

Company Number: 860093

PREMIER FARNELL UK LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL
YEAR ENDED 31 January 2016**



PREMIER FARNELL UK LIMITED
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PREMIER FARNELL UK LIMITED

STRATEGIC REPORT FOR PREMIER FARNELL UK LIMITED FOR THE YEAR ENDED 31 January 2016

The directors present their strategic report for the year ended 31 January 2016.

Principal activity and results

The principal activity of the Company remains unchanged and is the sale of electronic and electrical products. The directors consider the financial position of the Company to be satisfactory and expect trading levels to be maintained in the foreseeable future.

The profit for the financial year ended 31 January 2016 amounted to £29,668,000 (2015: £48,368,000).

Business review

The principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of Premier Farnell plc, which include those of the company, are discussed in the annual report and financial statements of Premier Farnell plc.

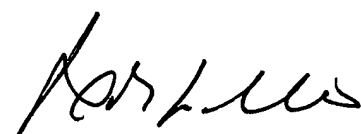
Key performance indicators

The Directors manage the company's operations on a group basis. For this reason, the company's Directors believe that the analysis using key performance indicators of the company is not necessary or appropriate for an understanding of the development, performance or position of the business of the company. The development, performance and position of Premier Farnell plc, which include those of the company, are discussed in the annual report and financial statements of Premier Farnell plc.

Events after the end of the reporting period

After the year end an offer was made by Avnet Bidco Limited (an indirect wholly-owned subsidiary of Avnet Inc.) to acquire Premier Farnell Plc, the Company's ultimate parent. This offer was approved by the shareholders of Premier Farnell Plc and sanctioned by court order on 13 October 2016. The effective date of the Scheme of Arrangement was 17 October 2016 and Premier Farnell Plc will be delisted on 18 October 2016.

By Order of the Board



H Willis
Director

Registered office:

150 Armley Road
Leeds
West Yorkshire
LS12 2QQ

18 October 2016

PREMIER FARNELL UK LIMITED

REPORT OF THE DIRECTORS OF PREMIER FARNELL UK LIMITED FOR THE YEAR ENDED 31 January 2016

The directors have pleasure in presenting their annual report and the audited financial statements of the Company for the financial year ended 31 January 2016.

Directors and their interests

The directors of the Company who served during the year and up to the date of signing the financial statements were:

S J Webb

H Willis (appointed 28 June 2016)

M A Whiteling (resigned 14 June 2016)

M Priest (appointed 23 April 2015 and resigned 24 November 2015)

D J Gaskin (resigned 23 April 2015)

Disabled people

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Employee communications and involvement

The Group provides employees with relevant information, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Within the group of operating companies, employee involvement and engagement is encouraged at all times, to ensure that employees are informed on matters relating to our business performance.

Our people have access to information about our business, strategy and operational performance through various internal communication channels. These include our global intranet, weekly newsletters, regular video broadcasts and various town halls, with local business context, content and translation where appropriate. Our business updates, through regular, consistent and open communication, are essential to engaging our people by keeping them informed.

Further information can be found in the Group's 2015/16 Annual Report and Account on pages 31-32.

Dividends

An interim dividend of £240,000,000 was paid in respect of the year (2015: £nil). The directors do not propose a final dividend.

Capital reduction

On 19 December 2015 the Directors approved a reduction in the share capital of the Company by way of a solvency statement. Following this the share premium account balance of £302,497,000 was credited to the profit and loss account.

Future development

Future developments and the results for the year ended 31 January 2016 can be found in the strategic report.

Financial risk

Financial risk management has been detailed within the notes to the financial statements on page 21.

PREMIER FARNELL UK LIMITED

REPORT OF THE DIRECTORS OF PREMIER FARNELL UK LIMITED FOR THE YEAR ENDED 31 January 2016 (continued)

Adoption of Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101)

The directors have adopted Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) in preparing the financial statements. Further details are described in the accounting policies.

Statement of directors' responsibilities

The directors are responsible for preparing 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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Disclosure of information to auditors

The directors confirm that so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and that each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By Order of the Board



S J Webb
Director

Registered office:

150 Armley Road
Leeds
West Yorkshire
LS12 2QQ

18 October 2016

PREMIER FARNELL UK LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PREMIER
FARNELL UK LIMITED

Report on the financial statements

Our opinion

In our opinion, Premier Farnell UK Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 January 2016 and of its profit for the year 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.

What we have audited

The financial statements, included within the Annual Report and financial statements (the "Annual Report"), comprise:

- the balance sheet as at 31 January 2016;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

PREMIER FARNELL UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PREMIER FARNELL UK LIMITED (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently
- applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Caroline Roxburgh (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

18 October 2016

PREMIER FARNELL UK LIMITED
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED
31 January 2016

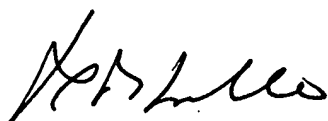
	Note	2016 £000	2015 £000
Turnover	2	480,889	457,729
Cost of sales		<u>(355,985)</u>	<u>(321,225)</u>
Gross profit		124,904	136,504
Distribution costs		(50,609)	(49,533)
Administrative expenses		(38,489)	(28,212)
Operating profit	3	35,806	58,759
Other interest receivable and similar income	6	1,591	853
Interest payable and similar charges	7	(72)	(3)
Profit on ordinary activities before taxation		37,325	59,609
Tax on profit on ordinary activities	9	(7,657)	(11,241)
Profit for the financial year		<u>29,668</u>	<u>48,368</u>
Other comprehensive (expense) / income			
<i>Items that are or may be reclassified to profit or loss:</i>			
Net fair value (losses)/ gains of cash flow hedges		(2,403)	280
		(2,403)	280
Other comprehensive (expense)/ income from the financial year, net of income tax		(2,403)	280
Total comprehensive income for the financial year		<u>27,265</u>	<u>48,648</u>

All of the company's operating result relates to continuing operations.

PREMIER FARNELL UK LIMITED
BALANCE SHEET AS AT 31 January 2016

	Note	2016 £000	2015 £000
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	10	113,661	113,661
Other intangibles	10	18,026	17,877
Property, plant & equipment	11	6,962	6,817
Investments	12	2,000	2,000
		<u>140,649</u>	<u>140,355</u>
Current assets			
Inventories	13	125,140	120,657
Receivables	14	63,053	253,755
Cash and cash equivalents		37,090	40,745
		<u>225,283</u>	<u>415,157</u>
Current liabilities	15	<u>(164,918)</u>	<u>(142,023)</u>
Net current assets		60,365	273,134
Total assets less current liabilities		<u>201,014</u>	<u>413,489</u>
Net assets		<u>201,014</u>	<u>413,489</u>
Capital and reserves			
Called up share capital	18	250	250
Share premium account	19	-	302,497
Hedging reserve		(125)	2,278
Profit and loss account		200,889	108,464
Total shareholders' funds		<u>201,014</u>	<u>413,489</u>

These financial statements on pages 6 to 26 were approved by the Board of Directors on 18 October 2016 and were signed on its behalf by:



H Willis
Director

Registered number: 860093

PREMIER FARNELL UK LIMITED

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED
31 JANUARY 2016**

	Called up share capital £000	Share premium account £000	Hedging reserve £000	Profit and loss account £000	Total shareholders' funds £000
Balance at 2 February 2014	250	302,497	1,998	59,559	364,304
Profit for the financial year	-	-	-	48,367	48,367
Other comprehensive income	-	-	280	-	280
Total comprehensive income	-	-	280	48,367	48,647
Transactions with owners:					
Share based payments (note 17)	-	-	-	538	538
Total transactions with owners	-	-	-	538	538
At 1 February 2015	250	302,497	2,278	108,464	413,489

	Called up share capital £000	Share premium account £000	Hedging reserve £000	Profit and loss account £000	Total shareholders' funds £000
Balance at 1 February 2015	250	302,497	2,278	108,464	413,489
Profit for the financial year	-	-	-	29,668	29,668
Other comprehensive expense	-	-	(2,403)	-	(2,403)
Total comprehensive income	-	-	(2,403)	29,668	27,265
Transactions with owners:					
Capital reduction	-	(302,497)	-	302,497	-
Dividend (note 8)	-	-	-	(240,000)	(240,000)
Share based payments (note 17)	-	-	-	260	260
Total transactions with owners	-	(302,497)	-	62,757	(239,740)
At 31 January 2016	250	-	(125)	200,889	201,014

PREMIER FARNELL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 January 2016

1. Accounting policies

Premier Farnell UK Limited (the "Company") is a private company incorporated and domiciled in the UK.

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

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

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position and financial performance of the Company is provided in note 26.

IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. The following exemptions have been taken in these financial statements:

- Business combinations – Business combinations that took place prior to 3 February 2014 have not been restated.

The Company's ultimate parent undertaking, Premier Farnell plc includes the Company in its consolidated financial statements. The consolidated financial statements of Premier Farnell plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the address given in note 25.

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

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

As the consolidated financial statements of Premier Farnell plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments
- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- The disclosures required by IFRS 7 and IFRS 13 regarding financial instrument disclosures have not been provided apart from those which are relevant for the financial instruments which are held at fair value and are not either held as part of trading portfolio or derivatives.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 IFRS balance sheet at 3 February 2014 for the purposes of the transition to FRS 101 Adopted IFRSs.

PREMIER FARNELL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 January 2016

1. Accounting policies (continued)

Key sources of estimation and uncertainty

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Information about such judgements and estimates is contained in the Accounting Policies and Notes to the financial statements, and the key areas are summarised below:

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 net realisable value of inventory;
- The estimation of the recoverable amount of goodwill used when assessing goodwill for impairment;
- The estimation of vesting conditions in the calculation of cost of share based payments; and
- The estimation of deferred tax.

These financial statements are prepared on the going concern basis and under the historical cost convention and in accordance with the Companies Act 2006 and applicable International Financial Reporting Standards. A summary of important accounting policies, which the directors consider to be the most appropriate for the Company and have been applied consistently, are set out below.

Turnover and revenue recognition

Turnover comprises the fair value of the sale of goods to external customers, net of sales taxes, returns and discounts. Turnover is recognised on despatch of goods when significant risks and rewards of ownership have passed to the customer and the amount of revenue can be measured reliably. Freight costs charged to customers are included within turnover.

The company operates a variety of sales promotion schemes that give rise to goods being sold at a discount to standard list price. Turnover is adjusted to show sales net of all related discounts which are primarily recognised at point of sale.

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units. It is not amortised but is tested annually for impairment. This is not in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 which requires that all goodwill be amortised. The directors consider that this would fail to give a true and fair view of the profit for the year and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. It is not practicable to quantify the effect on the financial statements of this departure.

PREMIER FARNELL UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 January 2016

1. Accounting policies (continued)

Other intangible assets

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses. The cost of an intangible asset acquired in a business combination is its fair value at the acquisition date.

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

• Software	3 years
• Concessions, Patents, Licences, Trademarks	10 years
• Customer list	9 years

Property, plant and equipment

Fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided at rates appropriate to write down the original cost of all tangible fixed assets from the time they become operational over their expected useful lives as follows:

Freehold Property	2% on cost
Plant and equipment	10% to 33% on cost

Inventories

Stocks are stated at the lower of cost and estimated net realisable value. Provision is made against slow moving and obsolete stock based on analysis of historical data.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

The principal exchange rate prevailing at the balance sheet date was Euro 1.31 (2015: Euro 1.33).

Leased assets

Annual payments under operating leases are charged to the profit and loss account as they fall due.

Assets acquired under finance leases are capitalised at fair value and depreciated over their useful lives. The capital amount of outstanding lease obligations is shown in creditors.

PREMIER FARNELL UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 January 2016

1. Accounting policies (continued)

Taxation

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, 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 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.

Financial Instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

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

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

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Investments in subsidiaries are carried at cost less impairment.

PREMIER FARNELL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 January 2016 (continued)

1. Accounting policies (continued)

Financial Instruments (continued)

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or liability, the associated gains or losses that were recognised directly in other comprehensive income are reclassified into profit or loss in the same period(s) during which the income/expense is recognised. For other cash flow hedges, the associated cumulative gain or loss is removed from other comprehensive income and recognised in the income statement in the same period(s) as which the hedged forecast transaction affects profit or loss. The gain or loss on any ineffective part of the hedge, or when the hedge no longer meets the hedging criteria, is immediately recognised in the income statement.

Intra-group financial instruments

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

Pension costs

The Company's employees are members 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 Premier Farnell plc. The Company then recognises a cost equal to its contribution payable for the period.

Share based payments

The ultimate parent company, Premier Farnell plc, operates five share-based incentive schemes: an Executive Share Option Plan, a Deferred Share Bonus Plan (DSBP), an Executive Share Option Scheme (ESOS), a Performance Share Plan (PSP), and a save as you earn (SAYE) scheme.

These are accounted for in accordance with IFRS 2, Share-based Payments, which requires an expense to be recognised in the income statement over the vesting period. The expense is based on the fair value of each instrument at the grant date, using appropriate option pricing models. The expense is credited to retained earnings.

All of the Group's share-based incentives have non-market based performance measures (earnings per share or return on sales), for which the Black Scholes model is used and the value of the expense is adjusted to reflect expected and actual levels of vesting. The fair value of SAYE grants is calculated using the Black Scholes model and the expense is only adjusted to reflect forfeitures

Further details can be found in the financial statements of the ultimate parent company, details of which are provided in note 23 to these financial statements.

PREMIER FARNELL UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 January 2016 (continued)

2. Turnover

All turnover originates in the United Kingdom, and the geographical destination of the turnover is not significantly different from its origin.

3. Operating profit

Operating profit is stated after charging/(crediting):

	2016	2015
	£000	£000
Depreciation		
Owned	1,834	2,210
Leased	10	63
Loss on Disposal of Fixed Assets	467	-
Amortisation		
Software	5,448	2,430
Concessions, patents, licences, trade marks	-	483
Customer lists	76	79
Auditors remuneration - audit services	52	60
Operating lease rentals		
Land and Building	1,709	1,709
Other	485	444
Exchange gain	(3,339)	(2,499)

4. Staff numbers and costs

Staff costs for the year, including directors, were as follows:

	2016	2015
	£000	£000
Wages and salaries	34,869	37,347
Social security costs	3,182	3,404
Other pension costs (note 21)	1,395	1,598
Share based payments	260	538
	39,706	42,887

The average monthly number of persons employed including directors was as follows:

Distribution	602	608
Sales	231	277
Administration	456	483
	1,289	1,368

PREMIER FARNELL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 January 2016 (continued)

5. Directors emoluments

The emoluments of all directors were borne by the ultimate parent company which made no recharge to the Company. The directors of the Company were also directors of a number of fellow subsidiaries and the ultimate parent company. It is not possible to make an accurate apportionment of their emoluments in respect of the parent and each of the subsidiaries and accordingly the above details include no emoluments in respect of any director of the Company.

	2016 £000	2015 £000
Aggregate emoluments	-	-

6. Other interest receivable and similar income

	2016 £000	2015 £000
Group interest receivable	1,583	848
Bank interest receivable	8	5
	<u>1,591</u>	<u>853</u>

7. Interest payable and similar charges

	2016 £000	2015 £000
Bank interest payable	<u>72</u>	<u>3</u>

8. Dividends

An interim dividend for the year ended 31 January 2016 of £960 per share at a total cost of £240,000,000 was paid during the year. (2015: £nil)

	2016 £000	2015 £000
Interim Dividend paid	<u>240,000</u>	<u>-</u>

PREMIER FARNELL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 January 2016 (continued)

9. Tax on profit on ordinary activities

	2016 £000	2015 £000
UK corporation tax at 20.16% (2015: 21.32%)		
Current year	6,884	11,489
Adjustment in respect of prior year	(126)	(824)
	<u>6,758</u>	<u>10,665</u>
Deferred taxation (note 14)		
Current Year	713	1,058
Adjustment in respect of prior year	186	(482)
	<u>7,657</u>	<u>11,241</u>

The total tax charge for the year reconciles to the standard rate of UK corporation tax of 20.16% (2015: 21.32%) as follows:

	2016 £000	2015 £000
Profit on ordinary activities before taxation	37,325	59,609
Tax at standard rate 20.16% (2015: 21.32%)	7,525	12,710
Adjustment in respect of prior year	60	(1,307)
Intangible asset amortisation	-	97
Other timing differences	(14)	3
Other current year items	(11)	(192)
Change in future tax rate	97	(70)
	<u>7,657</u>	<u>11,241</u>

Factors affecting current and future tax charges

During the year, the UK main corporation tax rate reduced from 21% to 20% from 1 April 2015, with a further reductions announced to 19% and 17% to take effect from 1 April 2017 and 1 April 2020 respectively. Deferred tax balances are re-measured at the 19% rate for 2016.

PREMIER FARNELL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 January 2016 (continued)

10. Intangible assets

	Goodwill	Concessions, patents, licences, trademarks	Customer List	Software	Total
	£000	£000	£000	£000	£000
Cost					
At 1 February 2015	223,757	28,900	830	40,201	293,688
Additions	-	-	-	5,673	5,673
At 31 January 2016	<u>223,757</u>	<u>28,900</u>	<u>830</u>	<u>45,874</u>	<u>299,361</u>
Accumulated Amortisation					
At 1 February 2015	110,096	28,900	509	22,645	162,150
Charged in year	-	-	76	5,448	5,524
At 31 January 2016	<u>110,096</u>	<u>28,900</u>	<u>585</u>	<u>28,093</u>	<u>167,674</u>
Net book amount at 31 January 2016	<u>113,661</u>	<u>-</u>	<u>245</u>	<u>17,781</u>	<u>131,687</u>
Net book amount at 1 February 2015	<u>113,661</u>	<u>-</u>	<u>321</u>	<u>17,556</u>	<u>131,538</u>

Goodwill relates to the acquisition of the trade and assets of Farnell Electronic Components Limited and Combined Precision Components plc.

There have been no indicators of impairment during the year and therefore no detailed impairment review has been undertaken.

Trade mark and domain name licenses allow the Company to use various trademarks and domain names that are owned by Premier Farnell plc, the ultimate parent company. This is being amortised over ten years, being the period of the license.

Computer software comprises software that is separately identifiable from plant and equipment and includes software licences and the capitalisation of internal labour relating to software development.

PREMIER FARNELL UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 January 2016 (continued)**

11. Property, plant and equipment

	Freehold property £000	Plant and equipment £000	Total £000
Cost			
At 1 February 2015	172	37,300	37,472
Additions	43	2,414	2,457
Disposals	-	(484)	(484)
At 31 January 2016	<u>215</u>	<u>39,230</u>	<u>39,445</u>
Accumulated Depreciation			
At 1 February 2015	46	30,610	30,656
Charge for year	29	1,815	1,844
Disposals	-	(17)	(17)
At 31 January 2016	<u>75</u>	<u>32,408</u>	<u>32,483</u>
Net book amount at 31 January 2016	<u><u>140</u></u>	<u><u>6,822</u></u>	<u><u>6,962</u></u>
Net book amount at 1 February 2015	<u>126</u>	<u>6,690</u>	<u>6,816</u>

Included in the total net book value of plant and equipment is £nil (2015: £9,500) in respect of assets held under finance leases.

12. Fixed Asset Investment

	£000
As at 1 February 2015 and 31 January 2016	<u><u>2,000</u></u>

The Company is a partner of the Premier Farnell Pension Funding Scottish Limited Partnership.

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

PREMIER FARNELL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 January 2016 (continued)

13. Inventories

	2016 £000	2015 £000
Finished goods and goods for resale	<u>125,140</u>	<u>120,657</u>

The cost of inventory recognised as an expense and included in cost of sales amounted to £76,443,000 (2015: £73,205,000).

During the current financial year £1,643,368.89 (2015: £1,075,345.28) was recognised as an expense relating to the write-down of inventory to net realisable value.

Inventories are stated after provisions for impairment of £3,014,000 (2015: £2,839,000).

14. Receivables

	2016 £000	2015 £000
Trade receivables	28,013	31,425
Less: Provision for impairment	<u>(508)</u>	<u>(740)</u>
Net trade receivables	27,505	30,685
Amounts owed by parent undertaking	-	184,674
Amounts owed by group undertakings	27,889	29,140
Prepayments and accrued income	3,099	1,876
Deferred tax (see below)	2,661	3,560
Other receivables	1,899	1,542
Derivative financial instruments	-	2,278
	<u>63,053</u>	<u>253,755</u>

The movement in the provision for impairment of trade receivables can be reconciled as follows:

	2016 £000	2015 £000
Provision brought forward	(740)	(657)
Provision for impairment	16	(176)
Amounts written off	218	106
Provision released	<u>(2)</u>	<u>(13)</u>
Provision carried forward	<u>(508)</u>	<u>(740)</u>

The fair value of trade and other receivables is approximate to their carrying value.

Amounts due from parent and group undertakings are unsecured, interest bearing at LIBOR rates plus a margin of 0.375% - 0.675% (2015: LIBOR plus 0.375% - 0.675%) and repayable on demand.

PREMIER FARNELL UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 January 2016 (continued)**

14. Receivables (continued)

Movement in the deferred tax asset comprises:

	2016	2015
	£000	£000
Balance brought forward	3,560	4,135
Recognised during year	(899)	(575)
Balance carried forward	2,661	3,560

Deferred tax assets have been recognised in respect of depreciation in excess of capital allowances and other temporary differences giving rise to deferred tax assets where it is probable that these assets will be recovered.

The deferred taxation asset is recognised in the financial statements as follows:

	2016	2015
	£000	£000
Depreciation in excess of capital allowances	1,138	1,140
Other timing differences	1,523	2,420
	2,661	3,560

15. Current Liabilities

	2016	2015
	£000	£000
Trade payables	59,111	47,019
Amounts owed to other group undertakings	30,397	22,004
Amounts owed to other group undertakings in respect of corporation tax	65,017	64,817
Other taxation and social security	1,458	1,751
Other payables	691	202
Accruals and deferred income	8,119	6,230
Derivative financial instruments	125	-
	164,918	142,023

Amounts owed to group undertakings are unsecured, interest bearing at LIBOR plus margin of 1.80% - 2.75% (2015: 1 year LIBOR plus margin of 1.95% - 2.75%) and repayable on demand.

PREMIER FARNELL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 January 2016 (continued)

16. Financial Instruments

Foreign currency risk

The Company is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in currencies other than pounds sterling. The currencies giving rise to this risk are primarily the Euro and US dollar.

The Company hedges significant foreign currency exposures in respect of forecast sales and purchases of inventory through foreign exchange contracts. All such foreign exchange contracts have maturities of less than one year.

Liquidity risk

The table below analyses the Group's derivative financial instruments which will be settled in the relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The fair value of derivative instruments covering trading cash flows is included, as these contracts are managed on a net fair value basis.

At 31 January 2016	Less than 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000
Derivative financial liabilities				
Forward exchange contracts used for hedging:				
Outflow	(3,107)	-	-	-
Inflow	2,982	-	-	-
 At 1 February 2015	 Less than 1 year £000	 Between 1 and 2 years £000	 Between 2 and 5 years £000	 Over 5 years £000
Derivative financial instruments				
Forward exchange contracts used for hedging:				
Outflow	(270)	-	-	-
Inflow	2,548	-	-	-

Credit risk

The Company is exposed to credit risk on cash and cash equivalents, derivative financial instruments and trade and other receivables.

The Company has a customer credit policy in place and the exposure to credit risk is monitored on an ongoing basis through the use of customer credit limits. Disclosure of impaired trade receivables is included in note 14.

At 31 January 2016 and 1 February 2015 there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset included in the balance sheet.

Derivative financial instruments

Forward foreign currency contracts hedge currency exposures for sales receipts and payments for inventory purchases within the next 12 months and will recycle to the income statement over that period.

The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date. The fair values are within level 2 of the fair value hierarchy.

PREMIER FARNELL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 January 2016 (continued)

17. Share Based Payments

The total charge for share-based payments attributable to the Company was £260,000 (2015: £538,000) all of which related to equity settled transactions.

Share options

The Executive Share Option Plan (ESOP) and Performance Share Plan (PSP) are available to Premier Farnell Plc Group Executive Directors and senior management. Grants are normally made with a value of up to 100% of his or her salary in any year and in exceptional circumstances this can be increased to 150%.

Grants may be made under the Premier Farnell Plc's Deferred Share Bonus Plan (DSBP) to any employee of the Premier Farnell Plc or its subsidiaries who is entitled to receive a bonus, with awards usually made to the Premier Farnell Plc's Executive Directors and managers.

Grants may be made under the Premier Farnell Plc's Equity Award Plan to any employee of the Premier Farnell Plc or its subsidiaries (other than directors), with awards usually made to the Group's senior management or key talent nominated to receive them. Executive Directors of the Premier Farnell Plc are not eligible to participate in the Plan.

Grants under the Save as You Earn (SAYE) option scheme are available to all eligible UK employees and are not subject to any performance conditions, although do require the employee to save over a three or five year period. SAYE options are exercisable within six months after the end of the savings period.

The terms and conditions of Premier Farnell plc's principal grants made in the year are as follows:

	2016				2015			
	DSBP	Equity Award	PSP	SAYE 3yr/5yr	DSBP	ESOS	PSP	SAYE 3yr/5yr
Primary performance condition	n/a	n/a	EPS/TSR	n/a	n/a	ESP / RoS / none	EPS / RoS	n/a
Grant date	26/03/15	09/10/15	09/10/15	20/04/15	08/04/14	24/09/14	24/09/14	02/05/14
Number granted	116,986	220,020	148,558	544,031 / 127,147	159,612	630,038	185,333	418,718 / 63,819
Exercise price	n/a	n/a	n/a	£1.55	n/a	£1.90	n/a	£1.88
Contractual life (years)	2	2	3	3.5 / 5.5	2	10	3	3.5 / 5.5

The weighted average share price at the date of exercise for share options exercised during the year was £1.91 (2015: £2.15).

The Options outstanding at the year end under the SAYE and ESOS schemes have an exercise price in the range of 1.94 to 1.94 and a weighted average contractual life of 6.87 years.

The Options outstanding at the year end under the PSP & DSBP & Equip Award Plan schemes have a weighted average contractual life of 4.88 years.

PREMIER FARNELL UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 January 2016 (continued)

18. Called up Share Capital

	2016	2015
	£000	£000
Allotted and fully paid:		
250,000 (2015: 250,000) ordinary shares of £1 each	250	250

19. Share premium account

On 19 December 2015 the Directors approved a reduction in the share capital of the Company by way of a solvency statement. Following this the share premium account balance of £302,497,000 was credited to the profit and loss account.

20. Operating leases

At 31 January 2016, non-cancellable operating lease rentals are payable as follows:

	2016		2015	
	Land and	Other	Land and	Other
	buildings		buildings	
	£000	£000	£000	£000
Operating leases which expire:				
Within one year	1,710	471	1,710	434
In second to fifth year inclusive	6,262	932	6,473	713
Over five years	22,500	-	24,000	-
	30,472	1,403	32,183	1,147

21. Pension commitments

Employees of the Company are eligible for membership of the Premier Farnell UK Pension Scheme (the "Scheme"). The employees who joined the Scheme prior to 31 December 1998 continue to receive final salary benefits. Employees joining the Scheme from 1 January 1999 are entitled to defined contribution benefits only.

Details of the latest formal actuarial valuation of the Scheme can be found in the financial statements of Premier Farnell plc, together with the Scheme's disclosures in accordance with International Accounting Standard 19 (IAS 19).

Premier Farnell Plc is the sponsoring employer and fully recognises the net defined benefit cost of the Scheme. The detailed disclosures required by IAS 19 have been included in the consolidated financial statements of Premier Farnell plc. The Company has recognised a charge in the profit and loss account equal to the contributions paid in the year.

PREMIER FARNELL UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 January 2016 (continued)

22. Guarantee

The Company, together with a number of fellow subsidiary undertakings of Premier Farnell plc, has guaranteed bank guarantees and letters of credit issued on behalf of certain subsidiary undertakings which at 31 January 2016 amounted to £1.3m (2015: £1.3m).

The company has guaranteed the loans of the ultimate parent company and fellow subsidiary undertakings which at 31 January 2016 amounted to £218.8 million (2015: £247.6m).

23. Related party transactions

During the year, Premier Farnell UK Limited had the following transactions with the SLP:

	2016	2015
	£000	£000
Rental payment	1,500	1,500

24. Parent undertaking

The immediate parent undertaking is Farnell Holding Limited.

The ultimate parent undertaking and controlling party is Premier Farnell plc, a company incorporated in England and Wales

Premier Farnell plc is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 January 2016. The consolidated financial statements of Premier Farnell plc available from The Secretary, Premier Farnell plc, 150 Armley Road, Leeds, LS12 2QQ.

25. Events after the end of the reporting period

After the year end an offer was made by Avnet Bidco Limited (an indirect wholly-owned subsidiary of Avnet Inc.) to acquire Premier Farnell Plc, the Company's ultimate parent. This offer was approved by the shareholders of Premier Farnell Plc and sanctioned by court order on 13 October 2016. The effective date of the Scheme of Arrangement was 17 October 2016 and Premier Farnell Plc will be de listed on 18 October 2016.

PREMIER FARNELL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 January 2016 (continued)

26. Explanation of transition to FRS 101

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 January 2016, the comparative information presented in these financial statements for the year ended 1 February 2015 and in the preparation of an opening FRS 101 balance sheet at 2 February 2014 (the Company's date of transition).

In preparing its FRS 101 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 101 has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Reconciliation of equity

	Note	3 February 2014			1 February 2015		
		UK GAAP £000	Effect of transition to FRS 101 £000	FRS 101 £000	UK GAAP £000	Effect of transition to FRS 101 £000	FRS 101 £000
Fixed assets							
Goodwill		113,661	-	113,661	102,504	11,157	113,661
Other Intangibles	a	883	13,058	13,941	321	17,556	17,877
Tangible assets	a	20,036	(13,058)	6,978	24,373	(17,556)	6,817
Investments		2,000	-	2,000	2,000	-	2,000
		<u>136,580</u>	<u>-</u>	<u>136,580</u>	<u>129,198</u>	<u>11,157</u>	<u>140,355</u>
Current assets							
Stock		112,935	-	112,935	120,657	-	120,657
Debtors	b	130,098	1,998	132,096	251,477	2,278	253,755
Cash at bank and in hand		95,553	-	95,553	40,745	-	40,745
		<u>338,586</u>	<u>1,998</u>	<u>340,584</u>	<u>412,879</u>	<u>2,278</u>	<u>415,157</u>
Creditors: amounts falling due within one year		(112,860)	-	(112,860)	(142,023)	-	(142,023)
		<u>225,726</u>	<u>1,998</u>	<u>227,724</u>	<u>270,856</u>	<u>2,278</u>	<u>273,134</u>
Net current assets							
		<u>225,726</u>	<u>1,998</u>	<u>227,724</u>	<u>270,856</u>	<u>2,278</u>	<u>273,134</u>
Total assets less current liabilities							
		<u>362,306</u>	<u>1,998</u>	<u>364,304</u>	<u>400,054</u>	<u>13,435</u>	<u>413,489</u>
Creditors: amounts falling due after more than one year							
		-	-	-	-	-	-
		<u>362,306</u>	<u>1,998</u>	<u>364,304</u>	<u>400,054</u>	<u>13,435</u>	<u>413,489</u>
Capital and reserves							
Called up share capital		250	-	250	250	-	250
Share premium account		302,497	-	302,497	302,497	-	302,497
Hedge reserve	b	-	1,998	1,998	-	2,278	2,278
Profit and loss account		59,559	-	59,559	97,307	11,157	108,464
		<u>362,306</u>	<u>1,998</u>	<u>364,304</u>	<u>400,054</u>	<u>13,435</u>	<u>413,489</u>
Total shareholders' funds							
		<u>362,306</u>	<u>1,998</u>	<u>364,304</u>	<u>400,054</u>	<u>13,435</u>	<u>413,489</u>

Notes to the reconciliation of equity

- a) Reclassification of software intangible assets from fixed assets to intangibles.
- b) Recognition of the fair value of FX contracts outstanding at the year end date.

PREMIER FARNELL UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 January 2016 (continued)**

26. Explanation of transition to FRS 101 (continued)

Reconciliation of profit for year ended 1 February 2015

	Note	UK GAAP £000	2015 Effect of transition to FRS 101 £000	FRS 101 £000
Turnover		457,729	-	457,729
Cost of sales		(321,225)	-	(321,225)
Gross profit		136,504	-	136,504
Distribution costs		(49,533)	-	(49,533)
Administrative expenses	c	(39,370)	11,158	(28,212)
Operating profit		47,601	11,158	58,759
Profit on disposal of fixed asset		-	-	-
Interest receivable and similar income		853	-	853
Interest payable and similar charges		(3)	-	(3)
Profit on ordinary activities before taxation		48,451	11,158	59,609
Tax on profit on ordinary activities		(11,241)	-	(11,241)
Profit for the financial year		37,210	11,158	48,368

Notes to the reconciliation of profit

c) Reversal of amortisation charged on goodwill