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IESA LIMITED

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2020

Registered Number: 04188491

Strategic Report

The Directors present their strategic report for the year ended 31 March 2020.

Principal activity, business review and key performance indicators
The principal activity of IESA Limited (the Company) is outsourced procurement and stores management. It is part of the Electrocomponents Group (the Group).

The Company's performance during the year was impacted by reduced activity at two key clients, one of whom, British Steel Limited, entered compulsory liquidation in May 2019, leading to £7,276,000 of debtors being written off during the year. Turnover decreased by 1% to £23,314,000 (2019 restated: £23,629,000). This led to a profit before taxation excluding the British Steel Limited debtor write off of £4,503,000 (2019 restated: £4,487,000), flat on last year. Including this debtor write off, the Company made a loss before taxation of £2,773,000.

The Company's net assets decreased to £4,602,000 (2019 restated: £11,256,000) due to the loss in the year and the payment of the 2019 final dividend of £4,000,000.

The Company's new business activity remains encouraging with recent wins including 3M, United Biscuits and Nestlé.

Employee numbers increased to 457 (2019: 448).

Future developments
The Company will continue to concentrate on the quality of client service and cost efficiency that it can bring to the various manufacturing and production market sectors in the UK whilst also looking to develop its services in new sectors in continental Europe and beyond. This development will be through both existing and new services, with a continued focus on cost efficiency and the use of, and continued investment and development in, strong technology and IT platforms to provide innovative proposals to clients. Growth is planned to be closely controlled to ensure that the quality of service to all clients is maintained and enhanced.

Section 172(1) statement
Under section 172(1) of the Companies Act 2006, the Directors are required to act in a way that they consider, in all good faith, would most likely promote the success of the Company. This success must be for the benefit of the Company's shareholder but also for all its other stakeholders.

This has never been more relevant than during the COVID-19 pandemic, where the Company continues to work hard to keep its employees safe and its business viable; where it endeavours to keep its customers running and also supports those critical businesses that rely on it, such as food and beverage, healthcare, utilities and power generation industries. These are some of the Company's stakeholders and how it treats and interacts with them, especially at this time, demonstrates how seriously the Directors takes their responsibilities under section 172.

Detailed information of how the Directors have supported the Company's employees is included in people and health and safety below and in employee engagement on page 3.

The Directors regularly meet and talk to the Company's prospective, new and existing clients to ensure the Company continues to provide innovative solutions and cost efficiencies for them in the long term. This is considered carefully when deciding how the Company will develop in the future as described in future developments above.

The Directors also regularly meet and talk to suppliers including senior managers in other Group companies, to ensure the Company works closely with them to provide its clients with the best service and price.

The Directors take seriously the impact the Company has on its local communities and the environment, including hosting local charity events in its office and Christmas food bank collections. The Directors also ensure the Company works closely with its clients to whom it provides stores management to help them minimise the negative impacts and maximise the positive benefits on their local communities and the environment. This can be seen by the work done during the COVID-19 pandemic.

The Company's reputation for having high standards of business and ethical conduct is managed carefully by the Directors in ensuring the Company follows the Group's codes of conduct for its employees (Speak Up) and for its suppliers, and in ensuring its employees are properly trained and follow the Group's information security policies and procedures and the General Data Protection Regulation (GDPR).

Principal risks and uncertainties
Principal risks and uncertainties affecting the Company are summarised below.

COVID-19 pandemic: The COVID-19 pandemic is having far-reaching, and still-developing, impacts across the world. Uncertainties arising as a result of the pandemic include: reductions in customer demand; the risk of a deterioration in cash flow, specifically the recoverability of trade debtors; delays and difficulties sourcing products; uncertainty about the duration of lockdowns and risk of further outbreaks; and speed and extent to which industries can recover. The Company, as part of the Group, has undertaken mitigating actions to attempt to reduce the impact of the pandemic on the business, further details of which are available in the 2020 Electrocomponents plc Annual Report and Accounts.

Strategic Report (continued)

People: The retention and recruitment of staff is a key priority for the Company. Defined recruitment and retention policies exist and are managed to ensure the Company is competitive and attracts the best candidates. The Company has a graduate programme, Leaders in IESA Fast Track (LIFT), that attracts high achieving graduates and internal high potential candidates who work through a rotational 36 month programme.

Health and safety: The Company has further enhanced the attention it gives to health and safety investing heavily to ensure performance remains excellent in this critical area, further improvements in the year include the roll out of a Target Zero Behavioural Safety training campaign.

Operational performance: The Company is continually reviewing procedures and systems to ensure that the work performed is of the highest quality in order to retain existing clients and attract new clients. This is underlined by the Company's commitment to retaining ISO accreditation in relevant areas.

Financial risk management

Liquidity and interest rate risk: The Company has arrangements with the Group that enable it to access funds when needed to meet its liquidity requirements. Interest receivable and payable on loans with other Group companies is calculated based on market rates of interest. The Group liquidity requirements and interest rate risks are managed at a Group level.

Credit risk: The Company 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 debtors.

Foreign currency transaction risk: The Company is exposed to foreign currency transaction risk on purchases made in currencies other than sterling and also foreign currency loans from Electrocomponents plc. This risk is managed through the Group.

On behalf of the Board:

A B Perry
Director
26 February 2021

Directors' Report

The Directors present their report and the audited accounts for the year ended 31 March 2020.

Directors

The Directors who held office during the year were as follows:
D C A Bowring
D J Egan
V E Gough
I P Haslegrave
A B Perry
G G Timms (resigned 31 May 2019)

Directors' and Officers' liability insurance

In accordance with the Company's Articles of Association, the Company purchased and maintained Directors' and Officers' liability insurance. The insurance was in force throughout the year ended 31 March 2020 and is currently in force.

Dividends

During the year, the Company paid a final dividend of £4,000,000 in respect of the period ended 31 March 2019 (2019: £nil). The Directors do not propose a final dividend for the year ended 31 March 2020 (2019: £4,000,000).

Research and development

Work is continuing in the further development and expansion of the technology platform and service offering to meet client requirements and to take advantage of new technology as it becomes available. IESA's focus continues to be on the use of technology to improve efficiency and the quality of information available to clients to make informed decisions.

Employee engagement

During the year, the policy of providing employees with information about the Company has continued through internal media methods and employees have been encouraged to present their suggestions and views on the Company's performance. Regular meetings are held between the Directors, local management and employees to allow a free flow of information and ideas.

Listening to employees is a central part of building and enhancing the Company's culture and, as part of the Group, it now regularly conducts employee engagement surveys, known as My Voice. Also, one of the Group's Board non-executive directors visited the Company during the year in her role as the Group's Board-appointed employee engagement representative. She held face-to-face meetings with employees by way of town halls, with as many employees and members of management present as possible. She then held a series of drop-in sessions with smaller audiences but excluding management. Her findings were fed back to the Group's Board, it agreed follow-up actions and the Company's Directors have taken forward these actions and fed them back to employees.

Employment of disabled persons

The Company is committed to a policy of equal opportunities with regards to its employment practices and procedures. The Company remains supportive of the employment and advancement of disabled persons, and adopts the Group's practices of giving fair consideration to applications for employment from disabled people as well as their training, career development and promotion. Where appropriate, facilities are adapted and retraining offered to any employee developing a disability whilst employed.

Business relationships

How the Directors have had regard to the need to foster the Company's business relationships with its suppliers, clients and others and the effect of that regard, including on the principal decisions taken by the Company during the year, is considered in the Strategic Report.

Other information to report

The following information is set out on the pages below:

- Financial results – page 7
- Financial instruments and financial risk management – pages 2, 11 and 15
- Likely future developments – page 1

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report each confirm that, so far as they are aware, there is no relevant audit information of which the auditors are unaware and that each Director has taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Directors' Report (continued)

Statement of Directors' responsibilities in respect of the accounts

The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable law and regulation.

Company law requires the Directors to prepare accounts for each financial year. Under that law the Directors have prepared the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law). Under company law the Directors must not approve the accounts 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 the accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the accounts;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the accounts 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 accounts comply with the Companies Act 2006.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board:

A B Perry
Director
26 February 2021

Independent auditors' report to the members of IESA Limited

Report on the audit of the financial statements

Opinion

In our opinion, IESA Limited's accounts (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the Balance Sheet as at 31 March 2020; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Independent auditors' report to the members of IESA Limited (continued)

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the statement of Directors' responsibilities in respect of the accounts, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

<u>Other required reporting</u>

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

R Halfpenny

Robert Halfpenny (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
1 March 2021

Statement of Comprehensive Income
for the year ended 31 March 2020

	Note	Year ended 31 March 2020 £000	31 March 2018 to 31 March 2019 restated (Note 25) £000
Turnover	5	**23,314**	23,629
Cost of sales		**(6,743)**	(6,738)
Gross profit		**16,571**	16,891
Administrative expenses		**(12,550)**	(12,796)
British Steel Limited debtor written off	16	**(7,276)**	-
Other operating income		**827**	844
Operating (loss) / profit	6	**(2,428)**	4,939
Interest receivable		**-**	3
Interest payable and similar charges	11	**(345)**	(455)
(Loss) / profit before taxation		**(2,773)**	4,487
Tax credit / (charge) on (loss) / profit	12	**51**	(157)
(Loss) / profit and total comprehensive (expense) / income for the period		**(2,722)**	4,330

The notes on pages 10 to 16 are an integral part of these accounts.

Balance Sheet
as at 31 March 2020

	Note	31 March 2020 £000	31 March 2019 restated (Note 25) £000
Fixed assets			
Intangible assets	14	**3,340**	1,922
Tangible assets	15	**1,233**	1,412
Total fixed assets		**4,573**	3,334
Current assets			
Debtors: amounts falling due after more than one year	16	**10**	381
Debtors: amounts falling due within one year	16	**81,772**	87,433
Cash at bank and in hand		**1,688**	15,329
Total current assets		**83,470**	103,143
Creditors: amounts falling due within one year	17	**(83,414)**	(94,838)
Net current assets		**56**	8,305
Total assets less current liabilities		**4,629**	11,639
Creditors: amounts falling due after more than one year	18	**(27)**	(13)
Provisions for liabilities and charges	19	**-**	(370)
Net assets		**4,602**	11,256
Capital and reserves			
Share capital	22	**909**	909
Profit and loss account		**3,693**	10,347
Total equity		**4,602**	11,256

The notes on pages 10 to 16 are an integral part of these accounts.

These accounts on pages 7 to 16 were approved by the Board of Directors on 26 February 2021 and were signed on its behalf by:

A B Perry
Director
Company number: 04188491

Statement of Changes in Equity
for the year ended 31 March 2020

	Share capital £000	Profit and loss account £000	Total equity £000
At 31 March 2018	909	5,952	6,861
Profit and total comprehensive income for the period (restated Note 25)	-	4,330	4,330
Equity-settled share-based payments	-	65	65
At 31 March 2019 (restated Note 25)	909	10,347	11,256
Loss and total comprehensive expense for the year	-	(2,722)	(2,722)
Dividends (Note 13)	-	(4,000)	(4,000)
Equity-settled share-based payments	-	68	68
At 31 March 2020	**909**	**3,693**	**4,602**

The notes on pages 10 to 16 are an integral part of these accounts.

Notes to the accounts

1. General information

The Company is a wholly-owned subsidiary of Electrocomponents plc. The Company is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is IESA Works, Daten Park, Birchwood, Warrington, Cheshire, WA3 6UT, UK.

2. Statement of compliance

These accounts have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102), and the Companies Act 2006. They are presented in sterling and rounded to the nearest £1,000.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these accounts are set out below and have been consistently applied.

(a) Basis of preparation

These accounts are prepared on a going concern basis, under the historical cost convention.

Electrocomponents plc has confirmed it will continue to make funds available to enable the Company to meet all its financial obligations as they fall due during the going concern period. Electrocomponents plc's viability statement can be found on pages 43 and 44 of its Annual Report and Accounts for the year ended 31 March 2020 which are publicly available (Note 24) and its latest going concern statement can be found on pages 16 and 17 of its results for the half year ended 30 September 2020 which is available in the investors section of electrocomponents.com. Therefore, whilst the impact of COVID-19 is uncertain, based on the current position and assumptions, the directors do not believe that it would have a material impact on the Company's financial position and so have determined that the preparation of these accounts on a going concern basis is appropriate.

Exemptions for qualifying entities under FRS 102

The Company is included in Electrocomponents plc's consolidated accounts which are publicly available (Note 24) and has therefore taken advantage of the following disclosure exemptions available under FRS 102:

- preparation of a cash flow statement
- financial instrument disclosures
- share-based payment disclosures
- key management personnel compensation disclosure

(b) Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes for services supplied to third parties.

The Company recognises revenue for management charges, which are fees charged to clients in relation to the provision of the outsourced services, in the month the services are supplied. Licence fee income is earned from suppliers in relation to the fees they pay to access the client base via the online procurement portal MyMRO. This income is recognised in the month the licence fee is earned.

The Company acts as an agent in relation to the products sourced for its clients and so does not recognise the value of these pass through items in turnover or cost of sales.

(c) Foreign currency transactions

Transactions in foreign currencies are recorded using the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rate ruling at that date and the gains and losses on translation are recognised in operating profit.

Foreign exchange gains and losses that relate to pass through items are recognised in administrative expenses.

(d) Post-employment benefits

The Company operates a defined contribution plan for its employees. Contributions are expensed as they fall due.

(e) Other operating income

Other operating income represents amounts recharged to companies in the Group for the costs of central processes incurred by the Company.

(f) Share-based payments

Equity-settled share-based payments are measured at fair value at the grant date, calculated using an appropriate option pricing model. The fair value is expensed with a corresponding increase in equity on a straight-line basis over the period that employees become unconditionally entitled to the awards. The income statement charge is adjusted to reflect expected and actual levels of vesting associated with non-market performance related criteria.

Cash-settled share-based payments are measured at fair value at the balance sheet date, taking into account the estimated number of awards that will actually vest and the relative completion of the vesting period. This fair value is included in liabilities and changes in the value of these liabilities are recognised in the income statement.

Notes to the accounts (continued)

3. Summary of significant accounting policies (continued)

(g) Interest receivable and payable

Interest is calculated using the effective interest method and recognised in profit or loss as incurred.

(h) Taxation

Current and deferred tax are recognised in the profit and loss account, except when they relate to items recognised directly in equity when the related tax is also recognised in equity.

Current tax is the amount of income tax payable in respect of the taxable profit for the period, using tax rates that have been enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of prior years.

Deferred tax is recognised on all timing differences at the balance sheet date except for certain exceptions. Timing differences are differences between taxable profits and total comprehensive income as stated in the accounts that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the accounts. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted at the balance sheet date that are expected to apply to the reversal of the timing difference.

(i) Intangible fixed assets

Software is stated at cost less accumulated amortisation and any provisions for impairment. Amortisation is calculated to write off the cost of software on a straight-line basis at annual rates of 10% to 50%.

(j) Tangible fixed assets

Tangible assets are stated at cost less accumulated depreciation and any provisions for impairment. They are depreciated to residual value, on a straight-line basis at the following annual rates:

Leasehold property	over the lease term
Fixtures and fittings	25%
Computer equipment	33%

(k) Leases

Operating leases rentals are charged to operating profit on a straight-line basis over the lease term, net of rent-free periods and similar incentives which are credited to operating profit on the same basis and over the same period.

(l) Basic financial instruments

Basic financial assets, including debtors, cash at bank and in hand and amounts owed by other Group companies, are initially recognised at transaction price and then subsequently at amortised cost less any provision for impairment.

Basic financial liabilities, including creditors and amounts owed to other Group companies, are initially recognised at transaction price and then subsequently at amortised cost.

(m) Distributions

Dividends and other distributions are recognised in the statement of changes in equity and as a liability in the balance sheet in the period in which the dividends and other distributions are approved by the Company's shareholders.

(n) Provisions for liabilities and charges

Provisions are recognised when the Company has a present obligation as a result of a past event and a reasonable estimate can be made of a probable adverse outcome.

4. Critical accounting judgements and estimation uncertainty

The preparation of accounts under FRS 102 requires the Company to make judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Except for judgements involved in estimations, no judgements have been made in the process of applying the Company's accounting policies that have had a significant effect on the amounts recognised in the accounts. The judgements involved in estimations have been reviewed to take account of the Company's latest assumptions of the likely impact of the COVID-19 pandemic. Significant estimates and assumptions made related to the following:

(a) Intangible and tangible fixed assets

The Company estimates the net realisable value of intangible and tangible fixed assets by estimating their useful economic lives, residual values and the effect of any impairments.

(b) Debtors

The Company makes risk assessed judgements when estimating impairments of trade debtors, other receivables (including prepayments and accrued income) and intercompany debt based on overdue status, country, industry and customer risk historical collection experience.

5. Turnover

The Company has a single class of business and all turnover arose in the UK.

Notes to the accounts (continued)

6. **Operating (loss) / profit**

Operating (loss) / profit is stated after charging / (crediting):

	Year ended 31 March 2020 £000	31 March 2018 to 31 March 2019 £000
Depreciation of tangible assets	**519**	367
Amortisation of intangible assets	**250**	7
Gain on foreign exchange	**(33)**	(241)
Operating lease rentals payable	**373**	332

The fees payable to the Company's auditors for the audit of the accounts were £110,000 (2019: £116,000).

7. **Directors' remuneration**

The Directors of the Company who are employees of Electrocomponents plc predominantly perform services for Electrocomponents plc and are remunerated by Electrocomponents plc. These Directors received no emoluments for their qualifying services to the Company.

The remuneration of other Directors of the Company were as follows:

	Year ended 31 March 2020 £000	31 March 2018 to 31 March 2019 £000
Directors' remuneration	**597**	664
Company contributions to Directors' defined contribution pension scheme	**43**	64
	640	728

Termination benefits of £319,000 were paid during the year.

During the year retirement benefits accrued to 3 Directors (2019: 5) in respect of the defined contribution pension scheme and 3 Directors (2019: 2) became entitled to receive shares under the ultimate parent company's Long Term Incentive Plan. The highest paid Director received remuneration of £285,000 (2019: £302,000). The Company's contributions paid to the defined contribution pension scheme in respect of the highest paid Director were £23,000 (2019: £29,000).

8. **Employees**

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

	Year ended 31 March 2020	31 March 2018 to 31 March 2019
Management and administration	**211**	188
Site operational staff	**244**	256
Directors	**2**	4
	457	448

Employee costs charged to profit and loss were as follows:

	Year ended 31 March 2020 £000	31 March 2018 to 31 March 2019 £000
Wages and salaries	**12,963**	13,888
Social security costs	**1,291**	1,320
Share-based payments – equity-settled	**68**	65
Share-based payments – cash-settled	**27**	13
Defined contribution retirement benefit costs	**892**	441
	15,241	15,727
Termination benefits	**122**	508
	15,363	16,235

9. **Pension commitments**

The Company contributes to a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered scheme. The pension charge represents contributions payable by the Company and amounted to £892,000 (2019: £441,000). Included in creditors is £77,000 (2019: £51,000) in relation to outstanding contributions.

Notes to the accounts (continued)

10. Share-based payments

The Group operates share-based payment schemes for employees and some of the Company's employees participate in the Long Term Incentive Plans (LTIPs). The Company recognises an equity-settled share-based payment expense and a cash-settled share-based payment expense based on a reasonable allocation of the respective total expense of the Group that is based on the number of the Company's employees participating and the number of awards made to them.

There are two active LTIPs: the 2016 LTIP and the 2019 LTIP. Under the LTIPs, awards of shares in Electrocomponents plc are made to plan participants subject to service conditions and performance conditions. At the vesting date, the share award will either vest, in full or in part, or expire depending on the outcome of the performance conditions. All awards have nil exercise price and receive accrued dividends on settlement.

Under the 2016 LTIP, awards are subject to a market performance condition based on Total Shareholder Return (TSR) of the Group versus a defined comparator group and non-market performance conditions based on cumulative growth in adjusted earnings per share (EPS) over the vesting period and Group return on capital employed (ROCE). They may include a further award (a multiplier) that vests if the Group achieves exceptional adjusted EPS performance over the vesting period.

Under the 2019 LTIP, awards are subject to a market performance condition based on TSR of the Group versus a defined comparator group and a non-market performance condition based on cumulative growth in adjusted EPS over the vesting period with a ROCE underpin.

11. Interest payable and similar charges

	Year ended 31 March 2020 £000	31 March 2018 to 31 March 2019 £000
Interest payable to the ultimate parent company	111	179
Interest payable to other Group companies	154	124
Invoice finance charges	80	152
	345	455

12. Tax on (loss) / profit

	Year ended 31 March 2020 £000	31 March 2018 to 31 March 2019 £000
Current tax on loss / profit for the year	-	154
Adjustments for prior years	10	(5)
Corporation tax	10	149
Origination and reversal of temporary differences	(65)	3
Adjustments for prior years	(2)	5
Changes in tax rates and laws	6	-
Deferred tax (Note 20)	(61)	8
Tax (credit) / charge on (loss) / profit	(51)	157

The tax (credit) / charge for the year can be reconciled to the statement of comprehensive income as follows:

	Year ended 31 March 2020 £000	31 March 2018 to 31 March 2019 restated (Note 25) £000
(Loss) / profit before taxation	(2,773)	4,487
Expected tax (credit) / charge at 19% (2019: 19%)	(527)	852
Effects of:		
Tax rate adjustment	6	-
Expenses not deductible for tax purposes	16	24
Adjustments for prior years	8	-
Group relief	446	(719)
	(51)	157

Factors that may affect future tax

In March 2020, the UK government reversed the previous September 2016 enactment that changed the UK corporation tax rate from 19% to 17% effective from 1 April 2020. Therefore the deferred tax balances have been calculated at 19%.

Notes to the accounts (continued)

13. Dividends

During the year, the Company paid a final dividend of £4,000,000 in respect of the period ended 31 March 2019 (2019: £nil).

The Directors do not recommend the payment of a final ordinary dividend for the year (2019: £4,000,000).

14. Intangible assets

	Software £000
Cost	
At 1 April 2019	2,046
Additions	1,668
At 31 March 2020	3,714
Amortisation	
At 1 April 2019	124
Charged in the year	250
At 31 March 2020	374
Net book value	
At 31 March 2020	**3,340**
At 31 March 2019	1,922

15. Tangible assets

	Short leasehold £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost				
At 1 April 2019	585	543	2,547	3,675
Additions	69	-	286	355
Disposals	-	-	(21)	(21)
Reclassifications	(295)	275	20	-
At 31 March 2020	359	818	2,832	4,009
Depreciation				
At 1 April 2019	139	232	1,892	2,263
Charged in the year	102	106	311	519
Disposals	-	-	(6)	(6)
Reclassifications	(133)	133	-	-
At 31 March 2020	108	471	2,197	2,776
Net book value				
At 31 March 2020	**251**	**347**	**635**	**1,233**
At 31 March 2019	446	311	655	1,412

Notes to the accounts (continued)

16. Debtors

	2020	2019 restated (Note 25)
	£000	£000
Amounts falling due after more than one year:		
Prepayments	-	381
Deferred tax (Note 20)	10	-
	10	381
Amounts falling due within one year:		
Trade debtors	39,285	53,089
Amounts owed by the ultimate parent company	2,790	-
Amounts owed by other Group companies	15,611	12,752
Other debtors	9	44
Corporation tax	1,033	942
Prepayments and accrued income	23,044	20,606
	81,772	87,433

Trade debtors are stated after provisions for impairment of £649,000 (2019: £nil). Except for British Steel Limited, as described below, the Company has historically experienced very low levels of trade debtors not being recovered. With the worsening macroeconomic environment due to COVID-19, the Company has increased its provisions for those industries that are most affected.

As British Steel Limited entered compulsory liquidation on 22 May 2019, the Company has written off £7,276,000 of debtors relating to transactions with British Steel Limited before 22 May 2019 which are no longer recoverable.

Amounts owed by the ultimate parent company are unsecured, bear interest based on the Bank of England base rate less a margin of 0.2% and are repayable on demand. Amounts owed by other Group companies are unsecured, interest free and repayable on demand.

17. Creditors: amounts falling due within one year

	2020	2019
	£000	£000
Trade creditors	41,568	46,048
Amounts owed to the ultimate parent company	-	17,740
Amounts owed to an intermediate parent company	8,083	8,083
Amounts owed to other Group companies	24,992	15,106
Other taxation and social security	1,100	1,358
Other creditors	85	58
Accruals and deferred income	7,586	6,445
	83,414	94,838

Amounts owed to an intermediate parent company are unsecured, bore interest based on the Bank of England base rate plus a margin of 0.8% and have been repaid since the year end. Amounts owed to other Group companies are unsecured, interest free and repayable on demand.

18. Creditors: amounts falling due after more than one year

	2020	2019
	£000	£000
Other creditors	27	13
	27	13

19. Provisions for liabilities and charges

	Reorganisation provision	Deferred tax (Note 20)	Total
	£000	£000	£000
At 1 April 2019	319	51	370
Charge for the year	-	(61)	(61)
Utilised	(319)	-	(319)
Transferred to debtors		10	10
At 31 March 2020	-	-	-

Notes to the accounts (continued)

20. Deferred tax

Deferred tax (assets) / liabilities are attributable to the following:

	2020 £000	2019 £000
Fixed asset timing differences	23	60
Other timing differences	(33)	(9)
	(10)	51

21. Operating lease commitments

Future minimum amounts payable under non-cancellable operating leases are:

	2020 £000	2019 £000
Within one year	324	299
From one to five years	944	899
After five years	540	692
	1,808	1,890

22. Share capital

	Number	£000
Issued and fully paid ordinary shares of £1.00 each:		
At 1 April 2019 and 31 March 2020	908,995	909

23. Related party transactions

There were no related party transactions during the year other than between the Company and other wholly-owned Group companies.

24. Controlling parties

The immediate parent company is IESA Holdings Limited.

The ultimate parent company and the smallest and largest group to consolidate these accounts is Electrocomponents plc. Copies of the Electrocomponents plc Annual Report and Accounts are available to the public and may be obtained from Fifth Floor, Two Pancras Square, London N1C 4AG, UK.

25. Restatement

The Company has restated its turnover and cost of sales for the period ended 31 March 2019 to move amortisation of contract incentive prepayments from cost of sales to turnover. This has reduced both turnover and cost of sales by £509,000.

The Company has discovered an error in its calculation of accrued income for the period ended 31 March 2019 which has resulted in it restating its turnover and prepayments and accrued income as well as the related impact on tax. The line items impacted and the amounts are:

	2019 £000
Turnover	(1,210)
Gross profit	(1,210)
Operating (loss) / profit	(1,210)
(Loss) / profit before taxation	(1,210)
Tax credit / (charge) on (loss) / profit	230
(Loss) / profit and total comprehensive (expense) / income for the period	(980)
Debtors: amounts falling due within one year	(980)
Total current assets	(980)
Net current assets	(980)
Total assets less current liabilities	(980)
Net assets	(980)
Profit and loss account	(980)
Total equity	(980)