	(413.7)
Gross profit		203.4	210.9
Distribution and marketing costs		(188.2)	(204.3)
Administrative expenses		(3.4)	(4.7)
Other operating income	1	47.3	56.3
Operating profit		59.1	58.2
Reorganisation costs	4	-	(2.3)
Interest payable and similar charges	8	(0.4)	(0.5)
Profit on ordinary activities before taxation	3	58.7	55.4
Taxation on profit on ordinary activities	9	(11.5)	(13.4)
Profit on ordinary activities after taxation		47.2	42.0

All turnover and profit in the above statement is derived from continuing operations.

Statement of total recognised gains and losses
for the year ended 31 March 2014

		2014 £m	2013 £m
Profit on ordinary activities after taxation		47.2	42.0
Actuarial (loss)/gain recognised in the pension scheme	22	(24.1)	(26.7)
Tax on items taken directly to equity		2.7	5.9
Exchange differences		(0.6)	0.7
Total recognised gains and losses in the year		25.2	21.9

A statement of movements on reserves is given in note 19.

The notes on pages 8 to 24 form part of these financial statements.

All profits shown above are stated at historical cost.

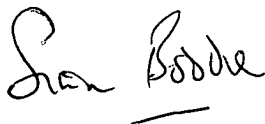
Balance sheet

As at 31 March 2014

	Note	2014 £m	2013 £m
Fixed assets			
Intangible assets	10	0.2	0.2
Tangible assets	11	90.6	80.7
Investment in associated undertakings	12	2.0	-
Current assets			
Stocks	13	116.5	114.9
Debtors	14	128.1	138.2
		244.6	253.1
Creditors: amounts falling due within one year	15	(198.2)	(205.7)
Net current assets		46.4	47.4
Total assets less current liabilities		139.2	128.3
Creditors: amounts falling due after more than one year	16	(1.8)	(2.9)
Provisions	17	(0.7)	(1.4)
Retirement benefit obligation	22	(26.9)	(9.6)
Net assets		109.8	114.4
Capital and reserves			
Called-up share capital	18	0.1	0.1
Share premium account	19	0.1	0.1
Profit and loss account	19	109.6	114.2
Shareholders' funds		109.8	114.4

The notes on pages 8 to 24 form part of these financial statements.

These financial statements were approved by the Board of Directors on 28 July 2014 and were signed on its behalf by:



S Boddie
Director

Registered number: 1002091

Notes

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

All income received from Group companies relating to the recharge of Group-wide process costs has been disclosed as other operating income in both the year to 31 March 2014 and 2013. This income accounts for £46.3m of the £47.3m other operating income (2013: all of the £56.3m), with the remainder representing dividends received in the year.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards.

The Company is taking advantage of the exemption available under FRS8 'Related Party Disclosures' not to disclose transactions with other Group companies on the grounds that it is a wholly owned and controlled subsidiary of Electrocomponents plc.

Going Concern

The Directors are satisfied that the Company has adequate resources to continue to operate for the foreseeable future. Accordingly, the Directors continue to adopt the 'Going Concern' basis for the preparation of the financial statements.

Cash flow statement

Under FRS1 'Cash Flow Statements' (revised 1996), the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking of a parent undertaking preparing consolidated financial statements which includes a group cash flow statement.

Other intangibles

The cost of acquired intangible assets comprises their purchase cost together with any incidental costs of acquisition. Amortisation is calculated to write off the cost of the assets on a straight-line basis over their estimated useful life, with a maximum of 20 years.

Translation of foreign currencies

Overseas branch profits are translated at average exchange rates for the year and monetary assets and liabilities at rates ruling at the balance sheet date. Exchange differences arising on foreign currency net investments are taken to reserves. Exchange differences arising in the normal course of trading are taken to the profit and loss account.

Turnover

Turnover from the sales of goods is recognised in the profit and loss account on dispatch, when the significant risks and rewards of ownership have been transferred. Turnover represents the sale of goods and services and is stated net of sales taxes and volume discounts. Freight recharged to customers is included within turnover.

Operating expenses

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

Notes (continued)

Accounting policies (continued)

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

Administrative expenses comprise Finance, Legal and Human Resources Process expenses.

Pension costs

In the United Kingdom the Company operates a pension scheme providing benefits based on final pensionable pay for eligible employees who joined before 1 April 2003. The scheme is administered by a corporate trustee and the funds are independent of the Group's finances. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over the working lives with the Group of those employees who are in the scheme. For employees who joined after 1 April 2003 the Group provides a defined contribution pension scheme.

The disclosures required by FRS 17 'Retirement Benefits' can be found in note 22.

Short term employee benefits

During the year the company has continued its policy of accruing for the short term benefits of extra work performed by an employee but not yet paid (for instance where a holiday allowance is permitted but not taken).

Share based payments

The Company has a number of schemes whereby its employees have options in the shares of the Company's parent, Electrocomponents plc. The largest of these are the Save As You Earn (SAYE) Scheme, the Long Term Incentive Plan (LTIP) and the Deferred Share Bonus Plan. Details of these are provided in note 7 to the Company 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 profit and loss 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 profit and loss for the year.

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

Government grants

Government grants relate to expenditure on tangible fixed assets and are credited to the profit and loss account at the same rate as the depreciation on the asset to which the grants relate. The unamortised balance of capital grants is included within creditors.

Notes (continued)

Accounting policies (continued)

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

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%
Motor vehicles	25%
Computer equipment	20% - 33%
Other office equipment	20%
Computer software costs	12½% - 50%

Stock

Stock is stated at the lower of cost and net realisable value. In respect of goods for resale, cost includes a proportion of production overheads where appropriate.

Deferred taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19 'Deferred Taxation'.

Leases

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. The rental charges on assets held under operating leases are charged to the profit and loss account on a straight-line basis over the life of the lease.

2 Analysis of turnover and profit on ordinary activities before taxation

An analysis of turnover by geographical destination has not been given, since, in the opinion of the directors, this would be prejudicial to the commercial interests of the Company.

All turnover relates to the company's principal activity.

RS Components Limited (UK) exports to around 160 countries and operates branch offices in South Africa, Philippines and Taiwan. The branch in Japan was incorporated into a legal entity in the year, in which the company holds 48.27% of the share capital.

Notes (continued)

3 Profit on ordinary activities before taxation

	2014 £m	2013 £m
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Share option charge	1.5	0.9
Remuneration of auditors:		
Company audit fee	0.1	0.1
Depreciation of tangible fixed assets – assets owned by the company	21.1	17.2
Hire of plant and machinery – rentals payable under operating leases	5.1	5.0
Land and buildings – rentals payable under operating leases	4.7	5.5
	<u> </u>	<u> </u>

4 Reorganisation costs

	2014 £m	2013 £m
Redundancy and associated costs	-	2.3
Tax impact of reorganisation costs	-	(0.5)
Total impact of reorganisation costs on profit after tax	<u> </u>	<u> </u>

During the year ended 31 March 2013, the Group undertook a significant restructuring of the business from a geographically-based operating model to a functionally-based global operating model. The costs incurred in relation to this restructuring activity included redundancy and associated consultancy costs. All costs were fully incurred in the previous year and no further costs will be incurred.

5 Remuneration of Directors

Directors' emoluments shown are those paid for by RS Components Limited. Services predominantly performed for Electrocomponents plc, the parent company, are paid for by that company.

	2014 £m	2013 £m
Directors' emoluments	0.2	0.3
Compensation for loss of office	0.1	-
Total	<u> </u>	<u> </u>

The number of directors who were awarded and exercised share options is shown below.

	2014 £m	2013 £m
No of directors who exercised share options	-	1
No of directors who were awarded share options	<u> </u>	<u> </u>

During the year, I. Lennard and P. Quested were the only directors to be remunerated by RS Components Limited for the period of their respective directorships only. Remuneration attributable to the other directors is not deemed to be in respect of their responsibilities as directors of RS Components Limited.

During the year the highest paid director was paid £155,311 (2013: £251,006), the company paid £21,217 (£34,650) into his pension scheme and he was awarded and 8,215 (77,205) share options under the Group Long Term Incentive Plan (LTIP) and no share options under the Deferred Bonus Plan (2013: 9,551). Further details on the share plan can be found in note 7. The highest paid director was also paid £101,861 as compensation for loss of office.

Notes (continued)

6 Staff numbers and costs

The average number of persons employed by the Company during the year, analysed by category, was as follows:

	Number of employees	
	2014	2013
Management and administration	404	356
Distribution and selling	2,509	2,649
	<hr/>	<hr/>
	2,913	3,005
	<hr/>	<hr/>

The aggregate payroll costs of these persons was as follows:

	2014	2013
	£m	£m
Wages and salaries	74.5	78.5
Social security costs	6.6	6.8
Other pension costs	6.8	5.3
	<hr/>	<hr/>
	87.9	90.6
	<hr/>	<hr/>

7 Share based payments

Electrocomponents plc 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.

The total charge included in the Profit and Loss account in the year was £1.5m (2013: £0.9m).

Deferred Share Bonus plan

Under Electrocomponents plc'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, normally subject 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 10,457 shares (2013: 83,980) were awarded to the scheme participants.

Deferred shares relating to bonus awards to senior managers for the year ended 31 March 2014 have been awarded since the year end.

Notes (continued)

7 Share based payments (continued)

Details of shares awarded and not vested as at 31 March 2014 are set out below:

	Number of shares	
	2014	2013
Shares	94,437	249,492

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, in full or in part, or lapse. The awards include a right to receive dividend equivalents on vesting. The terms and conditions of the LTIP are such that the vesting conditions are based on both the performance of the Group versus the FTSE 250 and growth in Earnings per Share over the life of the scheme.

The fair value was calculated at the grant date using a Monte Carlo model based on the assumptions below:

	LTIP 2013	LTIP 2012	LTIP 2011	LTIP 2010
Fair value at grant date	108.0p	105.0p	144.0p	117.1p
Assumptions used				
Share price	256p	226p	274p	222p
Exercise price	Nil	Nil	Nil	Nil
Expected volatility	32.0%	32.1%	34.6%	38.3%
Expected option life	3 years	3 years	3 years	3 years
Expected dividend yield	5.1%	5.1%	7.3%	8.9%
Risk free interest rate	0.6%	0.2%	1.8%	4.1%

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

Save As You Earn Scheme (SAYE)

The SAYE schemes are available to the majority of employees of the group. The option price is based on the average market price of the Company's shares over the three days prior to the offer, discounted by 20%. The option exercise conditions are the employees' continued employment for a three year period and the maintenance of the employees' regular monthly savings. Failure of either of these conditions is normally 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.

Notes (continued)

7 Share based payments (continued)

The fair value calculated using a Black-Scholes model, and the assumptions used, are shown below:

	SAYE 3 yr 2013	SAYE 5 yr 2013	SAYE -3 yr 2012	SAYE -5 yr 2012	SAYE -3 yr 2011	SAYE -5 yr 2011	SAYE 5 yr 2010	SAYE 5 yr 2009
Fair value at grant date	52.0p	47.3p	40.2p	37.1p	47.5p	45.0p	52.5p	21.8p
Assumptions used								
Share price	256p	256p	201p	201p	269p	269p	217p	141p
Exercise price	214p	214p	164p	164p	235p	235p	175p	149p
Expected volatility	32.0%	36.4%	32.1%	36.1%	34.6%	33.1%	32.9%	32.4%
Expected option life	3 years	5 years	3 years	5 years	3 years	5 years	5 years	5 years
Expected dividend yield	5.0%	5.0%	5.5%	5.5%	4.3%	4.3%	6.2%	7.8%
Risk free interest rate	0.6%	0.4%	0.2%	0.4%	1.4%	2.2%	4.3%	4.2%

Volatility was estimated based on the historical volatility of the shares over a three or five year period, as appropriate, at the date of grant.

Number and weighted exercise price of share options

<i>In thousands of options</i>	Weighted average exercise price 2014	Number of options '000s 2014	Weighted average exercise price 2013	Number of options '000s 2013
Outstanding at the beginning of the year	120p	4,634	107p	4,542
Forfeited during the year	182p	(100)	186p	(72)
Lapsed during the year	102p	(494)	134p	(1,232)
Exercised during the year	97p	(1,316)	75p	(760)
Granted during the year	124p	1,577	117p	2,156
Outstanding at the end of the year	78p	4,301	120p	4,634
Exercisable at the end of the year	n/a	-	n/a	-

The options outstanding at 31 March 2014 have an exercise price in the range 0p to 235p and a weighted average contractual life of 3.4 years.

Notes *(continued)*

8 Interest payable and similar charges

	2014 £m	2013 £m
Bank interest payable	0.4	0.5

9 Taxation on profit on ordinary activities

	2014 £m	2013 £m
UK corporation tax	13.4	13.0
Adjustment in respect of previous year	0.1	1.5
Current tax on income for the period	13.5	14.5
Deferred taxation	(2.0)	(1.1)
Tax Charge for the year	11.5	13.4

Current tax is reconciled to a notional 23% of profit before taxation as follows:

	2014 £m	2013 £m
Expected tax charge at 23% (2013: 24%) on the profit for the year on ordinary activities	13.5	13.2
Timing differences – capital allowances	0.7	0.5
Timing differences – other	(0.9)	(1.0)
Prior year adjustment	0.1	1.5
Other permanent differences	0.1	0.3
	13.5	14.5

Factors that may affect future tax charges:

The 2014 Budget on 19 March 2014 announced that the UK corporation tax rate will reduce to 20% by 2015. A reduction to 21% (effective from 1 April 2014) was substantively enacted on 2 July 2013.

It has not yet been possible to quantify the full anticipated effect of the announced further rate reduction, although this will further reduce the company's future current tax charge.

Notes (continued)

10 Intangible fixed assets

	Trademark £m
<i>Cost</i>	
At 1 April 2013	0.3
Additions	-
Disposals	-
	<hr/>
At 31 March 2014	0.3
	<hr/>
<i>Amortisation</i>	
At 1 April 2013	0.1
Charge for the year	-
	<hr/>
At 31 March 2014	0.1
	<hr/>
<i>Net book value</i>	
At 31 March 2014	0.2
	<hr/>
At 31 March 2013	0.2
	<hr/>

11 Tangible fixed assets

	Land and Buildings £m	Computer Systems £m	Plant and Machinery £m	Total £m
<i>Cost</i>				
At 1 April 2013	30.5	198.6	85.8	314.9
Additions	-	27.3	5.1	32.4
Disposals	(0.1)	(11.4)	(1.7)	(13.2)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2014	30.4	214.5	89.2	334.1
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 April 2013	15.8	147.5	70.9	234.2
Charge for the year	0.5	17.5	3.1	21.1
Disposals	(0.1)	(10.1)	(1.6)	(11.8)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2014	16.2	154.9	72.4	243.5
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 March 2014	14.2	59.6	16.8	90.6
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2013	14.7	51.1	14.9	80.7
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

11 Tangible fixed assets

The net book value of land and buildings comprises:

	2014 £m	2013 £m
Freehold land	1.0	1.0
Freehold buildings	12.7	13.2
Long leasehold	0.3	0.3
Short leasehold	0.2	0.2
	<hr/>	<hr/>
Land and buildings	14.2	14.7
	<hr/>	<hr/>

12 Investments in associated undertakings

On 1 December 2013, the company acquired 48.27% of the shares of RS Components KK, a company incorporated in Japan, which carries on the same trade as RS Components Limited.

	Cost £m
At 1 April 2013	-
Additions	2.0
31 March 2014	<hr/> 2.0 <hr/>

13 Stock

	2014 £m	2013 £m
Raw materials and consumables	45.7	52.7
Goods for resale	70.8	62.2
	<hr/>	<hr/>
	116.5	114.9
	<hr/>	<hr/>

14 Debtors

	2014 £m	2013 £m
Trade debtors	64.1	65.5
Amounts owed by parent and fellow subsidiary undertakings	53.1	58.4
Other debtors	3.4	5.3
Prepayments and accrued income	7.5	9.0
	<hr/>	<hr/>
	128.1	138.2
	<hr/>	<hr/>

Included within debtors is an amount receivable in greater than one year of £1.7m (2013: £3.3m).

Notes (continued)

15 Creditors: amounts falling due within one year

	2014 £m	2013 £m
Bank overdraft	59.5	22.7
Trade creditors	72.7	87.9
Amounts owed to parent and fellow subsidiary undertakings	27.1	59.1
Corporation tax	6.0	6.7
Other taxes and social security	1.8	2.6
Other creditors	0.8	3.3
Finance leases	0.7	1.4
Accruals	29.5	21.9
Capital grants	0.1	0.1
	<u>198.2</u>	<u>205.7</u>

16 Creditors: amounts falling due after more than one year

	2014 £m	2013 £m
Capital grants	1.6	1.7
Finance leases	-	0.7
Other creditors	0.2	0.5
	<u>1.8</u>	<u>2.9</u>
Amounts due between one and five years	0.7	1.7
Amounts due after five years	1.1	1.2
	<u>1.8</u>	<u>2.9</u>

The amount due after five years relates to the capital grant, which is being amortised at a rate of £0.1m per annum.

17 Provisions

	Deferred Taxation £m
(Asset)/Liability at 1 April 2013	(1.4)
Credit in the profit and loss for the year	(2.0)
Deferred tax taken directly to reserves	(2.7)
	<u>(6.1)</u>
(Asset)/Liability at 31 March 2014	<u>(6.1)</u>

Notes (continued)

17 Provisions for liabilities

The amounts provided for deferred taxation are set out below:

	2014 £m	2013 £m
Difference between accumulated depreciation and amortisation and capital allowances	1.7	2.6
Other timing differences	(7.8)	(4.0)
	<hr/>	<hr/>
(Asset)/Liability at 31 March 2014	(6.1)	(1.4)
	<hr/>	<hr/>

	2014 £m	2013 £m
Disclosed within Provisions	0.7	1.4
Disclosed within Retirement benefit obligation	(6.8)	(2.8)
	<hr/>	<hr/>
(Asset)/Liability at 31 March 2014	(6.1)	(1.4)
	<hr/>	<hr/>

Deferred tax is provided at the standard rate of United Kingdom Corporation tax applicable at the balance sheet date unless there is legislation enacted or substantially enacted by the balance sheet date changing the rate.

18 Called-up share capital

For both 2014 and 2013, the Company's share capital consisted of 50,000 authorised, allotted, called up and fully paid ordinary shares of £1 each.

19 Reserves

	Share premium Account £m	Profit and loss Account £m
At 1 April 2013	0.1	114.2
Retained profit for the year	-	16.2
Share options	-	1.2
Actuarial loss on defined benefit pension scheme	-	(24.1)
Tax on items taken directly to equity	-	2.7
Exchange differences	-	(0.6)
	<hr/>	<hr/>
At 31 March 2014	0.1	109.6
	<hr/>	<hr/>

For both 2014 and 2013, the cumulative amount of goodwill on acquisitions prior to 31 March 1998 of £12.7m has been written off to reserves in respect of businesses and undertakings that form part of the Company's continuing activities at 31 March 2014.

Notes (continued)

20 Reconciliation of movements in shareholders' funds

	2014 £m	2013 £m
Profit for the financial year	47.2	42.0
Dividends	(31.0)	(20.0)
	<hr/>	<hr/>
Retained profit for the year	16.2	22.0
Share options	1.2	0.9
Actuarial (loss) on defined benefit pension scheme	(24.1)	(26.7)
Tax on items taken directly to equity	2.7	5.9
Exchange differences	(0.6)	0.7
	<hr/>	<hr/>
Net (decrease) increase to shareholders' funds	(4.6)	2.8
	<hr/>	<hr/>
Shareholders' funds at 1 April	114.4	111.6
	<hr/>	<hr/>
Shareholders' funds at 31 March	109.8	114.4
	<hr/> <hr/>	<hr/> <hr/>

21 Lease commitments

Annual commitments under non-cancellable operating leases are as follows:

	2014		2013	
	Land and Buildings £m	Other £m	Land and Buildings £m	Other £m
Operating leases which expire:				
Within one year	2.7	0.2	3.3	0.3
Between two and five years	1.0	4.6	0.8	4.7
Over five years	0.6	-	1.1	-
	<hr/>	<hr/>	<hr/>	<hr/>
	4.3	4.8	5.2	5.0
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

22 Pension scheme

The last actuarial valuation of the Electrocomponents plc Group defined benefit pension scheme was carried out as at 31 March 2010 and has been updated to 31 March 2014 by a qualified independent actuary in accordance with FRS 17 'Retirement Benefits'. The surplus / deficit on the Electrocomponents plc Group defined benefit pension scheme is included within the Company's balance sheet 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 Limited as it is not possible to do so, on a consistent and reasonable basis.

Notes (continued)

22 Pension scheme (continued)

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

	2014	2013
Discount rate	4.50%	4.40%
Rate of increase in pensionable salaries	2.55%	2.55%
Rate of increase of pensions in payment	3.20%	3.20%
Inflation assumption	3.30%	3.30%

The expected long term rates of return on the scheme's assets were:

	2014	2013
Equities	7.20%	7.60%
Corporate bonds	4.00%	4.60%
Diversified growth funds	7.20%	7.00%
Matching plus funds	2.50%	2.50%
Credit funds	4.50%	6.50%
Government Bonds	2.90%	2.60%
Cash	0.00%	0.00%

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.

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

	2014 £m	2013 £m
Equities	98.7	95.7
Corporate Bonds	22.9	23.1
Government Bonds	53.1	44.1
Diversified growth funds	164.1	158.7
Credit funds	15.8	14.6
Matching plus funds	29.3	47.3
Cash	1.0	0.8
Total market value of assets	384.9	384.3

The valuation of the scheme at 31 March was:

	2014 £m	2013 £m	2012 £m	2011 £m	2010 £m
Total market value of assets	384.9	384.3	346.2	322.8	304.6
Present value of scheme liabilities	(418.6)	(396.7)	(335.6)	(297.9)	(314.8)
(Deficit)/surplus in the scheme before deferred tax	(33.7)	(12.4)	10.6	24.9	(10.2)
Deferred tax relating to deficit/(surplus) of pension scheme	6.8	2.8	(2.5)	(6.5)	2.9
(Deficit)/surplus recognised in the accounts of the Company	(26.9)	(9.6)	8.1	18.4	(7.3)

Notes (continued)

22 Pension scheme (continued)

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

	2014 £m	2013 £m
Present value of the defined benefit obligations at the beginning of the year	396.7	335.6
Movement in year:		
Current service cost	6.1	5.3
Interest expense	17.3	16.7
Actuarial (gain) loss	8.9	48.9
Benefits paid	(10.1)	(9.8)
Premiums paid	(0.3)	-
Present value of the defined benefit obligations at the end of the year	<u>418.6</u>	<u>396.7</u>

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

	2014 £m	2013 £m
Present value of the fair value of scheme assets at the beginning of the year	384.3	346.2
Movement in year:		
Expected return on plan assets	21.4	20.6
Actuarial gain (loss) on plan assets	(15.2)	22.2
Contributions by company	4.8	5.1
Benefits paid	(10.1)	(9.8)
Premiums paid	(0.3)	-
Present value of the fair value of the scheme assets at the end of the year	<u>384.9</u>	<u>384.3</u>

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. The Trustee confirmed, on 8 May 2014, that it has no current intention of exercising its power to wind up the scheme.

The profit and loss charge relating to RS Components Limited was £2.0m (2013: £1.4m).

	2014 £m	2013 £m
Current service cost	6.1	5.3
Interest expense	17.3	16.7
Interest income on plan assets	(21.4)	(20.6)
Total Profit and Loss charge	<u>2.0</u>	<u>1.4</u>

Notes (continued)

22 Pension scheme (continued)

The amount included within the statement of recognised gains and losses was:

	2014	2013	2012	2011	2010
Actual less expected return on scheme assets	(15.2)	22.2	6.6	3.6	54.1
As a % of scheme assets	(3.9)%	5.8%	1.9%	1.1%	17.8%
Experience gains and (losses) arising on the scheme liabilities	(8.9)	(48.9)	(25.8)	27.4	(59.6)
As a % of scheme liabilities	(2.1)%	(12.3)%	(7.7)%	9.2%	(18.9)%
Actuarial (loss) gain recognised in the statement of total recognised gains and losses	(24.1)	(26.7)	(19.2)	31.0	(5.5)
As a % of scheme liabilities	(5.8)%	(6.7)%	(5.7)%	10.4%	(1.7)%

The Group expects to pay £4.8m to its UK defined benefit pension plan in 2014/2015.

Defined Contribution schemes

During the year the company contributed £5.3m (2013: £4.7m) to defined contribution schemes.

23 Capital commitments

	2014 £m	2013 £m
Contracted capital expenditure at 31 March, for which no provision has been made in these accounts	-	1.6

24 Related party transactions

Under FRS8 'Related Party Transactions', the Company is exempt from the requirement to disclose related party transactions with Electrocomponents plc and associated undertakings on the grounds that it is a wholly owned subsidiary undertaking of Electrocomponents plc.

25 Auditors' remuneration

The auditors' remuneration is borne by the ultimate parent company. The fee assigned to the 2014 audit is £0.1m (2013: £0.1m). Full disclosure of the amounts of remuneration given to the company's auditors from the supply of non-audit services to the company is included on a group wide basis in the group accounts of Electrocomponents plc. This can be obtained from the address given in note 27.

26 Contingent liabilities

The company had no contingent liabilities in either the current or previous year.

27 Ultimate holding company

The immediate and ultimate holding company is Electrocomponents plc, a company registered in England and Wales.

Copies of the financial statements of the ultimate holding company may be obtained from the International Management Centre, 8050 Oxford Business Park North, Oxford OX4 2HW.

28 Related party transactions

The Company is a wholly owned subsidiary of Electrocomponents plc and therefore has taken advantage of the exemption in FRS 8 Related Party Disclosures not to disclose related party transactions with its parent company or with other wholly owned Group companies.