

Premier Farnell Limited

Annual report and financial statements

Registered number 876412

1 July 2018



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Strategic report

The directors present their strategic report for the year ended 1 July 2018.

Business review

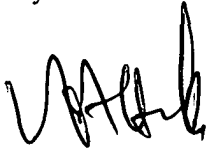
The Company continues to be that of the parent company for the Premier Farnell subsidiary companies, and incurs administrative expenses relating to the Premier Farnell senior management team and central functions. The Company receives operating income from group companies in respect of recharges for management services and for the use of trademarks.

The directors do not consider, on a company only basis, there to be any material risks or uncertainties which require disclosure. The principal risks and uncertainties of Avnet Inc. are disclosed in that company's financial statements.

Key performance indicators

Due to the nature of the business following the acquisition by Avnet, disclosure of the Company's key performance indicators is not considered to be necessary.

By order of the board



L Heffernan
Director

11 February 2019

Directors' report

The directors present their annual report and the audited financial statements of the company for the year ended 1 July 2018.

Directors

The directors who held office during the period were as follows:

Harvey Woodford	(appointed 3 April 2018)
Liam Heffernan	(appointed 3 April 2018)
Mike McCoy	(resigned 4 May 2018)
William Crowell	(resigned 30 March 2018)

Result

The profit for the financial year ended 1 July 2018 amounted to £139,601,000 (2017: loss of £80,142,000).

Dividend

No dividends were paid during the year and the directors do not propose a final dividend.

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Auditor

The auditors, KPMG LLP, have indicated their willingness to continue in office and pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



L Heffernan
Director

Farnell House
Forge Lane
Leeds
West Yorkshire
LS12 2NE

11 February 2019

Statement of Directors' Responsibilities in Respect of the Strategic Report, the Directors' Report and the 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), including FRS 101 Reduced Disclosure Framework.

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 judgements and estimates that are reasonable and prudent;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 are 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, and 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 Premier Farnell Limited

Opinion

We have audited the financial statements of Premier Farnell Limited ("the company") for the year ended 1 July 2018 which comprise the Profit and loss account and other comprehensive income, Balance Sheet, Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 1 July 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to Britain exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Independent Auditor's Report to the Members of Premier Farnell Limited (continued)

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent Auditor's Report to the Members of Premier Farnell Limited (continued)

The purpose of our audit work and to whom we owe our responsibilities

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.

David Morritt (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Sovereign Square
Sovereign Street
Leeds
LS1 4DA

14 February 2019

Profit and Loss Account

For the year ended 1 July 2018

	Note	Year ended 1 July 2018 £000	Period ended 2 July 2017 £000
Administrative expenses		(18,894)	(65,160)
Other operating income	2	25,720	30,020
Operating profit/(loss)	3	6,826	(35,140)
Impairment of group receivable		-	(47,523)
Loan waiver		135,072	-
Other interest receivable and similar income	6	2,474	9,716
Interest payable and similar expenses	7	(1,888)	(13,867)
Profit/ (loss) before taxation		142,484	(86,814)
Tax on profits/(loss)	8	(2,883)	6,672
Profit/ (loss) for the financial year		139,601	(80,142)

Other Comprehensive Income

For the year ended 1 July 2018

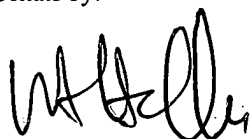
	Note	Year ended 1 July 2018 £000	17 month period ended 2 July 2017 £000
Profit/ (loss) for the year		139,601	(80,142)
Other comprehensive income/ (expense)			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurements of defined benefit liability		5,900	(2,537)
Income tax on items that will not be reclassified to profit or loss		(800)	100
Other comprehensive income/ (expense) for the year, net of income tax		5,100	(2,437)
Total comprehensive income/ (expense) for the year		144,701	(82,579)

Balance Sheet

at 1 July 2018

	Note	2018 £000	2017 £000
Fixed assets			
Intangible assets	9	9,082	9,866
Investments	10	294,219	294,219
		<hr/>	<hr/>
		303,301	304,085
Current assets			
Debtors: amounts receivable within one year	11	72,331	71,626
Debtors: amounts receivable after more than one year	12	276,646	267,997
		<hr/>	<hr/>
Creditors: amounts falling due within one year	14	348,977 (120,321)	339,623 (258,257)
		<hr/>	<hr/>
Net current assets		228,656	81,366
		<hr/>	<hr/>
Total assets less current liabilities		531,957	385,451
Creditors: amounts falling due after more than one year	15	(99,895)	(92,590)
Pension Liability	18	(8,300)	(13,800)
		<hr/>	<hr/>
Net assets		423,762	279,061
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	19	18,674	18,674
Share premium account		34,135	34,135
Capital redemption reserve		8,416	8,416
Merger reserve		583	583
Profit and loss account		361,954	217,253
		<hr/>	<hr/>
Shareholders' funds		423,762	279,061
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 11 February 2019 and were signed on its behalf by:



L Heffernan
Director

Company registered number: 876412

Statement of Changes in Equity

	Called up share capital	Share Premium Account	Equity element of preference shares	Capital redemption reserve	Merger reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000	£000
Balance at 31 January 2016	18,581	33,101	8,532	5,180	583	529,249	595,226
Total comprehensive income for the period							
Profit or loss	-	-	-	-	-	(80,142)	(80,142)
Other comprehensive income	-	-	-	-	-	(2,437)	(2,437)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	-	-	-	-	(82,579)	(82,579)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Transactions with owners, recorded directly in equity							
Issue of shares	93	1,034	-	-	-	-	1,127
Purchase of preference shares	-	-	(8,532)	-	-	8,532	-
Transfer to non-distributable reserves	-	-	-	3,236	-	(3,236)	-
Share based payment transactions	-	-	-	-	-	1,543	1,543
Dividends	-	-	-	-	-	(236,256)	(236,256)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total contributions by and distributions to owners	93	1,034	(8,532)	3,236	-	(229,417)	(233,586)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 2 July 2017	18,674	34,135	-	8,416	583	217,253	279,061
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

	Called up share capital £000	Share Premium Account £000	Equity element of preference shares £000	Capital redemption reserve £000	Merger reserve £000	Profit and loss account £000	Total equity £000
Balance at 2 July 2017	18,674	34,135	-	8,416	583	217,253	279,061
Total comprehensive income for the period							
Profit or loss	-	-	-	-	-	139,601	139,601
Other comprehensive income	-	-	-	-	-	5,100	5,100
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	-	-	-	-	144,701	144,701
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Transactions with owners, recorded directly in equity							
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total contributions by and distributions to owners	-	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 1 July 2018	18,674	34,135	-	8,416	583	361,954	423,762
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

Premier Farnell Limited (the “Company”) is a private company incorporated, domiciled and registered in England in the UK. The registered number is 876412 and the registered address is Farnell House, Forge Lane, Leeds, LS12 2NE.

The Company is exempt by virtue of s400 the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (“FRS 101”). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The financial statements have been prepared on a going concern basis and under the historical cost basis with the exception of certain financial assets and financial liabilities (including derivative financial instruments) which are recognised as fair value.

The Company’s ultimate parent undertaking, Avnet Inc. includes the Company in its consolidated financial statements. The consolidated financial statements of Avnet Inc. are prepared in accordance with US GAAP and are available to the public and may be obtained from Avnet Inc., 2211 South 47th Street, Phoenix, AZ85034, USA or by visiting Avnet Inc.’s Investor Relations website at www.ir.avnet.com.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries ;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Key sources of estimation and uncertainty

The preparation of financial statements with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company’s accounting policies.

The key sources of estimation uncertainty that have the most significant effect on the carrying value of assets and liabilities are:

- The estimation of the cost of pensions and other post-employment benefits (note 18); and
- The estimation of the carrying value of investments.

Notes (continued)

1 Accounting policies (continued)

1.1 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.2 Non-derivative financial instruments

Non-derivative financial instruments comprise, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments

Investments in subsidiaries are carried at cost less impairment.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1.3 Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

1.4 Intangible assets

Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortisation. Intangible assets acquired are capitalised at cost, and are amortised to nil by equal annual instalments over their useful economic lives.

1.5 Impairment

Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Notes (continued)

1 Accounting policies (continued)

1.6 Employee benefits

Defined contribution plans

Payments to the defined contribution plan are charged as an expense in the periods during which services are rendered by employees. The Group has no further payment obligations once contributions have been paid.

Defined benefit plans

The Company is the sponsoring employer of a group wide defined benefit pension plan. As there is no contractual agreement or stated group policy for charging the net defined benefit cost of the plan to participating entities, the net defined benefit cost of the pension plan is recognised fully by the sponsoring employer, which is the Company.

The net asset or obligation of the plan at the balance sheet date is calculated by a qualified actuary using the projected unit credit method. The obligation is calculated by discounting the amount of future benefits that employees have earned in return for their service in the current and prior periods.

Plan assets are recorded at fair value. The net income statement credit/charge comprises principally the service cost, and the finance income/costs, which are recognised in the period in which they arise. The net income statement impact is credited/ charged in arriving at operating profit. The net pension deficit/surplus of each pension plan is recorded on the balance sheet.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Company recognises them immediately in other comprehensive.

Administration costs are recognised in the income statement when the administration services are provided.

1.7 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.8 Expenses

Operating lease payments

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

Interest receivable and Interest payable -Interest payable and similar expenses include interest payable, finance expense on shares classified as liabilities, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Other interest receivable and similar income include, interest receivable on group loans and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Notes (continued)

1 Accounting policies (continued)

1.9 Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

2 Other operating income

	Year ended 1 July 2018 £000	17 month period ended 2 July 2017 £000
Income from group companies	25,720	30,020

3 Operating profit

Included in profit/loss are the following:

	Year ended 1 July 2018 £000	17 month period ended 2 July 2017 £000
Operating lease expenses	8	499
Audit fees payable to the company's auditor	10	10

4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year was as follows:

Number of employees	
2018	2017
48	77

The aggregate payroll costs of these persons were as follows:

	2018 £000	2017 £000
Wages and salaries	11,777	23,846
Social security costs	868	1,566
Contributions to defined contribution plans	337	689
Expenses related to defined benefit plans	900	1,100
Share based payments	-	658
	13,882	27,859

Notes (continued)

5 Directors' remuneration

	Year ended 1 July 2018 £000	17 month period ended 2 July 2017 £000
Directors' remuneration	209	818
Benefits	-	440
Amounts receivable under long term incentive schemes	-	629
Company contributions to money purchase pension plans	34	226
Compensation for loss of office	-	1,416
	<u>209</u>	<u>1,416</u>

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £209,000 (2017: £1,260,000), and company pension contributions of £34,000 (2017: £175,000) were made to a money purchase scheme on his behalf.

Retirement benefits were accruing for one (2017: two) directors under money purchase schemes.

6 Other interest receivable and similar income

	Year ended 1 July 2018 £000	17 month period ended 2 July 2017 £000
Interest receivable from group undertakings	2,103	9,557
Net foreign exchange gains	371	117
Interest receivable on bank accounts	-	42
	<u>2,474</u>	<u>9,716</u>
Total interest receivable and similar income	2,474	9,716

7 Interest payable and similar expense

	Year ended 1 July 2018 £000	17 month period ended 2 July 2017 £000
Interest payable on bank borrowings	1,888	640
Other interest payable	-	10,281
Amortisation of arrangement fees	-	1,979
Preference dividend	-	736
Premium on redemption of preference shares	-	231
	<u>1,888</u>	<u>13,867</u>
Total other interest payable and similar expense	1,888	13,867

Notes (continued)

8 Taxation

Recognised in the profit and loss account

	Year ended 1 July 2018 £000	17 month period ended 2 July 2017 £000
<i>UK corporation tax</i>		
Current tax on income for the period	-	(7,417)
Adjustments in respect of prior periods	2,983	(55)
	<hr/>	<hr/>
Total current tax	2,983	(7,472)
<i>Deferred tax</i>		
Origination and reversal of temporary differences	(100)	800
	<hr/>	<hr/>
Tax on profit	2,883	(6,672)
	<hr/>	<hr/>

Income tax recognised in other comprehensive income

	£000	£000
Remeasurement of defined benefit liability	800	(100)
	<hr/>	<hr/>

Reconciliation of effective tax rate

	£000	£000
Profit/ (loss) before taxation	142,484	(86,814)
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 19.0% (2017: 19.8%)	27,072	(17,209)
	<hr/>	<hr/>
Impairment of group receivable not deductible	(25,664)	9,421
Other current year items	(56)	1,171
Under / (over) provided in prior years	2,983	(55)
Group relief claimed but not paid for	(1,452)	-
	<hr/>	<hr/>
Total tax expense/ (credit)	2,883	(6,672)
	<hr/>	<hr/>

Factors affecting current and future tax charges

During the period, the UK main corporation tax rate remained 19%. A reduction to 17% is to take effect from 1 April 2020.

Notes (continued)

9 Intangible assets

	Brand and Trade marks £000
Cost	
Balance at 2 July 2017	11,761
Additions	-
	<hr/>
Balance at 1 July 2018	11,761
	<hr/>
Amortisation and impairment	
Balance at 2 July 2017	(1,895)
Amortisation for the period	(784)
	<hr/>
Balance at 1 July 2018	(2,679)
	<hr/>
Net book value	
At 2 July 2017	9,866
	<hr/>
At 1 July 2018	9,082
	<hr/>

The amortisation charge is recognised in administrative expenses in the profit and loss account.

Intangible assets relate to the element14 brand and associated trademarks for the Asia Pacific region. The brand will be amortised over its useful economic life of 15 years.

10 Fixed asset investments

	Shares in group undertakings £000	Share based payments £000	Total £000
Cost and net book value at 2 July 2017	279,534	14,685	294,219
Additions	-	-	-
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
Cost and net book value at 1 July 2018	279,534	14,685	294,219
	<hr/>	<hr/>	<hr/>

Share based payments relate to investments in subsidiaries.

Notes (continued)

10 Fixed asset investments (continued)

The Company has the following investments in subsidiaries:

	Ownership (direct)	Ownership (indirect)	Country of incorporation and operation
Celdis Limited	100%	-	150 Armley Road, Leeds, West Yorkshire,, LS12 2QQ, United Kingdom
Combined Precision Components Limited	-	100%	150 Armley Road, Leeds, West Yorkshire,, LS12 2QQ, United Kingdom
element14 BV	-	100%	Zonnebaan 9, 3542EA Utrecht, Netherlands
element14 BVBA	-	100%	Rue de l'Aéropostale 11 4460 Grâce-Hollogne, Belgium
element14 Co. Ltd	-	100%	27th Floor, Q House Lumpini, 1 South Sathorn Road, Kwaeng Tungmahamek, Khet Sathorn, Bangkok, Thailand
element14 Electronics Limited	-	100%	Riverside One, Sir John Rogerson's Quay, Dublin, 2, Ireland
element14 Finance UK Limited	-	100%	150 Armley Road, Leeds, West Yorkshire,, LS12 2QQ, United Kingdom
element14 Holding BV	-	100%	Zonnebaan 9, 3542EA Utrecht, Netherlands
element14 India Pvt Ltd	-	100%	11th Floor, Tower "D", IBC Knowledge Park, 4/1, Bannerghatta Main Rd, Suddagunte Palya, Bengaluru, Karnataka, 560029, India
element14 Limited	-	100%	Simpson Grierson, Level 27, 88 Shortland Street, Auckland, 1010, New Zealand
element14 Limited	-	100%	6th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong
element14 Ltd	-	100%	(Mok-dong, Hyundai 41 Tower), #3101, 293, Mokdongdong-ro, Yangcheon-gu, Seoul, Korea, Republic of
element14 Pte Ltd	-	100%	15 Tai Seng Drive, #05-00 Element 14, 535220, Singapore
element14 Pty Ltd	-	100%	DibbsBarker, Level 8 Angel Place, 123 Pitt Street, Sydney, NSW 2000, Australia
element14 SDN BHD	-	100%	Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No. 1 Leboh Ampang, 50100 Kuala Lumpur, Malaysia
element14 sp. Zoo	-	100%	Al. Gen. T. Bora-Komorowskiego 25B, 31-476 Krakow, Poland
element14 UG	-	100%	Element14 UG, Kelttenring 14, 82041, Oberhaching, Germany
eluomeng electronics (China) Co. Ltd	-	100%	Block 57, No. 180, Ri Ying North Road , Waigaoqiao Free Trade Zone, Shanghai, 200131, China
eluomeng Limited	-	100%	6th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong
eluomeng Limited Company	-	100%	11F.-2, No. 333, Sec. 4, Zhongxiao E. Rd, Da-An District, Taipei City, 10696, Taiwan
Farnell (Belgium) NV	-	100%	Rue de l'Aéropostale 11 4460 Grâce-Hollogne, Belgium
Farnell (France) SAS	-	100%	314 Allée des Noisetiers, Zone d'Aménagement Concerté des Bruyères, 69760, Limonest, France
Farnell (Netherlands) BV	-	100%	Zonnebaan 9, 3542EA Utrecht, Netherlands
Farnell AG	-	100%	Farnell AG, c/o Centralis Switzerland GmbH, Bahnhofstr. 38, 6300, Zug, Switzerland
Farnell Components (Ireland) Limited	-	100%	Riverside One, Sir John Rogerson's Quay, Dublin, 2, Ireland
Farnell Components (Israel) Ltd	-	100%	P.O. Box 10078, 61100 Tel Aviv, Israel
Farnell Components AB	-	100%	Farnell Components AB, c/o KPMG AB, Box 227, 201 22, Malmö, Sweden
Farnell Components SL	-	100%	Paseo Castellana, 28, Piso 2, 28046, Madrid, Spain
Farnell Danmark AS	-	100%	Farnell Danmark A/S, Marielundvej 48 C, 2730, Herlev, Denmark
Farnell Electronic Components Limited	-	100%	150 Armley Road, Leeds, West Yorkshire,, LS12 2QQ, United Kingdom
Farnell Finance Limited	100%	-	FARNELL HOUSE, Forge Lane, Leeds, LS12 2NE, United Kingdom

Notes (continued)

10 Fixed asset investments (continued)

Farnell Holding Limited	100%	- FARNELL HOUSE, Forge Lane, Leeds, LS12 2NE, United Kingdom
Farnell Italia SRL	-	100% Via Ramazzotti 12, 20020, Lainate (MI), Italy
Farnell Newark Brasil Distribuidora de Produtos Electronicos Limitada	-	100% Rua Emir Macedo Nogueira, No 240, Diadema, Sao Paulo, SP, CEP 09961-720, Brazil
Farnell Overseas	100%	- FARNELL HOUSE, Forge Lane, Leeds, LS12 2NE, United Kingdom
InOne Holdings Limited	-	100% FARNELL HOUSE, Forge Lane, Leeds, LS12 2NE, United Kingdom
InOne Worldwide Limited	-	100% FARNELL HOUSE, Forge Lane, Leeds, LS12 2NE, United Kingdom
Oy Farnell (Finland) AB	-	100% OY Farnell (Finland) AB, c/o KPMG Oy Ab , PO Box 1037, Helsinki, 00101, Finland
Premier Farnell (Scotland) Limited	-	100% 50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ, United Kingdom
Premier Farnell Electronics Limited	-	100% FARNELL HOUSE, Forge Lane, Leeds, LS12 2NE, United Kingdom
Premier Farnell Finance Limited	-	100% Riverside One, Sir John Rogerson's Quay, Dublin, 2, Ireland
Premier Farnell Pension Funding Scottish Limited Partnership	-	100% 50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ, United Kingdom
Premier Farnell Pension Trustees Limited	-	100% 150 Armley Road, Leeds, West Yorkshire, LS12 2QQ, United Kingdom
Premier Farnell UK Limited	-	100% 150 Armley Road, Leeds, West Yorkshire, LS12 2QQ, United Kingdom
Shenzhen Embest Technology Co. Ltd	-	100% Tower B 4/F, Shanshui Building, Nanshan Yungu Innovation Industry Park, Liuxian Ave. No. 1183, Nanshan District, Shenzhen, China

11 Debtors: amounts receivable within one year

	1 July 2018 £000	2 July 2017 £000
Corporation tax recoverable	71,668	71,285
Other debtors	374	155
Prepayments and accrued income	289	186
	<u>72,331</u>	<u>71,626</u>

12 Debtors: amounts receivable after more than one year

	1 July 2018 £000	2 July 2017 £000
Amounts owed by group undertakings	275,046	265,697
Deferred tax assets (see note 17)	1,600	2,300
	<u>276,646</u>	<u>267,997</u>

The company does not hold any collateral as security. The carrying amount of debtors is a reasonable approximation to fair value.

Notes (continued)

13 Cash and cash equivalents/ bank overdrafts

Cash and cash equivalents/ bank overdrafts comprise bank and short term deposits repayable on demand and available within one day without penalty.

14 Creditors: amounts falling due within one year

	1 July 2018 £000	2 July 2017 £000
Bank overdrafts	113,183	120,148
Taxation and social security	132	169
Other creditors	2,063	1,241
Accruals and deferred income	4,943	1,627
Amounts owed to group undertakings	-	135,072
	<u>120,321</u>	<u>258,257</u>

15 Creditors: amounts falling after more than one year

	1 July 2018 £000	2 July 2017 £000
Amounts owed to group undertakings	99,895	92,590
	<u>99,895</u>	<u>92,590</u>

16 Interest-bearing loans and borrowings

Amount owed to group undertakings are held at amortised cost. The carrying value is deemed to reflect the fair value.

Amounts due to group undertakings are unsecured, interest bearing at rates between LIBOR plus 0.5% and LIBOR plus 2.75% per annum.

17 Deferred tax assets

Deferred tax assets are attributable to the following:

	1 July 2018 £000	2 July 2017 £000
Employee benefits	1,600	2,300
Deferred tax assets	<u>1,600</u>	<u>2,300</u>

Notes (continued)

17 Deferred tax assets (continued)

Movement in deferred tax during the year:

	1 July 2018 £000	2 July 2017 £000
Asset at beginning of period	2,300	3,000
Recognised in income	100	(800)
Recognised in equity	(800)	100
Asset at end of period	1,600	2,300

18 Defined benefit pension plan

The Company is the sponsoring employer of the Premier Farnell UK Pension Scheme, a defined benefit plan. The plan is a final salary pension plans providing a guaranteed level of pension payable for life. The plan is closed to further accrual of future pensionable service with pensions calculated based on salaries up until the date of closing the plan. Pensions in payment can be updated in line with the UK inflation indices, subject to caps and collars. Benefit payments are from trustee administered funds. Plan assets are held in trust funds and are governed by UK regulations by a trustee board, which is independent of the Company. In conjunction with the Company, the trustees are responsible for the operation and governance of the fund, including making decisions relating to funding and investment strategy.

The Company's subsidiaries are partners in the Premier Farnell Pension Funding Scottish Limited Partnership (SLP), under which the Company has contributed an interest in the SLP worth £18.0 million to the UK Plan, and transferred a number of properties under sale and leaseback arrangements to the SLP. The SLP made distributions to the UK Plan of £1.5 million during the year, and will make annual contributions of £1.5 million per year until 31 January 2026, or until the UK Plan is fully funded, if earlier. The UK Plan's interest in the SLP reduces the deficit on a funding basis, although it does not impact the deficit on an IAS 19 accounting basis, as the investment held by the UK Plan in the SLP does not qualify as an asset for the purposes of the fair value of scheme assets included in the Company's consolidated financial statements.

The defined benefit plans expose the Company to actuarial risks, such as longevity risk, currency risk, inflation risk, interest rate risk and market (investment) risk. The Company is not exposed to any unusual, entity specific or plan specific risks.

In respect of the defined contribution plans, the Company has no further payment obligations once the contributions have been paid.

The net balance sheet liability of the Company's pension plan is as follows:

	1 July 2018 £000	2 July 2017 £000
Defined benefit pension asset	113,000	112,800
Defined benefit pension liability	(121,300)	(126,600)
Net liability for defined benefit pension obligations	(8,300)	(13,800)

Notes (continued)

18 Employee benefits (continued)

Movements in net defined benefit liability

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	1 July 2018 £000	2 July 2017 £000	1 July 2018 £000	2 July 2017 £000	1 July 2018 £000	2 July 2017 £000
Balance at beginning of year	(126,600)	(110,400)	112,800	94,600	(13,800)	(15,800)
Included in profit or loss						
Interest cost	(3,400)	(5,600)	3,000	5,000	(400)	(600)
Administrative costs paid	-	-	(500)	(500)	(500)	(500)
	(3,400)	(5,600)	2,500	4,500	(900)	(1,100)
Included in OC						
Remeasurements gain/(loss):						
Changes in experience assumptions	4,600	-	-	-	4,600	-
Changes in demographic assumptions	(1,800)	3,600	-	-	(1,800)	3,600
Changes in financial assumptions	1,000	(20,900)	-	-	1,000	(20,900)
Return on plan assets excluding interest income	-	-	600	12,900	600	12,900
Contributions paid by other group companies	-	-	1,500	1,863	1,500	1,863
	3,800	(17,300)	2,100	14,763	5,900	(2,537)
Other						
Contributions paid by the employer	-	-	500	5,637	500	5,637
Benefits paid	4,900	6,700	(4,900)	(6,700)	-	-
	(121,300)	(126,600)	113,000	112,800	(8,300)	(13,800)
Balance at end of year						

Plan assets

The major categories of plan assets as a percentage of total plan assets are as follows:

	1 July 2018 %	2 July 2017 %
Cash and cash equivalents	16.8	17.0
Diversified growth funds	24.7	22.0
Liability driven investment	25.6	23.1
Overseas equities	18.6	20.0
Infrastructure	6.3	7.8
Property	6.4	7.1
Corporate bonds	1.6	3.0

Notes (continued)

18 Employee benefits (continued)

Actuarial assumptions

The significant actuarial assumptions were as follows:

	1 July 2018	2 July 2017
Rate of increase in pensionable salaries	4.0%	4.0%
Rate of increase in pensions in payment		
- RPI inflation capped at 5% pa	3.0%	3.1%
- RPI inflation capped at 3% pa	2.2%	2.3%
Discount rate	2.7%	2.7%
Inflation assumption (RPI)	3.2%	3.4%
Inflation assumption (CPI)	2.2%	2.4%
Life expectancy of a 60-year-old male/female current retiree	27/29 yrs	27/29 yrs
Life expectancy of a 60-year-old male/female future retiree	28/30 yrs	27/29 yrs

For the 2016 calculations, the rates of longevity for the UK Plan were based on the standard tables known as the "S2" tables projected from 2007 using the 2016 Core Projection Model with a long term rate of 1.25% pa. These were in line with those used in the 5 April 2014 actuarial valuation with allowances for prudence removed. For the 2018 calculations, the same tables were adopted, but future improvement projections were updated to reflect the 2017 Core Projection Model with a long term rate of 1.25% pa.

Sensitivity analysis

A sensitivity analysis on the principal assumptions used to measure the plan assets and liabilities at the year-end, with all other variables held constant, is given below

	Sensitivity analysis	(Increase) in obligation £000	Increase in plan assets £000	Net balance sheet impact £000
Discount rate ¹	1% decrease	(20,200)	18,500	(1,700)
Inflation ²	0.5% increase	(2,500)	4,000	1,500
Mortality	Increase of 1 year	(3,600)	-	(3,600)

1 The change in discount rate is assumed to be due to a 1% per annum decrease in corporate and government bond yields.

2 The sensitivities to inflation assumption changes include corresponding changes to the future salary and pension increase assumptions.

The sensitivity illustrations above are calculated by changing each assumption in isolation, keeping all other assumptions constant. In practice this is unrealistic as the financial assumptions are correlated.

Through its defined benefit pension plans, the Company is exposed to a number of direct risks, the most significant of which are detailed below.

Asset volatility – plan liabilities are calculated using a discount rate set with reference to corporate bond yields. If plan assets underperform this yield, this will create or increase a deficit.

Changes in bond yields – decreases in corporate bond yields will increase plan liabilities, partially offset by an increase in the value of the plans' bond holdings.

Inflation risk – some of the Group's pension obligations (UK's) are linked to inflation. Rises in inflation will lead to higher liabilities (with caps and floors on the level of inflationary increases to protect against extreme inflation). The index-linked bonds within plan assets will be directly affected by inflation, with the remainder being unaffected directly.

Life expectancy – plan obligations are to provide benefits for the lifetime of the member. Increases in life expectancy will lead to increased plan liabilities

Notes (continued)

18 Employee benefits (continued)

Funding

The UK Plan is registered under UK legislation and, until 5 April 2016, was contracted out of the State Second Pension. The UK Plan is subject to the scheme funding requirements outlined in UK legislation. The last scheme funding valuation was as at 5 April 2017 and revealed a deficit of £3.8m. The Company invested £18 million in a property-backed partnership on 21 February 2013 to provide income for the UK Plan. The Company has agreed to pay £492,000 per quarter from 19 October 2018 to 19 July 2020 (dates inclusive) to eliminate the scheme funding shortfall, plus additional amounts in respect of the administration expenses of the Plan.

The weighted average duration of the defined obligation for the UK is around 16 years.

Defined contribution plans

The Company operates a defined contribution pension plan.

The total expense relating to these plans in the current period was £337,000 (2017: £689,000).

Notes (continued)

19 Capital and reserves

Share capital

	1 July 2018 £'000	Ordinary shares 2 July 2017 £'000
Authorised		
500,000,000 ordinary shares of 5p each (2017: 500,000,000)	25,000	25,000
Allotted, called up and fully paid		
At 2 July 2017 (373,479,949 shares)	18,674	18,581
Allotted under share option schemes	-	93
	<hr/>	<hr/>
At 1 July 2018 (373,479,949 shares)	18,674	18,674
	<hr/>	<hr/>

Dividends

The following dividends were recognised during the period:

	1 July 2018 £000	2 July 2017 £000
Prior year final paid of nil (2017 3.6p) per share	-	13,256
Dividend paid to Avnet Bidco Limited	-	223,000
	<hr/>	<hr/>
	-	236,256
	<hr/>	<hr/>

20 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	1 July 2018 £000	2 July 2017 £000
Less than one year	-	3
Between one and five years	-	-
More than five years	-	-
	<hr/>	<hr/>
	-	3
	<hr/>	<hr/>

21 Ultimate parent company and parent company of larger group

The ultimate parent company and ultimate controlling party of Premier Farnell Limited is Avnet Inc., a company incorporated in the United States of America.

The company's immediate parent and controlling party is Avnet Bidco Limited, which is registered in England.

The largest and the smallest group in which the results of Premier Farnell Limited are consolidated is that headed by Avnet Inc. The consolidated financial statements of this group are available to the public and may be obtained from Avnet Inc., 2211 South 47th Street, Phoenix, AZ85034, USA or by visiting Avnet Inc.'s Investor Relations website at www.ir.avnet.com.

The Company is exempt under s.401 of the Company Act 2006 from producing consolidated accounts since its financial results are included in the consolidated financial statements of Avnet Inc. which is incorporated in the United States of America.