
MEMEC GROUP HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 29 JUNE 2019

MONDAY



L8KE0JUQ

LD2

16/12/2019

#41

COMPANIES HOUSE

MEMEC GROUP HOLDINGS LIMITED

COMPANY INFORMATION

DIRECTORS

D Jackson
M McKrell

REGISTERED NUMBER

03985629

REGISTERED OFFICE

Avnet House
Rutherford Close
Stevenage
Hertfordshire
SG1 2EF

MEMEC GROUP HOLDINGS LIMITED

CONTENTS

	Page
Strategic Report	1
Directors' Report	2 - 3
Independent Auditors' Report	4 - 6
Statement of Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9 - 10
Notes to the Financial Statements	11 - 23

MEMEC GROUP HOLDINGS LIMITED

**STRATEGIC REPORT
FOR THE PERIOD ENDED 29 JUNE 2019**

BUSINESS REVIEW

On 12th December 2018 and on 17th May 2019 the immediate subsidiary Memec Holdings Ltd declared dividends of \$1,303,556k and \$11,500k respectively.

On 14th June 2019 the immediate subsidiary Memec Holdings Limited was placed into a Members Solvent Voluntary Liquidation.

On 26th June 2019 the company acquired 69.3% of the shares in Avnet EMG Ltd from the immediate subsidiary company Avnet (Holdings) Ltd for £42,756k (\$65,128k). This was as a result of a return of capital made by the immediate subsidiary company Avnet (Holdings) Ltd with a value of £42,756k (\$65,128k). Following this transaction the company owns 100.0% of the shares in Avnet EMG Ltd.

A review of the carrying value of investments has been conducted and as a result an increase has been made in impairment provision of \$601,537k, relating to the investment in Memec Holdings Ltd. This is as a result of the significant dividends declared by Memec Holdings Ltd prior to it being placed into liquidation. In addition there is a decrease in impairment provision of \$2,598k relating to the investments held in Alpha 3 Manufacturing Ltd and Avnet (Holdings) Ltd.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors consider that the principal risks and uncertainties faced by the Company are in the following categories:

Economic risk

The main economic risks are regarded as being changes in the performance and hence valuation of the Company's investments in the form of operating subsidiaries, the adequacy of capital levels of the Company if the ongoing financing costs of the Company are not covered by returns from investments or additional capital or funding.

This risk is managed by the monitoring of the performance and valuation of investments and adjustments to funding and financial arrangement as deemed necessary.

Competition risk

The Directors of the company and subsidiaries manage competition risk through close attention to alternative sources of financing.

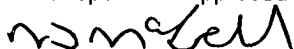
Currency exchange risk

The Directors of the company use foreign currency hedges each month to attempt to eliminate any exposure of foreign currency denominated asset and liability balances to changes in foreign currency exchange rates after the balance sheet date.

Financial risk

The Company has budgetary and financial reporting procedures, supported by appropriate key performance indicators, to manage financial risk.

This report was approved by the board on 6 December 2019 and signed on its behalf.



M McKrell
Director

MEMEC GROUP HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 29 JUNE 2019

The Directors present their report and the financial statements for the period ended 29 June 2019.

DIRECTORS' RESPONSIBILITIES STATEMENT

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 the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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.

PRINCIPAL ACTIVITY

The Company's principal activity during the period continued to be to act as an intermediate holding company with subsidiaries whose principal activities are the marketing and distribution of electronic components.

The Company has no branches outside of the United Kingdom.

RESULTS AND DIVIDENDS

The profit for the period, after taxation, amounted to \$690,227k (2018 - loss \$49,562k).

The Directors do not recommended the payment of a dividend (2018: \$nil).

DIRECTORS

The Directors who served during the period were:

D Jackson (appointed 30 April 2019)

M McKrell

H Woodford (resigned 30 April 2019)

MEMEC GROUP HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 29 JUNE 2019**

FUTURE DEVELOPMENTS

The financing of the company has been secured with the deep discounted bonds. The Company will continue to support the subsidiaries that it holds investments in and the performance of those investments will be monitored. The directors are reviewing the renewal of the deep discount bonds which are due to be redeemed in July, October and December 2020.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

POST BALANCE SHEET EVENTS

On 25th September 2019 the company sold the shares held in Avnet EMG Limited to another group company, located in Belgium, for a total profit on disposal of \$43,115k.

There have been other no significant events affecting the Company since the year end.

AUDITORS

The auditors, BDO LLP, statutory auditor, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 6 December 2019 and signed on its behalf.



M McKrell
Director

MEMEC GROUP HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MEMEC GROUP HOLDINGS LIMITED

OPINION

We have audited the financial statements of Memec Group Holdings Limited ("The Company") for the period ended 29 June 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 29 June 2019 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material

MEMEC GROUP HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MEMEC GROUP HOLDINGS LIMITED (CONTINUED)

inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

MEMEC GROUP HOLDINGS LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MEMEC GROUP HOLDINGS LIMITED
(CONTINUED)**

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditors' Report.

USD OF OUR REPORT

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.

BDO LLP

David Butcher (Senior Statutory Auditor)

for and on behalf of
BDO LLP, statutory auditor

London
United Kingdom

Date: *6 December 2019*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

MEMEC GROUP HOLDINGS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 29 JUNE 2019**

	Note	2019 \$000	2018 \$000
Reversal of provision for impairment of fixed asset investments	10	2,598	5,291
Increase in provision for impairment of fixed asset investments	10	(601,537)	-
Other operating income / (charges)	4	1,315,059	(1)
OPERATING PROFIT		716,120	5,290
Interest receivable and similar income	7	8,765	8,741
Interest payable and similar charges	8	(34,658)	(63,593)
PROFIT/(LOSS) BEFORE TAX		690,227	(49,562)
PROFIT/(LOSS) FOR THE FINANCIAL PERIOD		690,227	(49,562)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		690,227	(49,562)

The notes on pages 11 to 23 form part of these financial statements.

MEMEC GROUP HOLDINGS LIMITED
REGISTERED NUMBER: 03985629

STATEMENT OF FINANCIAL POSITION
AS AT 29 JUNE 2019

	Note	29 June 2019 \$000	30 June 2018 \$000
FIXED ASSETS			
Investments	10	1,143,650	1,742,589
		<u>1,143,650</u>	<u>1,742,589</u>
CURRENT ASSETS			
Debtors: amounts falling due after more than one year	11	341,920	341,991
Debtors: amounts falling due within one year	11	3,725	1
		<u>345,645</u>	<u>341,992</u>
Creditors: amounts falling due within one year	12	(353)	(1,296,590)
NET CURRENT ASSETS/(LIABILITIES)		<u>345,292</u>	<u>(954,598)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,488,942</u>	<u>787,991</u>
Creditors: amounts falling due after more than one year	13	(343,445)	(332,721)
NET ASSETS		<u><u>1,145,497</u></u>	<u><u>455,270</u></u>
CAPITAL AND RESERVES			
Called up share capital	15	185,622	185,622
Share premium account	16	35,575	35,575
Capital redemption reserve	16	174,352	174,352
Profit and loss account	16	749,948	59,721
		<u><u>1,145,497</u></u>	<u><u>455,270</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 6 December 2019.



M McKrell
Director

The notes on pages 11 to 23 form part of these financial statements.

MEMEC GROUP HOLDINGS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 29 JUNE 2019**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	\$000	\$000	\$000	\$000	\$000
At 1 July 2018	185,622	35,575	174,352	59,721	455,270
COMPREHENSIVE INCOME FOR THE PERIOD					
Profit for the period	-	-	-	690,227	690,227
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	690,227	690,227
AT 29 JUNE 2019	185,622	35,575	174,352	749,948	1,145,497

The notes on pages 11 to 23 form part of these financial statements.

MEMEC GROUP HOLDINGS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2018**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	\$000	\$000	\$000	\$000	\$000
At 2 July 2017	185,622	35,575	174,352	109,283	504,832
COMPREHENSIVE INCOME FOR THE PERIOD					
Loss for the period	-	-	-	(49,562)	(49,562)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	-	-	-	(49,562)	(49,562)
AT 30 JUNE 2018	185,622	35,575	174,352	59,721	455,270

The notes on pages 11 to 23 form part of these financial statements.

MEMEC GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 JUNE 2019

1. GENERAL INFORMATION

MEMEC GROUP HOLDINGS LIMITED is a private company limited by shares, incorporated in the United Kingdom, with its registered office at the same address as the principal place of business, in Stevenage, Hertfordshire.

Throughout the notes to the Financial Statements references are made to the Income Statement. The Income Statement is included within the Statement of Comprehensive Income.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

In these financial statements, the Company is considered to be a qualifying entity and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement;
- Key Management Personnel compensation;
- Related party transactions. The Company is exempt under the terms of FRS 102.33 Related Party Disclosures from disclosing related party transactions with entities that are part of the Avnet Inc. group provided that any subsidiary which is party to the transaction is wholly owned by the group.

The following principal accounting policies have been applied:

2.2 GOING CONCERN

The directors have considered the going concern of the company and have concluded that it remains appropriate to prepare the financial statements on a going concern basis.

Avnet Inc., the ultimate parent company in the group that owns this company, has provided to the directors confirmation that Avnet, Inc. undertakes to both provide additional funds as necessary and not to seek repayment, unless adequate funds are available, of existing loans by Avnet Group Companies to the company, so as to enable the company to continue to trade normally and meet its liabilities as they fall due for at least one year from the date of signing of these financial statements.

MEMEC GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 JUNE 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.3 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional and presentational currency is USD.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

2.4 INTEREST INCOME

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.5 FINANCE COSTS

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.6 IMPAIRMENT OF FIXED ASSETS AND GOODWILL

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

MEMEC GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 JUNE 2019**

2. ACCOUNTING POLICIES (CONTINUED)

2.7 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.8 DEBTORS

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

MEMEC GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 JUNE 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.9 CREDITORS

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.10 FINANCIAL INSTRUMENTS

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

MEMEC GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 JUNE 2019**

**3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION
UNCERTAINTY**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements and sources of estimation uncertainty have had the most significant effect on amounts recognised in the financial statements.

Fixed asset investments

Management estimation is required to determine any potential impairment of investments held in other group companies, as well as estimating the magnitude of the impairment.

Taxation

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future profits.

4. OTHER OPERATING INCOME / (CHARGES)

	2019 \$000	2018 \$000
Income from shares in group undertakings	1,315,056	-
Foreign exchange gain / (loss)	3	(1)
	<u>1,315,059</u>	<u>(1)</u>

On 12th December 2018 and on 17th May 2019 the immediate subsidiary Memec Holdings Ltd declared dividends of \$1,303,556k and \$11,500k respectively.

5. AUDITORS' REMUNERATION

Audit fees for the current period amounting to \$4k (2018: \$4k) are borne by the fellow group company, Memec Group Limited.

6. EMPLOYEES

The Company has no employees other than the Directors, who did not receive any remuneration (2018 - \$NIL).

MEMEC GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 JUNE 2019**

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2019	2018
	\$000	\$000
Interest receivable from group companies	8,765	8,741
	8,765	8,741

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2019	2018
	\$000	\$000
Interest payable to group companies	34,658	63,593
	34,658	63,593

9. TAXATION

	2019	2018
	\$000	\$000
TOTAL CURRENT TAX	-	-

MEMEC GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 JUNE 2019**

9. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE PERIOD

The tax assessed for the period is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%). The differences are explained below:

	2019 \$000	2018 \$000
Profit/(loss) on ordinary activities before tax	690,227	(49,562)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%)	131,143	(9,417)
EFFECTS OF:		
Non tax-deductible impairment of fixed asset investments	113,799	(1,005)
Dividends from UK companies	(249,861)	-
Group relief surrendered but not paid for	4,919	10,422
TOTAL TAX CHARGE FOR THE PERIOD	-	-

Tax losses amounting to \$46,243,000 are available to relieve future profits of the company (2018: \$46,248,000). There is significant uncertainty over the magnitude of future profits and therefore no deferred tax asset has been recognised (2018: \$Nil). There remains an unrecognised deferred tax asset of \$8,786,000 on losses available (2018: \$8,325,000).

MEMEC GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 JUNE 2019**

10. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies \$000
COST	
At 1 July 2018	1,752,602
Additions	65,128
Disposals	(65,128)
At 29 June 2019	1,752,602
IMPAIRMENT	
At 1 July 2018	10,013
Charge for the period	601,537
Reversals for the period	(2,598)
At 29 June 2019	608,952
NET BOOK VALUE	
At 29 June 2019	1,143,650
At 30 June 2018	1,742,589

On 14th June 2019 the immediate subsidiary Memec Holdings Limited was placed into a Members Solvent Voluntary Liquidation.

On 26th June 2019 the company acquired 69.3% of the shares in Avnet EMG Ltd from the immediate subsidiary company Avnet (Holdings) Ltd for £42,756k (\$65,128k). This was as a result of a return of capital made by the immediate subsidiary company Avnet (Holdings) Ltd with a value of £42,756k (\$65,128k). This has been treated as a partial disposal of the investment in Avnet (Holdings) Ltd with a value of £42,756k (\$65,128k). Following this transaction the company owns 100.0% of the shares in Avnet EMG Ltd.

A review of the carrying value of investments has been conducted and as a result an increase has been made in impairment provision of \$601,537k, relating to the investment in Memec Holdings Ltd. This is as a result of the significant dividends declared by Memec Holdings Ltd prior to it being placed into liquidation. In addition there is a decrease in impairment provision of \$2,598k relating to the investments held in Alpha 3 Manufacturing Ltd and Avnet (Holdings) Ltd.

MEMEC GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 JUNE 2019**

10. FIXED ASSET INVESTMENTS (CONTINUED)

SUBSIDIARY UNDERTAKINGS

The entities listed below were subsidiary undertakings of the Company. Those shown 1) owned directly.

Name	Registered office	Class of shares	Holding
Memec Holdings Ltd (1)	UK	Ordinary	100.0%
Memec Pty Ltd (1)	Australia	Ordinary	100.0%
Avnet Asia Pte Ltd (1)	Singapore	Ordinary	100.0%
Avnet (Holdings) Ltd (1)	UK	Ordinary	41.3%
Alpha 3 Manufacturing Ltd (1)	UK	Ordinary	50.0%
Avnet Logistics Ltd (1)	UK	Ordinary	50.0%
Avnet EMG Ltd (1)	UK	Ordinary	100.0%
Tekdata Interconnections Ltd	UK	Ordinary	100.0%
Avnet Electronics Marketing (Australia) Pty Ltd	Australia	Ordinary	100.0%
AVT Holdings LLC	United States of America	Ordinary	100.0%
Avnet Abacus Ltd	Hong Kong	Ordinary	100.0%
Avnet (Asia Pacific Holdings) Ltd	Hong Kong	Ordinary	100.0%
Avnet (NZ)	New Zealand	Ordinary	100.0%
Avnet Financial Services Asia Ltd	Hong Kong	Ordinary	100.0%
Avnet Japan (Asia) Ltd	Singapore	Ordinary	100.0%
Avnet Japan (HK) Ltd	Hong Kong	Ordinary	100.0%
Avnet Japan (Singapore) Pte Ltd	Singapore	Ordinary	100.0%
Avnet Japan (Malaysia) Sdn Bhd	Malaysia	Ordinary	100.0%
Avnet Japan (Thailand) Co Ltd	Thailand	Ordinary	100.0%
Avnet Korea Inc	Hong Kong	Ordinary	100.0%
Avnet Malaysia Sdn Bhd	Malaysia	Ordinary	100.0%
Avnet Sunrise Ltd	Hong Kong	Ordinary	100.0%
Avnet Technology Hong Kong Ltd	Hong Kong	Ordinary	100.0%
Eastele Technology China Ltd	Hong Kong	Ordinary	100.0%
RTI Holdings Ltd	Hong Kong	Ordinary	100.0%
RTI Technology China Ltd	Hong Kong	Ordinary	100.0%
Pride Well Ltd	Hong Kong	Ordinary	100.0%
YEL Electronics Hong Kong Ltd	Hong Kong	Ordinary	100.0%
YEL Electronics (China) Ltd	Hong Kong	Ordinary	100.0%
YEL Electronics Pte Ltd	Singapore	Ordinary	100.0%
YEL Electronics Sdn Bhd	Malaysia	Ordinary	100.0%
Avnet (Shanghai) Limited	China	Ordinary	100.0%
Avnet Electronics Technology (Shenzhen) Ltd	China	Ordinary	100.0%
Avnet (Tianjin) Logistics Ltd	China	Ordinary	100.0%
Vanda Computer System Integration (Shanghai) Co.	China	Ordinary	100.0%
Beijing Vanda Yunda IT Services Co., Ltd	China	Ordinary	100.0%
Shanghai FR International Trading Co., Ltd	China	Ordinary	100.0%
Avnet Technology Solutions (China) Ltd	China	Ordinary	100.0%
Avnet Technology Solutions (Tianjin) Ltd	China	Ordinary	100.0%
Avnet Electronics Technology (China) Limited	China	Ordinary	100.0%
Yel Electronics (Shenzhen) Ltd	China	Ordinary	100.0%
Yel Electronics (Shanghai) Limited	China	Ordinary	100.0%

MEMEC GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 JUNE 2019**

11. DEBTORS

	29 June 2019 \$000	<i>30 June 2018 \$000</i>
DUE AFTER MORE THAN ONE YEAR		
Amounts owed by group undertakings	341,920	<i>341,991</i>
	341,920	<i>341,991</i>
	29 June 2019 \$000	<i>30 June 2018 \$000</i>
DUE WITHIN ONE YEAR		
Amounts owed by group undertakings	3,725	<i>1</i>
	3,725	<i>1</i>

The amount owed by group undertakings due after more than one year is represented by a loan due to the company by Avnet Financial Services, a division of Avnet Holdings Europe BVBA. This loan is for \$333,250k, accrues interest at 2.6012% and has a term of 5 years, expiring on 1 July 2022. The interest accrued at 29 June 2019 amounts to \$8,670k (2018:\$8,741k).

The amount owed by group undertakings and due within one year includes a balance of \$3,725k (2018: \$1k) due from Avnet Financial Services, a division of Avnet Holdings Europe BVBA, under an unsecured current account, which was interest bearing and repayable on demand.

12. CREDITORS: Amounts falling due within one year

	29 June 2019 \$000	<i>30 June 2018 \$000</i>
Amounts owed to group undertakings	352	<i>1,296,589</i>
Accruals and deferred income	1	<i>1</i>
	353	<i>1,296,590</i>

The Amounts owed to group undertakings includes \$100k (2018: \$16,506k) due to Avnet Financial Services, a division of Avnet Holdings Europe BVBA. under an unsecured current account, which is interest bearing and repayable on demand.

MEMEC GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 JUNE 2019**

13. CREDITORS: Amounts falling due after more than one year

	29 June 2019 \$000	30 June 2018 \$000
Amounts owed to group undertakings	343,445	332,721
	343,445	332,721

The Amounts owed to group undertakings shown above includes \$343.5m (2018: \$332.7m) which is represented by three deep discount security instruments.

Deep discount security instruments

	Principal value \$000	Issue price \$000	Accreted interest - 29 June 2019 \$000	Accreted interest - 30 June 2018 \$000	Total balance - 29 June 2019 \$000	Total balance - 30 June 2018 \$000
Bond 1:	131,017	111,350	15,407	11,361	126,757	122,711
Bond 2:	130,383	112,734	12,680	9,096	125,414	121,830
Bond 3:	91,435	80,837	10,437	7,343	91,274	88,180
	352,835	304,921	38,524	27,800	343,445	332,721

The terms of the Deep discount security instruments (Bonds) are set out below:

Bond 1 - Principal value: \$131.0m

Issue date / (redemption date): 7 July 2015 / (redemption: 6 July 2020)

Discount rate: 3.307%

Bond 2 - Principal value: \$130.4m

Issue date / (redemption date): 1 November 2015 / (redemption: 31 October 2020)

Discount rate: 2.950%

Bond 3 - Principal value: \$91.4m

Issue date / (redemption date): 28 December 2015 / (redemption: 27 December 2020)

Discount rate: 3.3072.950%

MEMEC GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 JUNE 2019**

14. FINANCIAL INSTRUMENTS

	29 June 2019 \$000	30 June 2018 \$000
FINANCIAL ASSETS		
Financial assets that are debt instruments measured at amortised cost	345,645	341,992
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	(343,799)	(1,629,311)

Financial assets measured at amortised cost comprise intercompany current accounts, credit accounts and time deposits.

Financial liabilities measured at amortised cost comprise intercompany current accounts, formally documented intercompany loan stock and deep discounted security instruments.

15. SHARE CAPITAL

	29 June 2019 \$000	30 June 2018 \$000
Allotted, called up and fully paid		
928,109,084 (2018 - 928,109,084) Ordinary shares of \$0.20 each	185,622	185,622

16. RESERVES

Share premium account

The share premium account arises as a result of share capital being issued at a premium. Any transactions costs associated with the issuing of shares are deducted from share premium.

Capital redemption reserve

The capital redemption reserve was created as a result of capital restructuring.

Profit and loss account

The profit and loss account consists of all current and prior period retained profits and losses.

MEMEC GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 JUNE 2019**

17. POST BALANCE SHEET EVENTS

On 25th September 2019 the company sold the shares held in Avnet EMG Limited to another group company, located in Belgium, for a total profit on disposal of \$43,115k.

There have been other no significant events affecting the Company since the year end.

18. CONTROLLING PARTY

The ultimate parent company and ultimate controlling party of Memec Group Holdings Limited is Avnet Inc., a company incorporated in the United States of America. The company's immediate parent and controlling party is Avnet Holding Europe BVBA, a company registered in Belgium. The financial statements of this company are available to the public and may be obtained from the company's registered office : Kouterveldstraat 20, B-1831 Diegem, Belgium or they are available on the national bank website once published : <https://www.nbb.be/en/central-balance-sheet-office>.

The largest and the smallest group in which the results of Memec Group Holdings 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 Companies Act 2006 from producing consolidated accounts since it's financial results are included in the consolidated financial statements of Avnet Inc. which is incorporated in the United States of America.