


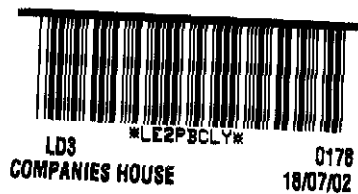
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ANIXTER INTERNATIONAL LIMITED

Report and Financial Statements

31 December 2001

 ERNST & YOUNG



# Anixter International Limited

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Registered No 265172

## **DIRECTORS**

W R Banks  
M Verschueren  
J Dul

## **SECRETARY**

W R Banks

## **AUDITORS**

Ernst & Young LLP  
Becket House  
1 Lambeth Palace Road  
London SE1 7EU

## **REGISTERED OFFICE**

Anixter House  
1 York Road  
Uxbridge  
Middlesex UB8 1RN

## DIRECTORS' REPORT

The directors present their report and group financial statements for the year ended 31 December 2001.

### RESULTS AND DIVIDENDS

The results for the year are set out in the group profit and loss account on page 5.

The directors do not recommend the payment of a dividend (2000 – £nil).

### PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

With effect from 1 January 1996 Anixter International Limited commenced trading as the headquarters company for all Anixter operations in Europe.

The group's principal activities during the year continued to be the provision of products for voice data, multimedia and energy networks throughout Europe. The financial position at 31 December 2001 was satisfactory and the directors expect this to continue.

### DIRECTORS AND THEIR INTERESTS

The directors at 31 December 2001 were as listed on page 1.

There are no directors' interests requiring disclosure under The Companies Act 1985.

### DISABLED EMPLOYEES

The group recognises its responsibilities towards the disabled and employs them where suitable opportunities arise. Every effort is made to find appropriate alternative jobs for those who become disabled while working for the group.

### EMPLOYEE INVOLVEMENT

During the year, the policy of providing employees with information about the company and fellow group undertakings has been continued through the provision of newsletters. In addition, managers at a local level make themselves available for regular discussions with employees on matters of mutual interest and concern.

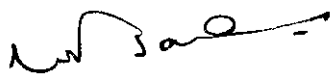
### POLITICAL AND CHARITABLE CONTRIBUTIONS

Charitable contributions were £10,895 during the year (2000 – £nil). No contributions for political purposes were made during the year (2000 – £nil).

### AUDITORS

On 28 June 2001, Ernst & Young transferred its business to a limited liability partnership, and is now called Ernst & Young LLP. Ernst & Young retired as auditors on that date and the directors appointed Ernst & Young LLP as auditors to hold office until the conclusion of the Annual General Meeting. Ernst & Young LLP have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be proposed at the Annual General Meeting.

On behalf of the Board



Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE  
FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANIXTER INTERNATIONAL LIMITED**

We have audited the group's financial statements for the year ended 31 December 2001, which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Total Recognised Gains and Losses, Consolidated Balance Sheet, Company Balance Sheet and the related notes 1 to 24. These financial statements have been prepared on the basis of the accounting policies set out therein.

### **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the group is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

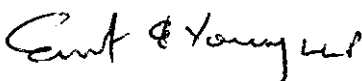
### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group as at 31 December 2001 and of its profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP  
Registered Auditor  
London

3 July 2002

# Anixter International Limited

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2001

	Notes	2001 £000	2000 £000
<b>TURNOVER</b>	2	141,054	148,936
Cost of sales	3	106,677	114,033
		<u>34,377</u>	<u>34,903</u>
Gross profit			85
Other operating income		—	
		<u>34,377</u>	<u>34,988</u>
Distribution costs	3	11,783	12,885
Administrative expenses	3	16,173	12,456
Other operating expenses	3	64	507
		<u>28,020</u>	<u>25,848</u>
<b>OPERATING PROFIT</b>	4	<u>6,357</u>	<u>9,140</u>
Interest receivable		38	35
Interest payable and similar charges	7	(1,034)	(1,170)
		<u>(996)</u>	<u>(1,135)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>5,361</u>	<u>8,005</u>
Tax on profit on ordinary activities	8	1,817	3,252
		<u>3,544</u>	<u>4,753</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED PROFIT FOR THE YEAR</b>	19	<u>3,544</u>	<u>4,753</u>

## CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit attributable to the shareholders of the group of £3,544,000 for the year ended 31 December 2001 (2000 – £4,753,000).

The notes on pages 8 to 20 form part of these financial statements.

# Anixter International Limited

## CONSOLIDATED BALANCE SHEET

at 31 December 2001

	Notes	2001 £000	2000 £000
<b>FIXED ASSETS</b>			
Intangible assets	10	909	1,033
Tangible assets	11	2,114	2,229
		<u>3,023</u>	<u>3,262</u>
<b>CURRENT ASSETS</b>			
Stocks	13	24,142	32,665
Debtors	14	24,781	43,699
Cash at bank and in hand		1,483	265
		<u>50,406</u>	<u>76,629</u>
<b>CREDITORS: amounts due within one year</b>	15	32,961	51,113
<b>NET CURRENT ASSETS</b>		<u>17,445</u>	<u>25,516</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>20,468</u>	<u>28,778</u>
<b>CREDITORS: amounts falling due after more than one year</b>	16	87	11,313
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	17	1,393	2,021
		<u>1,480</u>	<u>13,334</u>
		<u>18,988</u>	<u>15,444</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	4,477	4,477
Share premium account	19	1,192	1,192
Capital contribution	19	6,942	6,942
Profit and loss account	19	6,377	2,833
	19	<u>18,988</u>	<u>15,444</u>

Approved by the Board on

3 July 2002



Director

# Anixter International Limited

## COMPANY BALANCE SHEET

at 31 December 2001

	Notes	2001 £000	2000 £000
<b>FIXED ASSETS</b>			
Tangible fixed assets	11	240	347
Investments in group undertakings	12	12,976	12,976
		<u>13,216</u>	<u>13,323</u>
<b>CURRENT ASSETS</b>			
Debtors	14	7,564	4,537
		<u>7,564</u>	<u>4,537</u>
<b>CREDITORS: amounts falling due within one year</b>	15	(7,122)	4,315
		<u>442</u>	<u>222</u>
<b>NET CURRENT ASSETS</b>			
		<u>13,658</u>	<u>13,545</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
<b>CREDITORS: amounts falling due after more than one year</b>	16	–	13
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	17	61	414
		<u>61</u>	<u>427</u>
		<u>13,597</u>	<u>13,118</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	4,477	4,477
Capital contribution	19	6,942	6,942
Share premium account	19	1,192	1,192
Profit and loss account	19	986	507
	19	<u>13,597</u>	<u>13,118</u>

Approved by the Board on

3 July 2002



Director



NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2001

1. ACCOUNTING POLICIES

*Basis of preparation*

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. No cash flow statement has been presented in accordance with Financial Reporting Standard 1 (revised) as the group is a wholly-owned subsidiary of a group for which financial statements are publicly available. Certain items within the comparative information have been reclassified between balance sheet lines to be consistent with current year treatment.

*Basis of consolidation*

The group financial statements consolidate the financial statements of Anixter International Limited and all its subsidiary undertakings drawn up to 31 December each year. No profit and loss account has been presented for Anixter International Limited as permitted by section 230 of the Companies Act 1985.

*Goodwill*

Goodwill is the difference between the amount paid on the acquisition of a business and the aggregate fair value of its separable net assets. It has been capitalised and is being written off in equal annual instalments over its estimated economic life, starting with the year following acquisition.

The estimated useful economic life of capital goodwill is disclosed in note 10. Capitalised goodwill is reviewed for impairment at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable. If a subsidiary associate or business is subsequently sold or closed, any goodwill arising on the acquisition that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on the sale or closure.

*Foreign currencies – company and group*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a foreign exchange contract. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date or, if appropriate, at the contract rate. All differences are taken to the profit and loss account.

*Depreciation*

Depreciation has been calculated to write off the cost of fixed assets on a straight-line basis by reference to the expected useful lives of the assets at the following annual rates:

Land	–	not depreciated
Freehold property	–	2%
Motor vehicles	–	25%
Office equipment and fixtures	–	10% to 20%
Computer equipment	–	25% to 50%
Plant and machinery	–	10% to 20%

Leasehold improvements are written off in equal annual instalments over 10 years or the remaining period of the lease, whichever is the shorter.

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2001

1. ACCOUNTING POLICIES (continued)

*Stocks*

Stocks, which consist of finished goods, are valued at the lower of cost and net reliable value. Cost is determined on the average cost basis and consists of direct materials and relevant freight and duty charges.

*Deferred taxation*

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

*Pensions*

The group operates a defined benefit pension scheme, 'the Anixter Group Scheme', which admits employees of all Anixter companies in the United Kingdom. The cost of providing retirement pensions and related benefits is charged to the profit and loss account over the periods benefiting from the employees' services. The difference between the charge to the profit and loss account and the contributions paid to the scheme are treated as either provisions or prepayments in the balance sheet.

The group also operates a defined contribution scheme. This scheme is administered by an insurance company. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

*Leasing*

Rentals paid under operating leases are charged on a straight-line basis over the lease term.

The company provides in full for future rent and related costs of vacant leasehold property.

2. GROUP TURNOVER AND SEGMENTAL ANALYSIS

Turnover represents the invoiced value of goods and services supplied and is stated net of value added tax and sales between group undertakings.

In the opinion of the directors, the group has only one class of business. Substantially all sales are in the United Kingdom and accordingly a geographical analysis is not appropriate.

3. COST OF SALES AND OPERATING EXPENSES

	2001	2000
	Total	Total
Cost of sales	106,677	114,033
Distribution costs	11,783	12,885
Administrative expenses	16,173	12,456
Other operating expenses	64	507
	<u>          </u>	<u>          </u>

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2001

4. **GROUP OPERATING PROFIT**

This is stated after charging:

	2001 £000	2000 £000
Depreciation – owned assets	882	1,043
– assets on hire purchase contract or finance lease	–	27
Amortisation of goodwill	124	124
Loss on disposal of fixed assets	(23)	–
Auditors' remuneration – audit services	117	129
– non-audit	65	41
Hire of plant and machinery	162	74
Operating lease rentals:		
– plant and machinery	372	386
– land and buildings	2,329	2,337
	<u>2,329</u>	<u>2,337</u>

5. **DIRECTORS' EMOLUMENTS**

Nil contributions were paid towards money purchase benefits in respect of the directors.

No directors are accruing benefits under money purchase schemes.

One director is accruing benefits under a defined benefit scheme. If he had left service on 31 December 2001, he would have been entitled to an accrued pension of £4,946 per annum (31 December 2000 – £3,660 per annum).

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2001

6. STAFF COSTS

Employment costs (including executive directors)

	2001	2000
	£000	£000
Gross wages and salaries	12,178	12,356
Social security costs	1,497	1,693
Other pension costs (note 21)	966	1,038
Total direct costs of employment	14,641	15,087

The average monthly number of persons employed by the group, including executive directors, during the year is analysed as follows:

	2001	2000
	No.	No.
Stockholding	66	61
Distribution and selling	171	181
Administration	153	141
	390	383

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2001	2000
	£000	£000
Payable on bank loans wholly repayable within 5 years	624	719
Payable to group undertakings	408	426
Other interest payable and similar charges	2	25
	1,034	1,170

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001	2000
	£000	£000
UK corporation tax at 30% (2000 – 30%)	1,793	3,252
UK corporation tax – previous years	24	–
	1,817	3,252

NOTES TO THE FINANCIAL STATEMENTS  
at 31 December 2001

9. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT UNDERTAKING

The profit dealt with in the accounts of the parent company was £379,000 (2000 – £290,000).

10. INTANGIBLE FIXED ASSETS

<i>Group</i>	<i>Goodwill</i> <i>£000</i>
Cost:	
At 1 January 2001	1,243
At 31 December 2001	1,243
Amortisation:	
At 1 January 2001	210
Provided during the year	124
At 31 December 2001	334
Net book value:	
At 31 December 2001	909
At 1 January 2001	1,033

On 21 April 1997 Anixter UK Limited acquired the assets of Comnet, a company established in the United Arab Emirates, and paid £273,494 in goodwill. Goodwill is amortised in equal instalments over the economic life of the asset and is estimated at 10 years.

On 23 August 1999 Anixter International Limited acquired 100% of the share capital of Anixter Power and Construction Limited (formerly ECAL Holdings Limited) and paid £970,000 in goodwill. Goodwill is amortised in equal instalments over the economic life of the asset and is estimated at 10 years.

NOTES TO THE FINANCIAL STATEMENTS  
at 31 December 2001

## 11. TANGIBLE FIXED ASSETS

<i>Group</i>	<i>Short leasehold improvements – land and buildings £000</i>	<i>Fixtures, equipment and machinery £000</i>	<i>Motor vehicles £000</i>	<i>Total £000</i>
Cost:				
At 1 January 2001	2,703	4,967	254	7,924
Additions	138	676	–	814
Disposals	(846)	(2,327)	–	(3,173)
At 31 December 2001	1,995	3,316	254	5,565
Depreciation:				
At 1 January 2001	1,557	3,995	143	5,695
Provided during the year	295	514	73	882
Disposals	(829)	(2,297)	–	(3,126)
At 31 December 2001	1,023	2,212	216	3,451
Net book value:				
At 31 December 2001	972	1,104	38	2,114
At 31 December 2000	1,146	972	111	2,229

The net book value of motor vehicles above includes an amount of £nil (2000 – £17,956) in respect of assets held under finance leases and hire purchase contracts.

NOTES TO THE FINANCIAL STATEMENTS  
at 31 December 2001

11. TANGIBLE FIXED ASSETS (continued)

Company

	Short leasehold improvements £000	Fixtures, equipment and machinery £000	Total £000
Cost:			
At 1 January 2001	777	1,801	2,578
Additions	1	161	162
Disposals	(546)	(1,305)	(1,851)
At 31 December 2001	232	657	889
Depreciation:			
At 1 January 2001	680	1,551	2,231
Provided during the year	79	178	257
Disposals	(546)	(1,293)	(1,839)
At 31 December 2001	213	436	649
Net book value:			
At 31 December 2001	19	221	240
At 31 December 2000	97	250	347

12. INVESTMENTS

Company

	£000
Unlisted investments	
Cost:	
At 1 January and 31 December 2001	12,976

Anixter International Limited owns 100% of the ordinary shares and voting rights of Anixter (UK) Limited and Anixter Power and Construction Limited. Both companies are involved in the provision of voice, data, multimedia and energy networks and are registered in England and Wales.

13. STOCKS

The total amount of £24,142,000 (2000 – £32,665,000) is attributable to finished goods and goods for resale. In the opinion of the directors, the current replacement cost does not differ significantly from the above amounts.

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2001

## 14. DEBTORS: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade debtors	22,381	37,958	-	141
Amounts owed by parent and fellow subsidiary undertakings	12	1,854	12	1,854
Amount owed by subsidiary undertakings	31	-	6,930	2,280
Other debtors	1,372	3,126	529	139
Prepayments and accrued income	985	761	93	123
	<u>24,781</u>	<u>43,699</u>	<u>7,564</u>	<u>4,537</u>

## 15. CREDITORS: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Bank overdraft	-	31	-	31
Trade creditors	10,575	35,550	137	269
Amounts owed to parent and fellow subsidiary undertakings	16,991	7,382	5,488	2,312
Amounts owed to subsidiary undertakings	31	60	31	60
Other creditors including taxation and social security	914	3,360	31	680
Accruals and deferred income	3,107	2,559	841	245
Corporation tax	1,343	2,171	594	718
	<u>32,961</u>	<u>51,113</u>	<u>7,122</u>	<u>4,315</u>

## 16. CREDITORS: amounts falling due after more than one year

	<i>Group</i>		<i>Company</i>	
	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Bank loan	-	11,300	-	-
Amount owed to parent undertaking	87	-	-	-
Other	-	13	-	13
	<u>87</u>	<u>11,313</u>	<u>-</u>	<u>13</u>

The bank loan includes £8.0m in borrowings under an Anixter Inc. multicurrency global credit facility, with Anixter UK Limited as a named borrower. Interest is payable at London Interbank Offer Rate (LIBOR) plus a margin of 1.125%. This is a five-year revolving multicurrency credit agreement and is not secured by any assets of the group.

The bank loan was repaid during the year.



NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2001

17. PROVISION FOR LIABILITIES AND CHARGES

*Group*

	<i>Provision for pension liabilities £000</i>	<i>Obligations relating to to sale of integration division £000</i>	<i>Total £000</i>
At 1 January 2001	822	1,199	2,021
Arising during the year	906	446	1,352
Utilised	(1,431)	(549)	(1,980)
At 31 December 2001	297	1,096	1,393

*Company*

	<i>Provision for pension liabilities £000</i>	<i>Total £000</i>
At 1 January 2001	414	414
Arising during the year	297	297
Utilised	(650)	(650)
At 31 December 2001	61	61

**Deferred taxation**

Deferred taxation for the group provided in the financial statements and the amounts not provided are:

	<i>2001 Provided £000</i>	<i>2001 Unprovided £000</i>	<i>2000 Provided £000</i>	<i>2000 Unprovided £000</i>
Accelerated capital allowances	-	(176)	-	(109)
Short-term timing differences	-	(106)	-	(140)
Other timing differences	-	(33)	-	-
	-	(315)	-	(249)

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2001

18. SHARE CAPITAL

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Ordinary shares of £1 each	5,000	5,000	4,477	4,477

19. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

<i>Group</i>	<i>Share capital £000</i>	<i>Share premium account £000</i>	<i>Capital contribution £000</i>	<i>Profit and loss account £000</i>	<i>Total £000</i>
At 1 January 2000	4,477	1,192	6,942	(1,920)	10,691
Profit for the year	—	—	—	4,753	4,753
At 31 December 2000	4,477	1,192	6,942	2,833	15,444
Profit for the year	—	—	—	3,544	3,544
At 31 December 2001	4,477	1,192	6,942	6,377	18,988

<i>Company</i>	<i>Share capital £000</i>	<i>Share premium account £000</i>	<i>Capital contribution £000</i>	<i>Profit and loss account £000</i>	<i>Total £000</i>
At 1 January 2000	4,477	1,192	6,942	217	12,828
Profit for the year	—	—	—	290	290
At 31 December 2000	4,477	1,192	6,942	507	13,118
Profit for the year	—	—	—	479	479
At 31 December 2001	4,477	1,192	6,942	986	13,597

Capital contribution represents permanent capital of the company made by Anixter Inc., who have stated their intention not to withdraw this capital.

20. CAPITAL COMMITMENTS

The company has no capital commitments as of the date of signing these financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
at 31 December 2001

**21. PENSIONS**

The company operates a defined benefit pension scheme which is funded by the payment of contributions to a separately administered fund.

The contributions to this scheme are determined with the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit method. The most recent valuation was conducted as at 5 April 1999 and the principal actuarial assumptions used are based upon an investment return of 7% per annum and pay growth of 5% per annum.

This valuation showed that the market value of the scheme's assets at that date amounted to £9,706,192 and the actuarial value was sufficient to cover 103% of the benefits that had accrued to members, after allowing for the effect of future increases in their earnings.

The pension charge for the year was £966,000 (2000 – £1,038,000) and was calculated using the projected unit method.

Funding rates have been determined to run off the surplus at 1 April 2000, over the average remaining lives of the members, which is 28 years.

In accordance with the transitional arrangements of the new Financial Reporting Standard, FRS 17 – Retirement Benefits, the scheme valuation has been updated by the actuary to 31 December 2001 using the projected unit method. The main financial assumptions used were as follows:

Rate of increase in salaries	4.0%
Rate of increase in pension payment	2.5%
Discount rate	5.8%
Inflation assumption	2.5%
Revaluation to deferred pensions up to retirement	5.0%

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2001

21. PENSIONS (continued)

The assets in the scheme and the expected rates of return were as follows:

	<i>Long term rate of return expected at 31 December 2001</i>	<i>Value at 31 December 2001</i>
	<i>£000</i>	<i>£000</i>
Equities	7.5%	9,385
Bonds	4.5%	1,818
Total market value of assets		11,203
Present value of scheme liabilities		(13,836)
Deficit in scheme		(2,633)
Related deferred tax asset		790
Net pension liability		(1,843)

If the above amounts had been recognised in the financial statements, the company's net assets and profit and loss reserve at 31 December 2001 would be as follows:

	<i>£000</i>
Net assets excluding pension liability	16,695
Pension liability	(1,843)
Net assets including pension liability	14,852
Profit and loss reserve excluding pension liability	7,418
Pension liability	(1,843)
Profit and loss reserve including pension liability	5,575

For the defined contribution pension scheme, the assets of the scheme are held separately from those of the company in an independently administered fund. The unpaid contributions outstanding at the year end, included in 'other creditors' are £18,412 (2000 – £nil).

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2001

22. OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS

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

	<i>Land and buildings</i>		<i>Other</i>	
	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>
<i>Group</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Operating leases which expire:				
Within one year	323	50	138	72
In two to five years	110	128	186	314
In over five years	2,452	2,159	-	-
	<u>2,885</u>	<u>2,337</u>	<u>324</u>	<u>386</u>
	<i>Land and buildings</i>		<i>Other</i>	
	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>
<i>Company</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Operating leases which expire:				
Within one year	-	-	29	-
In two to five years	-	-	28	-
In over five years	465	439	-	-
	<u>465</u>	<u>439</u>	<u>57</u>	<u>-</u>

23. RELATED PARTIES

The company has taken advantage of the exemption allowed by Financial Reporting Standard 8 'Related Parties Disclosures'. As a 100%-owned subsidiary undertaking, disclosure of transactions with group undertakings and investees of the group, qualifying as related parties, is not required.

24. ULTIMATE PARENT UNDERTAKING

The company is a wholly-owned subsidiary undertaking of Anixter Inc., which is incorporated in the United States of America. Copies of the financial statements for Anixter Inc. may be obtained from the corporate office at Two North Riverside Plaza, 19th Floor, Chicago, Illinois 60606, USA.

The immediate parent undertaking, for which this company forms part of the figures, is Anixter Eurinvest B.V., a company registered in the Netherlands.