PREMIER FARNELL UK LIMITED

Company Number: 860093

PREMIER FARNELL UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

PREMIER FARNELL UK LIMITED

CONTENTS

PREMIER FARNELL UK LIMITED

STRATEGIC REPORT FOR PREMIER FARNELL UK LIMITED FOR THE FINANCIAL YEAR ENDED 30 June 2019

The directors present their strategic report for the financial year ended 30 June 2019.

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.

On 17 October 2016 Premier Farnell plc, the company's ultimate parent, was acquired by Avnet Bidco Limited, a subsidiary of Avnet Inc. Following the acquisition Premier Farnell plc delisted.

The profit for the financial year ended 30 June 2019 amounted to £32,181,000 (2018: £44,130,000).

Business review

The principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. The principal risks and uncertainties of Avnet Inc. are disclosed in that company's financial statements

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 Limited, which include those of the company, are discussed in the annual report and financial statements of Premier Farnell Limited.

By Order of the Board

R Eden
Director

25 August 2020

Registered office:

150 Armley Road
Leeds
West Yorkshire
LS12 2QQ

PREMIER FARNELL UK LIMITED

REPORT OF THE DIRECTORS OF PREMIER FARNELL UK LIMITED FOR THE FINANCIAL YEAR ENDED 30 June 2019

The directors have pleasure in presenting their annual report and the audited financial statements of the Company for the financial year ended 30 June 2019.

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:

D S Jackson	(appointed 30 April 2019)
R Eden	(appointed 25 February 2019)
R J Rospedzihowski	(appointed 25 February 2019)
R L Buhler	(appointed 23 August 2018, resigned 15 February 2019)
L A Heffernan	(appointed 3 April 2018, resigned 15 February 2019)

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.

Dividends

No interim dividend was paid in respect of the year (2018: £nil). The directors do not propose a final dividend (2018: £nil).

Future development

Future developments and the results for the financial year ended 30 June 2019 can be found in the strategic report.

Financial risk

Financial risk management has been detailed within the notes to the financial statements in Note 16.

REPORT OF THE DIRECTORS OF PREMIER FARNELL UK LIMITED FOR THE FINANCIAL YEAR ENDED 30 June 2019 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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; 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

R Eden
Director

25 August 2020

Registered office:

150 Armley Road
Leeds
West Yorkshire
LS12 2QQ

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PREMIER FARNELL UK LIMITED

Opinion

We have audited the financial statements of Premier Farnell UK Limited ("the company") for the year ended 30 June 2019 which comprise the Profit and loss account and other comprehensive income, Balance Sheet, Statement of changes in equity and related notes, including the accounting policies.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

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

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

Strategic report and directors' report

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

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 2, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

David Morritt

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

25 August 2020

PREMIER FARNELL UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 June 2019

	Note	Year ended 30 June 2019 £000	Year ended 1 July 2018 £000
Turnover	2	**653,176**	646,759
Cost of sales		**(484,042)**	(471,813)
Gross profit		**169,134**	174,946
Distribution costs		**(50,006)**	(50,048)
Administrative expenses		**(80,563)**	(72,171)
		(130,569)	(122,219)
Operating profit	3	**38,565**	52,727
Other interest receivable and similar income	6	**517**	856
Interest payable and similar charges	7	**(218)**	(231)
Profit on ordinary activities before taxation		**38,864**	53,352
Tax on profit on ordinary activities	8	**(6,683)**	(9,222)
Profit for the financial year		**32,181**	44,130
Other comprehensive (expense) / income			
Items that are or may be reclassified to profit or loss:			
Net fair value (losses)/ gains of cash flow hedges		**(1,455)**	475
		(1,455)	475
Other comprehensive (expense)/ income from the financial year, net of income tax		**(1,455)**	475
Total comprehensive income for the financial year		**30,726**	44,605

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

PREMIER FARNELL UK LIMITED

BALANCE SHEET AS AT 30 June 2019

ASSETS	Note	As at 30 June 2019 £000	As at 1 July 2018 £000
Non-current assets			
Intangible assets			
Goodwill	9	**113,661**	113,661
Other intangibles	9	**9,775**	11,306
Tangible assets			
Property, plant & equipment	10	**27,381**	9,806
Investments	11	**2,000**	2,000
		152,817	136,773
Current assets			
Inventories	12	**226,339**	183,077
Receivables	13	**83,069**	93,092
Cash and cash equivalents		**74,179**	93,832
		383,587	370,001
Current liabilities	14	**(204,526)**	(205,622)
Net current assets		**179,061**	164,379
Total assets less current liabilities		**331,878**	301,152
Net assets		**331,878**	301,152
Capital and reserves			
Called up share capital	16	**250**	250
Hedging reserve		**(1,475)**	(20)
Profit and loss account		**333,103**	300,922
Total shareholders' funds		**331,878**	301,152

These financial statements on pages 6 to 23 were approved by the Board of Directors on 25 August 2020and were signed on its behalf by:

R Eden
Director

Registered number: 860093

PREMIER FARNELL UK LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 June 2019

	Called up share capital £000	Hedging reserve £000	Profit and loss account £000	Total shareholders' funds £000
Balance at 3 July 2017	250	(495)	256,791	256,546
Profit for the financial year	-	-	44,130	44,130
Other comprehensive income	-	475	-	475
Total comprehensive income	-	(475)	44,130	44,605
At 1 July 2018	**250**	(20)	300,922	301,152

	Called up share capital £000	Hedging reserve £000	Profit and loss account £000	Total shareholders' funds £000
Balance at 1 July 2018	250	(20)	300,922	301,152
Profit for the financial year	-	-	32,181	32,181
Other comprehensive expense	-	(1,455)	-	(1,455)
Total comprehensive income	-	(1,455)	32,181	30,726
At 30 June 2019	**250**	**(1,475)**	**333,103**	**331,878**

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.

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

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

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

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.

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

Adoption of new and revised standards

The following new accounting standards became effective for periods commencing on or after 1 January 2018 and have been adopted in the current year. These amendments did not have a material impact on the financial statements.

1. **Accounting policies (continued)**

IFRS 9 – Financial Instruments

IFRS 9 sets out requirements on addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The impact of the new standard had not material Impact on the amount of the allowance for impairment for trade receivables, and management have taken the decision not to restate the 2018 figure. There is no impact to opening balance as a result of the application of IFRS 9

IFRS 15 – Revenue from Contracts with Customers

IFRS15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. The new standard is based on the principle that revenue is recognised when control of goods or services transfers to the customer.

There is no material impact of the new standard on the Company's revenue or profit, and the accounting policy has been updated to reflect the new standard. There was no impact to the opening balance sheet on adoption of the new standard.

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 and
- The estimation of deferred tax.

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.

Revenue recognition

The Company generates revenue from sale of electronic and electrical products to external customers. The Company considers customer purchase orders to be the contracts with a customer. Revenue is recognised when contractual performance obligations between the Company and customers are satisfied. This will typically be on dispatch or delivery, which is when control is transferred to the customer. Revenue is recorded net of customer discounts and rebates. The Company estimates different forms of variable consideration at the time of sale based on historical experience, current conditions and contractual obligations.

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and tested annually for impairment.

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 1.11 (2018: Euro 1.13).

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.

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).

1. **Accounting policies (continued)**

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.

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.

1. Accounting policies (continued)

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 Limited. The Company then recognises a cost equal to its contribution payable for the period.

1. **Turnover**

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

2. **Operating profit**

Operating profit is stated after charging/(crediting):

	Year ended 30 June 2019 £000	Year ended 1 July 2018 £000
Depreciation		
Owned	**4,236**	2,256
Leased		-
Loss on Disposal of Fixed Assets	**20**	232
Amortisation		
Software	**3,561**	6,104
Concessions, patents, licences, trade marks		-
Customer lists	**53**	80
Auditor's remuneration - audit services	**92**	45
Operating lease rentals		
Land and Building	**1,675**	1,718
Other	**467**	352
Exchange (gain)/ loss	**(1,446)**	471

4. **Staff numbers and costs**

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

	Year ended 30 June 2019 £000	Year ended 1 July 2018 £000
Wages and salaries	**37,889**	40,128
Social security costs	**3,439**	3,733
Other pension costs (note 20)	**1,513**	1,388
	42,841	45,249

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

Distribution	**614**	589
Sales	**240**	172
Administration	**444**	545
	1,298	1,306

5. **Directors emoluments**

The emoluments of M R McCoy, was borne by the ultimate parent company, Avnet Inc, which made no recharge to the company. M R McCoy was a director of the ultimate parent company and a number of fellow subsidiaries during the current financial year. It is not possible to make an accurate apportionment of his emoluments in respect of the parent and each of the subsidiaries. Accordingly, the below details include no emoluments in respect M R McCoy. The total emolument of M R McCoy is disclosed in the financial statements of the ultimate parent company.

The emoluments of the other directors were borne by Premier Farnell Limited which made no recharge to the Company. The directors of the Company were also directors of a number of fellow subsidiaries and Premier Farnell Limited. 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 below details include no emoluments in respect of any director of the Company.

	Year ended 30 June 2019 £000	Year ended 1 July 2018 £000
Aggregate emoluments (and highest paid director)	**451**	381

There are no other disclosures for the highest paid director

6. **Other interest receivable and similar income**

	Year ended 30 June 2019 £000	Year ended 1 July 2018 £000
Bank interest receivable	**517**	856
	517	856

7. **Interest payable and similar charges**

	Year ended 30 June 2019 £000	Year ended 1 July 2018 £000
Group interest payable	**85**	85
Bank interest payable	**133**	146
	218	231

8. Tax on profit on ordinary activities

	Year ended 30 June 2019 £000	Year ended 1 July 2018 £000
UK corporation tax at 19% (2018: 19%)		
Current year	**7,613**	11,004
Adjustment in respect of prior year	**(1,906)**	(1,215)
	5,707	9,789
Deferred taxation (note 14)		
Current Year	**338**	(307)
Adjustment in respect of prior year	**638**	(260)
	6,683	9,222

The total tax charge for the year reconciles to the standard rate of UK corporation tax of 19% (2018: 19%) as follows:

	2019 £000	2018 £000
Profit on ordinary activities before taxation	**38,864**	53,352
Tax at standard rate 19% (2018: 19%)	**7,384**	10,137
Adjustment in respect of prior year	**(1,268)**	(1,475)
Intangible asset amortisation	**521**	376
Other current year items	**86**	148
Change in future tax rate	**(40)**	36
	6,683	9,222

Factors affecting current and future tax charges

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

9. **Intangible assets**

	Goodwill	Concessions, patents, licences, trademarks	Customer List	Software	Total
	£000	£000	£000	£000	£000
Cost					
At 1 July 2018	223,757	28,900	830	51,743	305,230
Additions	-	-	-	2,083	2,083
Reclassification	-	-	-	-	-
Disposal	-	-	-	-	-
At 30 June 2019	**223,757**	**28,900**	**830**	**53,826**	**307,313**
Accumulated Amortisation					
At 1 July 2018	110,096	28,900	777	40,490	180,263
Charged in year	-	-	53	3,561	3,614
Reclassification	-	-	-	-	-
Disposal	-	-	-	-	-
At 30 June 2019	**110,096**	**28,900**	**830**	**44,051**	**183,877**
Net book amount at 30 June 2019	**113,661**	**-**	**-**	**9,775**	**123,436**
Net book amount at 1 July 2018	113,661	-	53	11,253	124,967

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

Trade mark and domain name licenses allow the Company to use various trademarks and domain names that are owned by Premier Farnell Limited. 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.

10. Property, plant and equipment

	Freehold property £000	Plant and equipment £000	Total £000
Cost			
At 1 July 2018	241	45,173	45,414
Additions		21,832	21,832
Disposals	-	(85)	(85)
Reclassification	-	-	-
At 30 June 2019	**241**	**66,920**	**67,161**
Accumulated Depreciation			
At 1 July 2018	135	35,473	35,608
Charge for year	33	4,203	4,236
Disposals	-	(64)	(64)
Reclassification	48	(48)	-
At 30 June 2019	**216**	**39,564**	**39,780**
Net book amount at 30 June 2019	**25**	**27,356**	**27,381**
Net book amount at 1 July 2018	106	9,700	9,806

Included in the total net book value of plant and equipment is £nil (2018: £nil) in respect of assets held under finance leases.

11. Fixed Asset Investment

	£000
As at 1 July 2018 and 30 June 2019	**2,000**

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.

12. Inventories

	2019 £000	2018 £000
Finished goods and goods for resale	**226,339**	183,077

The cost of inventory recognised as an expense and included in cost of sales amounted to £94,435,000 (2018: £102,333,000).

During the current financial year £1,128,000 (2018: £1,006,000) was recognised as an expense relating to the write-down of inventory to net realisable value.

Inventories are stated after provisions for impairment of £8,448,000, (2018: £5,344,000).

13. Receivables

	2019 £000	2018 £000
Trade receivables	**33,499**	36,858
Less: Provision for impairment	**(405)**	(610)
Net trade receivables	**33,094**	36,248
Amounts owed by group undertakings	**37,337**	46,257
Prepayments and accrued income	**7,210**	4,718
Deferred tax (see below)	**1,381**	2,357
Other receivables	**4,048**	3,511
	83,069	93,092

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

	2019 £000	2018 £000
Provision brought forward	**(610)**	(545)
Provision for impairment	**(66)**	(398)
Amounts written off	**271**	333
Provision released	**-**	-
Provision carried forward	**(405)**	(610)

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

Amounts owed by group undertakings are unsecured, interest bearing at LIBOR rates plus a margin of 0.375% - 0.675% (2018: LIBOR plus 0.375% - 0.675%) and repayable on demand.

13. Receivables (continued)

Movement in the deferred tax asset comprises:

	2019 £000	2018 £000
Balance brought forward	**2,357**	1,790
Recognised during year	**(976)**	567
Balance carried forward	**1,381**	2,357

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:

	2019 £000	2018 £000
Depreciation in excess of capital allowances	**1,290**	2,354
Other timing differences	**91**	3
	1,381	2,357

14. Current Liabilities

	2019 £000	2018 £000
Trade payables	**65,820**	59,079
Amounts owed to group undertakings	**55,038**	55,524
Amounts owed to group undertakings in respect of corporation tax	**66,497**	69,888
Other taxation and social security	**1,660**	2,726
Other payables	**204**	206
Accruals and deferred income	**13,832**	18,179
Derivative financial instruments	**1,475**	20
	204,526	205,622

Amounts owed to group undertakings are unsecured, interest bearing at LIBOR plus margin of 1.80% - 2.75% (2018: 1 year LIBOR plus margin of 1.80% - 2.75%) and repayable on demand.

15. **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 30 June 2019	**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		-	-	-
Inflow		-	-	-

At 1 July 2018	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	(1,546)	-	-	-
Inflow	71	-	-	-

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 30 June 2019 and 1 July 2018 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.

16. Called up Share Capital

	2019 £000	2018 £000
Allotted and fully paid:		
250,000 (2018: 250,000) ordinary shares of £1 each	**250**	250

17. Operating leases

At 30 June 2019, non-cancellable operating lease rentals are payable as follows:

	2019 Land and buildings £000	2019 Other £000	2018 Land and buildings £000	2018 Other £000
Operating leases which expire:				
Within one year	**1,906**	**70**	1,500	182
In second to fifth year inclusive	**13,793**	**110**	6,000	695
Over five years	**50,317**	**-**	21,870	-
	66,016	**180**	29,370	877

18. 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 Limited, together with the Scheme's disclosures in accordance with International Accounting Standard 19 (IAS 19).

Premier Farnell Limited 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 Limited. The Company has recognised a charge in the profit and loss account equal to the contributions paid in the year.

19. **Guarantee**

The Company, as at 30 June 2019 does not guarantee any bank guarantees and letters of credit issued on behalf of itself or sister companies (2018: £nil).

The Company as at 30 June 2019 no longer guarantees any loans of Premier Farnell Limited (2018: £nil).

20. **Related party transactions**

During the year, Premier Farnell UK Limited had the following transactions with the Premier Farnell Pension Funding Scottish Limited Partnership:

	2019	2018
	£000	£000
Rental payment	**1,500**	1,500

21. **Parent undertaking**

The immediate parent undertaking is Farnell Holding Limited.

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

The largest and the smallest group in which the results of Premier Farnell UK 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.