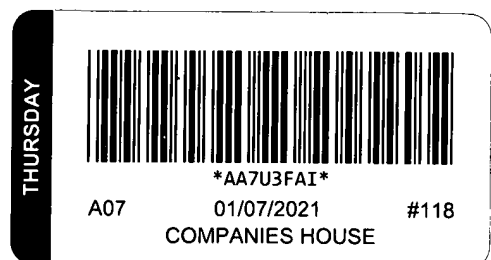


Registration number: 876412

Premier Farnell Limited

Annual Report and Financial Statements

for the Year Ended 30 June 2020



Premier Farnell Limited

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Premier Farnell Limited

Company Information

Directors	D Jackson G Hodgson-Silke
Registered office	Farnell House Forge Lane Leeds UK LS12 2NE
Auditors	KPMG LLP Senior Statutory Auditor One Sovereign Square Sovereign Street Leeds UK LS1 4DA

Premier Farnell Limited

Strategic Report for the Year Ended 30 June 2020

The directors present their report for the year ended 30 June 2020.

Fair review of the business

The profit for the financial year ended 30 June 2020 amounted to £2,232,000 (2019: £16,062,000).

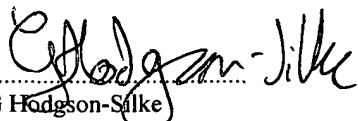
Key performance indicators

Due to the nature of the business, disclosure of the company's key performance indicators is not considered to be necessary.

Principal risks and uncertainties

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.

Approved by the Board on 30 June 2021 and signed on its behalf by:


.....
G Hodgson-Silke
Director

Premier Farnell Limited

Directors' Report for the Year Ended 30 June 2020

The directors present their report and the financial statements for the year ended 30 June 2020.

Directors' of the company

The directors, who held office during the year, were as follows:

R Eden (ceased 1 March 2021)

D Jackson

The following director was appointed after the year end:

G Hodgson-Silke (appointed 1 March 2021)

Principal activity

The principal activity of the company is the parent company for the Premier Farnell subsidiary companies. The company 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.

Dividends

No dividends were paid during the year 2020 (2019: nil).

Business review

The profit for the financial year ended amounted to £2,232,000 (2019: £16,062,000).

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.

Principal risks and uncertainties

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.

Future developments

The company continues to be parent entity of the Premier Farnell subsidiary companies.

Premier Farnell Limited

Directors' Report for the Year Ended 30 June 2020 (continued)

Going concern

The financial statements have been prepared on a going concern basis. The company is part of the Avnet Inc. group, and incurs expenses related to the senior management and central functions for the Farnell division. These costs are recharged to fellow group companies. Operational and financial management is undertaken at a group and divisional level, including regular forecasts, projections and cash flow forecasts. The group operates cash pooling arrangements which are managed and monitored centrally. The cash pooling is a notional pool, in that the cash balances remains with each legal entity, and only give the bank a right to offset in the event of a default by another group company in the arrangement and only to the extent that company was in a credit position. Taking into account these forecasts and projections, after making enquires and considering the position of both the company and the Farnell division, the directors have a responsible expectation the company has adequate resources to continue in operational existence for the foreseeable future. Consequently the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have prepared the financial statements on a going concern basis. Consideration of the potential impact of COVID-19 has not altered this conclusion.

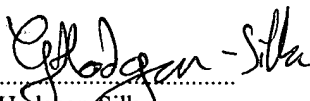
Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 30 June 2021 and signed on its behalf by:


.....
G Hodgson-Silke
Director

Premier Farnell Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework ('FRS 101'). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

Premier Farnell Limited

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 30 June 2020, which comprise the Profit and Loss Account, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2020 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.

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 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.

Strategic report and director's 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 and 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.

Premier Farnell Limited

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

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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, 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 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 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 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 Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

For and on behalf of KPMG LLP, Statutory Auditor

One Sovereign Square
Sovereign Street
Leeds
UK
LS1 4DA

30 June 2021

Premier Farnell Limited

Profit and Loss Account for the Year Ended 30 June 2020

	Note	2020 £ 000	2019 £ 000
Turnover		-	-
Administrative expenses		(8,877)	(10,859)
Other operating income	4	<u>10,325</u>	<u>29,511</u>
Operating profit	5	1,448	18,652
Interest receivable and similar income	6	1,932	2,984
Interest payable and similar expenses	7	<u>(730)</u>	<u>(1,537)</u>
Profit before tax		2,650	20,099
Tax on profit	11	<u>(418)</u>	<u>(4,037)</u>
Profit for the year		<u><u>2,232</u></u>	<u><u>16,062</u></u>

The above results were derived from continuing operations.

Premier Farnell Limited

Statement of Other Comprehensive Income for the Year Ended 30 June 2020

	Note	2020 £ 000	2019 £ 000
Profit for the year		<u>2,232</u>	<u>16,062</u>
Items that will not be reclassified subsequently to profit or loss			
Actuarial gain/(loss) on defined benefit pension scheme before tax	19	500	(400)
Income tax effect	11	<u>(95)</u>	<u>82</u>
Other comprehensive income/(expense) net of income tax		<u>405</u>	<u>(318)</u>
Total comprehensive income for the year		<u><u>2,637</u></u>	<u><u>15,744</u></u>

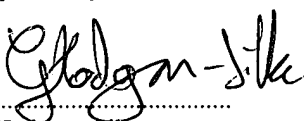
The notes on pages 12 to 34 form an integral part of these financial statements.

Premier Farnell Limited

(Registration number: 876412)
Balance Sheet as at 30 June 2020

	Note	30 June 2020 £ 000	30 June 2019 £ 000
Fixed assets			
Intangible assets	12	7,513	8,297
Investments	13	294,219	294,219
		<u>301,732</u>	<u>302,516</u>
Current assets			
Debtors	14	351,436	350,506
Creditors: Amounts falling due within one year	17, 16	<u>(116,214)</u>	<u>(102,184)</u>
Net current assets		<u>235,222</u>	<u>248,322</u>
Total assets less current liabilities		536,954	550,838
Creditors: Amounts falling due after more than one year	18	<u>(89,711)</u>	<u>(103,532)</u>
Net assets excluding pension (liability)		447,243	447,306
Net pension liability	19	<u>(5,100)</u>	<u>(7,800)</u>
Net assets		<u>442,143</u>	<u>439,506</u>
Capital and reserves			
Called up share capital	15	18,674	18,674
Share premium reserve		34,135	34,135
Capital redemption reserve		8,416	8,416
Other reserves		583	583
Profit and loss account		<u>380,335</u>	<u>377,698</u>
Shareholders' funds		<u>442,143</u>	<u>439,506</u>

Approved by the Board on 30 June 2021 and signed on its behalf by:


.....
G Hodgson-Silke
Director

Premier Farnell Limited

Statement of Changes in Equity for the Year Ended 30 June 2020

	Called up share capital £ 000	Share premium reserve £ 000	Capital redemption reserve £ 000	Other reserves £ 000	Profit and loss account £ 000	Total £ 000
At 1 July 2019	18,674	34,135	8,416	583	377,698	439,506
Profit for the year	-	-	-	-	2,232	2,232
Other comprehensive income	-	-	-	-	405	405
Total comprehensive income	-	-	-	-	2,637	2,637
At 30 June 2020	<u>18,674</u>	<u>34,135</u>	<u>8,416</u>	<u>583</u>	<u>380,335</u>	<u>442,143</u>

	Called up share capital £ 000	Share premium reserve £ 000	Capital redemption reserve £ 000	Other reserves £ 000	Profit and loss account £ 000	Total £ 000
At 1 July 2018	18,674	34,135	8,416	583	361,954	423,762
Profit for the year	-	-	-	-	16,062	16,062
Other comprehensive income	-	-	-	-	(318)	(318)
Total comprehensive income	-	-	-	-	15,744	15,744
At 30 June 2019	<u>18,674</u>	<u>34,135</u>	<u>8,416</u>	<u>583</u>	<u>377,698</u>	<u>439,506</u>

The notes on pages 12 to 34 form an integral part of these financial statements.

Premier Farnell Limited

Notes to the Financial Statements for the Year Ended 30 June 2020

1 General information

The company is a private company limited by shares, incorporated and domiciled in the United Kingdom.

The address of its registered office is:

Farnell House

Forge Lane

Leeds

UK

LS12 2NE

These financial statements were authorised for issue by the Board on 30 June 2021.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

These financial statements are prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable International Financial Reporting Standards.

The company is exempt under section 400 of the Companies Act 2006 from preparing consolidated financial statements.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

Summary of disclosure exemptions

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

- The requirements of IFRS 7 Financial Instruments Disclosures;
- The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1 Presentation of Financial Statements,
 - paragraph 118(e) of IAS 38 Intangible Assets;
- The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements;
- The requirements of IAS 7 Statement of Cash Flows;
- The requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;

Premier Farnell Limited

Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)

2 Accounting policies (continued)

- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets.

Going concern

These financial statements are prepared on the going concern basis. The company is part of the Farnell division within the Avnet Inc. group. The company sells electronic components and related products to external customers and other group companies. During the Covid-19 crisis the business model has been resilient, with the distribution centres remaining operational, a high percentage of sales from ecommerce, and a broad customer base across different sectors. In addition the company has continued to monitor and plan for the various scenarios for the UK's exit from the EU. Operational and financial management is undertaken at a group and divisional level, including regular forecasts, projections and cash flow forecasts. The group operates cash pooling arrangements which are managed and monitored centrally. The cash pooling is a notional pool, in that the cash balances remains with each legal entity, and only give the bank a right to offset in the event of a default by another group company in the arrangement and only to the extent that company was in a credit position. Taking into account these forecasts and projections, after making enquires and considering the position of the company, the directors have a responsible expectation the company has adequate resources to continue in operational existence for the foreseeable future. Consequently the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have prepared the financial statements on a going concern basis. Consideration of the potential impact of COVID-19 has not altered this conclusion.

Exemption from preparing group accounts

The financial statements contain information about Premier Farnell Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Avnet Inc., a company incorporated in US.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 July 2019 have had a material effect on the financial statements.

Finance income and costs policy

Interest payable and similar expenses include interest payable. Other interest receivable and similar income include, interest receivable on group loans.

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.

Premier Farnell Limited

Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)

2 Accounting policies (continued)

Taxation

The tax expense for the period comprises deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in 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.

Intangible assets

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.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Brand and trademarks	straight line 7%

Investments

Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents

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

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as fixed assets.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtors.

Premier Farnell Limited

Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)

2 Accounting policies (continued)

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid to publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

Premier Farnell Limited

Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)

2 Accounting policies (continued)

Defined benefit pension obligation

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 income.

Administration costs are recognised in the profit and loss account when the administration services are provided.

Financial instruments

Initial recognition

Financial assets and financial liabilities comprise all assets and liabilities reflected in the balance sheet, although excluding intangible assets, investments, deferred tax assets, prepayments and employee benefits plan.

The company recognises financial assets and financial liabilities in the balance sheet when, and only when, the company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Classification and measurement

The company classifies all its financial assets as financial assets at amortised cost. The classification is determined on the basis of both: (1) the company business model for managing financial assets and (2) the contractual cash flow characteristics of the financial assets. For an asset to be measured at amortised cost, the contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding ('SPPI'). For the purpose of SPPI test, principal is the fair value of financial asset at initial recognition. Interest is consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time.

The company determines the classification of financial assets and liabilities at initial recognition and evaluates this designation at every reporting date. The designation of financial assets at fair value through profit or loss is generally irrevocable.

Premier Farnell Limited

Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)

2 Accounting policies (continued)

Financial assets at amortised cost

Financial assets at amortised cost are financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. They are included in current assets except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Financial assets at amortised cost as disclosed at balance sheet include the following categories:

- Amounts owed by parent or group undertakings, represents amounts recoverable for services within the group.
- Other debtors relate to other receivables due to the company in the normal course of the business.

Impairment of financial assets

The company assesses financial assets for credit losses at each balance sheet date, and measures loss allowance for expected credit losses.

Amounts owed by parent or group undertakings represent amounts recoverable from group companies and as such are not subject to any impairment losses given the strong credit position of the group.

Financial liabilities at amortised cost

All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest rate method.

3 Critical accounting judgements and key sources of estimation 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 19); and
- The estimation of the carrying value of investments (note 13).

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2020	2019
	£ 000	£ 000
Income from group companies	10,325	29,511

5 Operating profit

Arrived at after charging:

	2020	2019
	£ 000	£ 000
Amortisation expense	784	785

Premier Farnell Limited

Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)

6 Interest receivable and similar income

	2020	2019
	£ 000	£ 000
Interest receivable from group undertakings	<u>1,932</u>	<u>2,984</u>

7 Interest payable and similar expenses

	2020	2019
	£ 000	£ 000
Interest on bank overdrafts and borrowings	<u>730</u>	<u>1,537</u>

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2020	2019
	£ 000	£ 000
Wages and salaries	8,403	4,510
Social security costs	555	482
Pension costs, defined contribution scheme	150	198
Pension costs, defined benefit scheme	<u>400</u>	<u>1,200</u>
	<u>9,508</u>	<u>6,390</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2020	2019
	No.	No.
Administration and support	<u>22</u>	<u>30</u>
	<u>22</u>	<u>30</u>

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2020	2019
	£ 000	£ 000
Remuneration	162	183
Contributions paid to money purchase schemes	33	14
Compensation for loss of office	-	197
Directors amount under long term incentive schemes in respect of qualifying services	-	20
Directors benefits	<u>-</u>	<u>4</u>
	<u>195</u>	<u>418</u>

Premier Farnell Limited

Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)

9 Directors' remuneration (continued)

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £162,700 (2019: £207,000), and company pension contributions of £32,277 (2019: £14,000) were made to a money purchase scheme on his behalf.

Retirement benefits were accruing for one (2019: one) directors under money purchase schemes.

10 Auditors' remuneration

	2020 £ 000	2019 £ 000
Audit of the financial statements	<u>14</u>	<u>14</u>

11 Income tax

Tax charged in the profit and loss account

	2020 £ 000	2019 £ 000
Current taxation		
UK corporation tax	-	2,099
UK corporation tax adjustment to prior periods	<u>-</u>	<u>1,738</u>
	-	3,837
Deferred taxation		
Arising from origination and reversal of temporary differences	<u>418</u>	<u>200</u>
Tax expense in the profit and loss account	<u>418</u>	<u>4,037</u>

Premier Farnell Limited

Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)

11 Income tax (continued)

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK of 19 (2019 - 19%).

The differences are reconciled below:

	2020 £ 000	2019 £ 000
Profit before tax	2,650	20,099
Corporation tax at standard rate	503	3,819
Increase in current tax from adjustment for prior periods	-	1,738
Decrease arising from group relief tax reconciliation	(517)	(1,802)
Other tax effects for reconciliation between accounting profit and tax expense	432	282
Total tax charge	418	4,037

During the period, the UK main corporation tax rate remained 19%.

Amounts recognised in other comprehensive income

	2020			2019		
	Before tax £ 000	Tax (expense) benefit £ 000	Net of tax £ 000	Before tax £ 000	Tax (expense) benefit £ 000	Net of tax £ 000
Remeasurements of post employment benefit obligations (net)	500	(95)	405	(400)	82	(318)

Deferred tax

Deferred tax assets and liabilities

Deferred tax movement during the year:

	At 1 July 2019 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	At 30 June 2020 £ 000
Pension benefit obligations	1,482	(418)	(95)	969

Premier Farnell Limited

Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)

12 Intangible assets

	Brand and trademarks £ 000	Total £ 000
Cost		
At 1 July 2019	11,761	11,761
At 30 June 2020	11,761	11,761
Amortisation		
At 1 July 2019	3,464	3,464
Amortisation charge	784	784
At 30 June 2020	4,248	4,248
Carrying amount		
At 30 June 2020	7,513	7,513
At 30 June 2019	8,297	8,297

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.

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

13 Investments

	Shares in group undertakings £ 000	Share based payments £ 000	Total investment £ 000
Cost			
At 1 July 2019	279,534	14,685	294,219
At 30 June 2020	279,534	14,685	294,219
Carrying amount			
At 30 June 2020	279,534	14,685	294,219
At 30 June 2019	279,534	14,685	294,219

Premier Farnell Limited

Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)

13 Investments (continued)

Details of the subsidiaries as at 30 June 2020 are as follows:

Name of subsidiary	Registered office	Holding	Proportion of ownership interest and voting rights held	
			2020	2019
Celdis Limited*	150 Armley Road, Leeds, West Yorkshire, LS12 2QQ United Kingdom	Ordinary shares	100%	100%
Combined Precision Components Limited*	150 Armley Road, Leeds, West Yorkshire, LS12 2QQ United Kingdom	Ordinary shares	100%	100%
element14 BVBA	Rue de l'Aéropostale 11 4460 Grâce-Hollogne Belgium	Ordinary shares	100%	100%
element14 Co. Ltd	27th Floor, Q House Lumpini, 1 South Sathorn Road, Kwaeng Tungmahamek, Khet Sathorn, Bangkok Thailand	Ordinary shares	100%	100%
element14 Electronics Limited	Riverside One, Sir John Rogerson's Quay, Dublin, 2 Ireland	Ordinary shares	100%	100%
element14 Finance UK Limited	150 Armley Road, Leeds, West Yorkshire, LS12 2QQ United Kingdom	Ordinary shares	100%	100%
element14 Holding BV	Zonnebaan 9, 3542EA Utrecht Netherlands	Ordinary shares	100%	100%
element14 India Pvt Ltd	11th Floor, Tower "D", IBC Knowledge Park, 4/1, Bannerghatta Main Rd, Suddagunte Palya, Bengaluru, Karnataka, 560029 India	Ordinary shares	100%	100%

Premier Farnell Limited

Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)

13 Investments (continued)

Name of subsidiary	Registered office	Holding	Proportion of ownership interest and voting rights held	
			2020	2019
element14 Limited	Simpson Grierson, Level 27, 88 Shortland Street, Auckland, 1010 New Zealand	Ordinary shares	100%	100%
element14 Limited	6th Floor, Alexandra House, 18 Chater Road, Central Hong Kong	Ordinary shares	100%	100%
element14 Ltd	Mok-dong, Hyundai 41 Tower, #3101, 293, Mokdongdong-ro, Yangcheon-gu, Seoul Korea	Ordinary shares	100%	100%
element14 Pte Ltd	15 Tai Seng Drive, #05-00 Element 14, 535220 Singapore	Ordinary shares	100%	100%
element14 Pty Ltd	DibbsBarker, Level 8 Angel Place, 123 Pitt Street, Sydney, NSW 2000 Australia	Ordinary shares	100%	100%
element14 SDN BHD	Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No. 1 Leboh Ampang, 50100 Kuala Lumpur Malaysia	Ordinary shares	100%	100%
element14 sp. Zoo	Al. Gen. T. Bora-Komorowskiego 25B, 31-476 Krakow Poland	Ordinary shares	100%	100%
element14 UG	Element14 UG, Keltenring 14, 82041, Oberhaching Germany	Ordinary shares	100%	100%

Premier Farnell Limited

Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)

13 Investments (continued)

Name of subsidiary	Registered office	Holding	Proportion of ownership interest and voting rights held	
			2020	2019
eluomeng electronics (China) Co. Ltd	Block 57, No. 180, Ri Ying North Road , Waigaoqiao Free Trade Zone, Shanghai, 200131 China	Ordinary shares	100%	100%
eluomeng Limited	6th Floor, Alexandra House, 18 Chater Road, Central Hong Kong	Ordinary shares	100%	100%
eluomeng Limited Company	11F.-2, No. 333, Sec. 4, Zhongxiao E. Rd, Da-An District, Taipei City, 10696 Taiwan	Ordinary shares	100%	100%
Farnell (Belgium) NV	Rue de l'Aéropostale 11 4460 Grâce-Hollogne Belgium	Ordinary shares	100%	100%
Farnell (France) SAS	314 Allée des Noisetiers, Zone d'Aménagement Concerté des Bruyères, 69760, Limonest France	Ordinary shares	100%	100%
Farnell (Netherlands) BV	Zonnebaan 9, 3542EA Utrecht Netherlands	Ordinary shares	100%	100%
Farnell AG	Farnell AG, c/o Centralis Switzerland GmbH, Bahnhofstr. 38, 6300, Zug Switzerland	Ordinary shares	100%	100%
Farnell Components (Ireland) Limited	Riverside One, Sir John Rogerson's Quay, Dublin, 2 Ireland	Ordinary shares	100%	100%
Farnell Components (Israel) Ltd	P.O. Box 10078, 61100 Tel Aviv Israel	Ordinary shares	100%	100%

Premier Farnell Limited

Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)

13 Investments (continued)

Name of subsidiary	Registered office	Holding	Proportion of ownership interest and voting rights held	
			2020	2019
Farnell Components AB	Farnell Components AB, c/o KPMG AB, Box 227, 201 22, Malmö Sweden	Ordinary shares	100%	100%
Farnell Components SL	Paseo Castellana, 28, Piso 2, 28046, Madrid Spain	Ordinary shares	100%	100%
Farnell Danmark AS	Farnell Danmark A/S, Marielundvej 48 C, 2730, Herlev Denmark	Ordinary shares	100%	100%
Farnell Electronic Components Limited	150 Armley Road, Leeds, West Yorkshire, LS12 2QQ United Kingdom	Ordinary shares	100%	100%
Farnell Finance Limited*	Farnell House, Forge Lane, Leeds, LS12 2NE United Kingdom	Ordinary shares	100%	100%
Farnell Holding Limited*	Farnell House, Forge Lane, Leeds, LS12 2NE United Kingdom	Ordinary shares	100%	100%
Farnell Italia SRL	Via Ramazzotti 12, 20020, Lainate (MI) Italy	Ordinary shares	100%	100%
Farnell Newark Brasil Distribuidora de Produtos Electronicos Limitada	Rua Emir Macedo Nogueira, No 240, Diadema, Sao Paulo, SP, CEP 09961-720 Brazil	Ordinary shares	100%	100%
Farnell Overseas*	Farnell House, Forge Lane, Leeds, LS12 2NE, United Kingdom United Kingdom	Ordinary shares	100%	100%
InOne Holdings Limited	Farnell House, Forge Lane, Leeds, LS12 2NE United Kingdom	Ordinary shares	100%	100%

Premier Farnell Limited

Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)

13 Investments (continued)

Name of subsidiary	Registered office	Holding	Proportion of ownership interest and voting rights held	
			2020	2019
InOne Worldwide Limited	Farnell House, Forge Lane, Leeds, LS12 2NE United Kingdom	Ordinary shares	100%	100%
Oy Farnell (Finland) AB	OY Farnell (Finland) AB, c/o KPMG Oy Ab , PO Box 1037, Helsinki, 00101 Finland	Ordinary shares	100%	100%
Premier Farnell (Scotland) Limited	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ United Kingdom	Ordinary shares	100%	100%
Premier Farnell Electronics Limited	Farnell House, Forge Lane, Leeds, LS12 2NE United Kingdom	Ordinary shares	100%	100%
Premier Farnell Finance Limited	Riverside One, Sir John Rogerson's Quay, Dublin, 2 Ireland	Ordinary shares	100%	100%
Premier Farnell Pension Funding Scottish Limited Partnership	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ United Kingdom	Ordinary shares	100%	100%
Premier Farnell Pension Trustees Limited	150 Armley Road, Leeds, West Yorkshire, LS12 2QQ United Kingdom	Ordinary shares	100%	100%
Premier Farnell UK Limited	150 Armley Road, Leeds, West Yorkshire, LS12 2QQ United Kingdom	Ordinary shares	100%	100%

Premier Farnell Limited

Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)

13 Investments (continued)

Name of subsidiary	Registered office	Holding	Proportion of ownership interest and voting rights held	
			2020	2019
Shenzhen Embest Technology Co. Ltd	Tower B 4/F, Shanshui Building, Nanshan Yungu Innovation Industry Park, Liuxian Ave. No. 1183, Nanshan District, Shenzhen China	Ordinary shares	100%	100%

* indicates direct investment of Premier Farnell Limited

14 Trade and other debtors

	30 June 2020 £ 000	30 June 2019 £ 000
Debtors from related parties	273,277	272,751
Prepayments	73	176
Other debtors	487	367
Amounts due from group undertakings in respect of corporation tax	76,630	75,730
Deferred tax assets	969	1,482
	<u>351,436</u>	<u>350,506</u>

Details of non-current trade and other debtors

£264,743,000 (2019: £272,751,000) of debtors due from is classified as non-current. The company does not hold any collateral as security.

Premier Farnell Limited

Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)

15 Share capital

Allotted, called up and fully paid shares

	30 June 2020		30 June 2019	
	No. 000	£ 000	No. 000	£ 000
Allotted, called up and fully paid of £0.05 each	373,480	18,674	373,480	18,674

16 Loans and borrowings

	30 June 2020 £ 000	30 June 2019 £ 000
Current loans and borrowings		
Bank overdrafts	113,337	99,419

17 Trade and other creditors

	30 June 2020 £ 000	30 June 2019 £ 000
Accrued expenses	2,277	1,749
Social security and other taxes	77	100
Other creditors	523	916
Loans and borrowings (note 16)	113,337	99,419
	116,214	102,184

18 Creditors: amounts falling after more than one year

	30 June 2020 £ 000	30 June 2019 £ 000
Amounts owed to group undertakings	83,925	103,532

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.

Premier Farnell Limited

Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)

19 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £ (2019 - £198,000).

Defined benefit pension schemes

Premier Farnell UK Pension Scheme

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 financial statements.

The weighted average duration of the defined obligation for the UK is around 15 years.

On 26 October 2018, the High Court ruled that the Lloyds schemes had to equalise pension scheme benefits between males and females for the effects Guaranteed Minimum Pension (GMP) and identified acceptable methods as to how this can be achieved. The estimated cost of GMP equalisation is £0.6m and this was treated as a past service cost.

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.

Contributions payable to the pension scheme at the end of the year are £Nil (2019 - £Nil).

The expected contributions to the plan for the next reporting period are £1,968,000.

The scheme was most recently valued on 5 April 2017. At the last valuation 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 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.

Premier Farnell Limited

Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)

19 Pension and other schemes (continued)

The main risk to the company is that additional contributions are required if the investment returns are not sufficient to pay for the benefits (which will be mainly influenced by inflation and the longevity of members). The level of equities, diversified growth funds, infrastructure, corporate and government bonds will be a key factor in the overall investment return. The investment portfolio is also subject to a range of other risks typical of the assets held, in particular credit risk on bonds.

Risks

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the balance sheet are as follows:

	30 June 2020 £ 000	30 June 2019 £ 000
Fair value of scheme assets	134,400	122,400
Present value of scheme liabilities	(139,500)	(130,200)
Defined benefit pension scheme deficit	(5,100)	(7,800)

Scheme assets

Changes in the fair value of scheme assets are as follows:

	30 June 2020 £ 000	30 June 2019 £ 000
Fair value at start of year	122,400	113,000
Interest income	2,700	3,000
Return on plan assets, excluding amounts included in interest income	11,200	8,800
Employer contributions	4,100	3,600
Benefits paid	(5,700)	(5,600)
Administrative expenses paid	(300)	(400)
Fair value at end of year	134,400	122,400

Analysis of assets

The major categories of scheme assets are as follows:

Premier Farnell Limited

Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)

19 Pension and other schemes (continued)

	30 June 2020 %	30 June 2019 %
Cash and cash equivalents	20	22
Diversified growth fund	22	24
Liability driven investment	34	29
Overseas equities	15	11
Infrastructure	5	7
Property	4	5
Corporate bonds	-	2
	<u>100</u>	<u>100</u>

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

Scheme liabilities

Changes in the present value of scheme liabilities are as follows:

	30 June 2020 £ 000	30 June 2019 £ 000
Present value at start of year	(130,200)	(121,300)
Past service cost	-	(600)
Actuarial gains and losses arising from changes in demographic assumptions	(100)	(100)
Actuarial gains and losses arising from changes in financial assumptions	(12,400)	(10,600)
Actuarial gains and losses arising from experience adjustments	300	-
Interest cost	(2,800)	(3,200)
Benefits paid	5,700	5,600
Present value at end of year	<u>(139,500)</u>	<u>(130,200)</u>

Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the balance sheet date are as follows:

	30 June 2020 %	30 June 2019 %
Discount rate	1.50	2.20
Rate of increase in pensionable salaries	4.00	4.20
Future pension increases - RPI inflation capped at 5% pa	2.90	3.10
Inflation assumption (RPI)	<u>3.10</u>	<u>3.40</u>

Premier Farnell Limited

Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)

19 Pension and other schemes (continued)

Post retirement mortality assumptions

	30 June 2020 Years	30 June 2019 Years
Current UK pensioners at retirement age - male	27.00	27.00
Current UK pensioners at retirement age - female	29.00	29.00
Future UK pensioners at retirement age - male	28.00	28.00
Future UK pensioners at retirement age - female	29.00	29.00

For the 2019 calculations, the rates of longevity for the UK Plan were based on the standard tables known as the "S2" tables with multipliers of 94% / 97% for male / females, projected from 2007 using the 2018 Core Projection Model with a long term rate of 1.25% pa and a smoothing parameter of 7.5 years.

For the 2020 calculations, the same tables were adopted, but with the future improvement projections being updated to reflect the 2019 Core Projection Model.

Amounts recognised in profit and loss account

	30 June 2020 £ 000	30 June 2019 £ 000
Amounts recognised in operating profit		
Past service cost	-	600
Administrative expenses paid	300	400
Recognised in arriving at operating profit	300	1,000
Amounts recognised in finance income or costs		
Net interest	100	200
Total recognised in the profit and loss account	400	1,200

Amounts taken to the statement of comprehensive income

	30 June 2020 £ 000	30 June 2019 £ 000
Actuarial gains and losses arising from changes in demographic assumptions	200	(100)
Actuarial gains and losses arising from changes in financial assumptions	(12,400)	(10,600)
Return on plan assets, excluding amounts included in interest income	11,200	8,800
Contributions paid by other group companies	1,500	1,500
Amounts recognised in the Statement of Comprehensive Income	500	(400)

Premier Farnell Limited

Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)

19 Pension and other schemes (continued)

Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

	30 June 2020	30 June 2019
	- 1%	- 1%
	£ 000	£ 000
Adjustment to discount rate		
Present value of total obligation	(24,100)	(21,900)
Increase in plan assets	23,100	19,700
Net balance sheet impact	<u>(1,000)</u>	<u>(2,200)</u>
	30 June 2020	30 June 2019
	+ 0.5%	+ 0.5%
	£ 000	£ 000
Adjustment to rate of inflation		
Present value of total obligation	(3,100)	(2,900)
Increase in plan assets	2,800	2,600
Net balance sheet impact	<u>(300)</u>	<u>(300)</u>
	30 June 2020	30 June 2019
	+ 1 Year	+ 1 Year
	£ 000	£ 000
Adjustment to mortality age rating assumption		
Present value of total obligation	(5,600)	(5,200)
Net balance sheet impact	<u>(5,600)</u>	<u>(5,200)</u>

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

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

3 The increase in asset figures have been based on PV01 and IE01 information provided by WTW investment advisers.

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.

Premier Farnell Limited

Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)

19 Pension and other schemes (continued)

- 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.

20 Parent and ultimate parent undertaking

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

The ultimate parent is Avnet Inc, a company incorporated in the United States of America.

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.