

Company No: 860093

PREMIER FARNELL UK LIMITED

**ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 3 FEBRUARY
2008**

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COMPANIES HOUSE

PREMIER FARNELL UK LIMITED

DIRECTORS

D J Gaskin
M Stock (Resigned 06/08/07)
M A Whiteling

SECRETARY AND REGISTERED OFFICE

S Webb
150 Armley Road
Leeds
West Yorkshire
LS12 2QQ

Company Registration Number – 860093

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

BANKERS

HSBC
47 Market Street
Bradford
BD1 1LW

PREMIER FARNELL UK LIMITED

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their annual report and the audited financial statements of the Company for the financial year ended 3 February 2008.

Results and dividends

The profit on ordinary activities after tax for the financial year ended 3 February 2008 amounted to £22,701,000 (2007: £9,833,000). No interim dividend (2007: £nil) has been paid and the directors do not propose to pay a final dividend (2007: £nil). Consequently, the retained profit for the year of £22,701,000 has been transferred to reserves (2007: £9,833,000).

Review of the business and future developments

The principal activity of the Company remains unchanged and is the distribution of electronic, electrical and industrial 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 10 April 2007, the Company disposed of its BuckHickman business to The BSS Group plc for a net consideration (after disposal costs) of £25.2 million. For the year ended 3 February 2008, BuckHickman reported sales of £19.3 million (year ended 28 January 2007: £99.8 million) and an operating profit of £0.6 million (year ended 28 January 2007: operating loss of £0.8million).

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 accounts of Premier Farnell plc.

Directors and their interests

The directors of the Company who served during the year are shown on page 1. No director had any interests in the shares of the Company.

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 involvement

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the Company as a whole. The development in the year of a Group-wide intranet gives all employees access to news, information and communication from the CEO and leadership team.

Key Performance Indicators

The Company's parent undertaking, Premier Farnell plc, manages its operations on a divisional basis. For this reason, the Company's directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the European division of Premier Farnell plc Group, which includes the Company, is discussed in the group's Annual Report which does not form part of this Report.

PREMIER FARNELL UK LIMITED
REPORT OF THE DIRECTORS (continued)

Supplier payment policy

It is the Company's policy to agree the terms of payment with suppliers when agreeing each transaction or series of transactions, to ensure that suppliers are made aware of these terms, and to abide by them. At 3 February 2008 the amount the Company owed to its suppliers represented 28 days purchases (28 January 2007: 44 days).

Statement of Directors Responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that year. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently, as explained in the Statement of Accounting Policies. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 3 February 2008 and that applicable accounting standards have been followed.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 1985. 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.

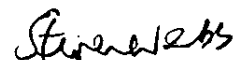
Audit information

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.

Independent Auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their appointment and authorising the directors to fix their remuneration will be proposed at the Annual General Meeting.

By Order of the Board



S Webb
Secretary

150 Armley Road
Leeds
West Yorkshire
LS12 2QQ

Date

2 December 2008

PREMIER FARNELL UK LIMITED
REPORT OF THE INDEPENDENT AUDITORS

Independent auditors' report to the members of Premier Farnell UK Limited

We have audited the financial statements of Premier Farnell UK Limited for the year ended 3 February 2008, which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements.

In addition we report to you if in our opinion the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 3 February 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

2 December 2008

PREMIER FARNELL UK LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 3 FEBRUARY 2008

	Note	2008 £000	2007 £000
Turnover	2		
Continuing		286,108	262,504
Discontinued	6	19,314	99,800
Total turnover		<u>305,422</u>	<u>362,304</u>
Cost of sales		<u>(212,362)</u>	<u>(266,887)</u>
Gross profit		93,060	95,417
Distribution costs		(44,974)	(55,378)
Administration expenses		<u>(14,876)</u>	<u>(17,374)</u>
Operating profit / (loss)	3		
Continuing		32,579	23,490
Discontinued	6	631	(825)
Total operating profit		<u>33,210</u>	<u>22,665</u>
Profit from sale of discontinued operations	6	1,214	-
Interest receivable and similar income	7	1,493	6
Interest payable and similar charges	8	<u>(10)</u>	<u>(2,071)</u>
Profit on ordinary activities before taxation		35,907	20,600
Tax on profit on ordinary activities	9	<u>(13,206)</u>	<u>(10,767)</u>
Retained profit for the financial year	19,20	<u><u>22,701</u></u>	<u><u>9,833</u></u>

There are no material differences between the profit on ordinary activities before taxation and the retained profit for the financial year stated above and their historical cost equivalents.

PREMIER FARNELL UK LIMITED
BALANCE SHEET AT 3 FEBRUARY 2008

	Note	2008 £000	2007 £000
Fixed assets			
Intangible fixed assets	10	198,627	217,791
Tangible fixed assets	11	30,044	34,961
Current assets		228,671	252,752
Stock	13	67,782	79,018
Debtors	14	79,319	89,863
Cash at bank and in hand		30,120	-
		177,221	168,881
Creditors (falling due within one year)	15	(61,073)	(98,103)
Net current assets		116,148	70,778
Total assets less current liabilities		344,819	323,530
Provisions for liabilities and charges	16	-	(1,642)
Net assets		344,819	321,888
Capital and reserves			
Called-up equity share capital	18	250	250
Share premium account	19	302,497	302,497
Profit and loss account	19	42,072	19,141
Equity shareholders' funds	20	344,819	321,888

These financial statements on pages 5 to 21 were approved by the Board of Directors on 2 December 2008 and were signed on its behalf by:



D J Gaskin
Director

PREMIER FARNELL UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS

1. Basis of accounting

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

Cashflow

The Company is a wholly owned subsidiary of Premier Farnell plc and is included in the consolidated financial statements of Premier Farnell plc, which are publicly available. Consequently, the Company has taken advantage of the exemption from disclosing a cash flow statement under Financial Reporting Standard 1 (revised).

Related party transactions

As the Company is a wholly owned subsidiary of Premier Farnell plc, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Premier Farnell plc, within which this Company is included, can be obtained from the address given in note 24.

Turnover and revenue recognition

Turnover comprises the invoiced value of goods and services supplied during the year exclusive of value added tax. Turnover is recognised when the risks and rewards of ownership have passed to the customer.

Goodwill

Goodwill, comprising the amount by which the consideration for acquisitions exceeds the fair value of the trade and assets acquired, is capitalised and amortised through the profit and loss account on a straight line basis over its estimated useful life, which has been determined as 20 years.

Goodwill arising on acquisitions is reviewed for impairment in accordance with FRS 10 and FRS 11, Impairment of Fixed Assets and Goodwill, at the end of the first full year after an acquisition and in other years if events or changes in circumstances indicate that the carrying value may not be recoverable, any impairment arising being charged to the profit and loss account.

Intangible fixed assets

Intangible fixed assets purchased separately from a business are capitalised at cost. Intangible assets acquired as part of an acquisition of trade and assets of a business are capitalised at fair value where this can be measured reliably. Concessions, patents, licences and trademarks purchased by the Company are amortised to nil by equal annual instalments over their useful economic lives.

PREMIER FARNELL UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

Tangible Fixed Assets

Fixed assets are stated at cost. Interest is not capitalised.

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

Freehold land	Nil
Freehold buildings	2% on cost
Fixtures, fittings, tools & equipment	10% to 33% on cost
Motor vehicles	25% reducing balance

Stocks

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.

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

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted, or substantively enacted, by the balance sheet date.

Full provision is made, on an undiscounted basis, for deferred taxation resulting from timing differences between profits computed for taxation purposes and profits stated in the accounts to the extent that there is an obligation to pay more tax in the future as a result of the reversal of those timing differences. Deferred tax assets are recognised to the extent they are expected to be recoverable.

Pension costs

The Company is a member of its parent company's group defined benefit pension scheme.

The Company is unable to identify its share of the underlying assets and liabilities of the group scheme. Therefore, in accordance with FRS 17 the company has accounted for contributions to the scheme as if they were a defined contribution scheme. Costs with respect to defined contribution schemes are charged to the profit and loss account as they fall due.

The consolidated financial statements include full disclosures of the UK defined benefit plan in accordance with IFRS, which is similar to FRS17.

PREMIER FARNELL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Provisions

Reorganisation costs are provided specifically relating to the restructuring of the BuckHickman business.

Provision for dilapidation costs are made where branch leasehold agreements require the Company to incur dilapidation costs at the end of the lease term.

Share based payments

The ultimate parent company, Premier Farnell plc, operates three share-based incentive schemes: an executive share option scheme, a long-term incentive plan (LTIP) and a save as you earn (SAYE) scheme. The expense is based on the fair value of each instrument at the grant date, using option-pricing models.

For valuation of share options the Black-Scholes model is used and, as the performance measure is non-market based (earnings per share growth), the value of the expense is adjusted to reflect expected and actual levels of vesting. For the LTIP, the Monte Carlo model is used and, as the performance conditions are market based (share price performance relative to the FTSE mid-250 Index), the expense is not adjusted except for forfeitures. 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 accounts of the ultimate parent company, details of which are provided in note 17 to these financial statements.

In accordance with FRS 20, the expense of these schemes that is attributable to employees of Premier Farnell UK Limited has been recognised in the profit and loss account, with the corresponding credit to retained earnings. The expense of these schemes is based on the fair value of the employee services received in exchange for the grant of the options. This total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted.

The fair values of these payments are measured at the dates of the grant and are recognised over the period during which employees become unconditionally entitled to the awards. At each balance sheet date, Premier Farnell UK Limited revises its estimates of the number of options that are expected to vest and the Company recognises the impact of the revision of the original estimates, if any, in the profit and loss account, with a corresponding adjustment to the profit and loss reserve.

PREMIER FARNELL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Segmental Information

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):

	2008 £000	2007 £000
Depreciation		
Owned	7,341	7,852
Leased	290	362
Amortisation		
Goodwill	11,208	11,210
Other intangibles	2,950	3,240
Auditors remuneration - audit services	64	87
Operating lease rentals		
Land & buildings	-	1,928
Other	357	1,212
Profit on disposal of fixed assets	(823)	(58)
Exchange (gain) / loss	(207)	295

4. Staff numbers and costs

Staff costs for the year were as follows:

	2008 £000	2007 £000
Wages and salaries	26,477	40,379
Social security costs	2,588	3,959
Other pension costs (note 23)	1,148	1,478
Share based payments	230	500
	<u>30,443</u>	<u>46,316</u>

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

<u>1,215</u>	<u>1,684</u>
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PREMIER FARNELL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Directors emoluments

	2008 £000	2007 £000
Directors emoluments	-	62
Contribution to money purchase pension schemes	-	15
	<u>-</u>	<u>77</u>
	<u>-</u>	<u>-</u>
The number of directors to whom retirement benefits are accruing	-	-
	<u>-</u>	<u>-</u>
Highest paid director		
Aggregate emoluments	-	62
Contributions to money purchase pension schemes	-	15
	<u>-</u>	<u>77</u>
	<u>-</u>	<u>-</u>

Since 6 June 2006, none of the directors received any emoluments in respect of their services to the Company.

6. Sale of business

On 10 April 2007 the Company disposed of the trade and assets of its BuckHickman division for consideration (net of costs) of £25.2 million. The profit on disposal arose as follows:

	2008 £000
Consideration (net of costs)	25,155
Net assets disposed of	<u>(23,941)</u>
Profit on disposal	<u>1,214</u>

Net assets disposed of comprised:

	2008 £000
Intangibles	5,006
Fixed assets	3,443
Stock	14,027
Receivables	16,811
Payables	(13,704)
Provisions	(1,642)
	<u>23,941</u>

PREMIER FARNELL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. Sale of business (continued)

Discontinued operations:

The impact of discontinued operations on the profit and loss account is shown below:

	2008	2007
	£000	£000
Turnover	19,314	99,800
Operating expenses	(18,683)	(100,625)
Operating profit / (loss)	<u>631</u>	<u>(825)</u>

7. Interest receivable and similar income

	2008	2007
	£000	£000
Group interest receivable	1,409	-
Bank interest receivable	84	6
	<u>1,493</u>	<u>6</u>

8. Interest payable and similar charges

	2008	2007
	£000	£000
Bank interest payable	5	4
Finance lease interest paid	5	16
Group interest payable	-	2,051
	<u>10</u>	<u>2,071</u>

PREMIER FARNELL UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. Taxation

	2008 £000	2007 £000
UK corporation tax at 30% (2007: 30%)		
Current year	13,816	11,009
Prior year	(103)	337
	<u>13,713</u>	<u>11,347</u>
Deferred taxation (note 14)	(507)	(580)
	<u>13,206</u>	<u>10,767</u>

The rate of the current tax charge on profit before tax varies from the standard rate of UK corporation tax due to the following factors:

	2008 %	2007 %
UK corporation tax rate	30.0	30.0
Prior year adjustment	(0.3)	1.6
Profit on business disposal not taxable	(1.7)	-
Chargeable gains covered by capital losses	(0.9)	-
Intangible asset amortisation	11.8	20.5
Accelerated capital allowances	1.3	1.2
Other timing differences	(0.5)	(0.2)
Differences in tax rate	0.1	-
UK – UK transfer pricing adjustments	(1.3)	-
Other items	(0.3)	2.0
Current tax rate on profit before tax	<u>38.2</u>	<u>55.1</u>

PREMIER FARNELL UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Intangible fixed assets

	Concessions, patents, licences, trade marks £'000	Goodwill £'000	Total £'000
Cost			
At beginning of the year	35,900	223,757	259,657
Disposals (note 6)	(7,000)	-	(7,000)
At the end of year	<u>28,900</u>	<u>223,757</u>	<u>252,657</u>
Amortisation			
At beginning of the year	10,136	31,730	41,866
Charged in year	2,950	11,208	14,158
Disposals (note 6)	(1,994)	-	(1,994)
At end of year	<u>11,092</u>	<u>42,938</u>	<u>54,030</u>
Net book value at 3 February 2008	<u>17,808</u>	<u>180,819</u>	<u>198,627</u>
Net book value at 28 January 2007	<u>25,764</u>	<u>192,027</u>	<u>217,791</u>

The goodwill represents that arising on acquisition of trade and assets of a business and is being amortised through the profit and loss account on a straight line basis over its estimated useful life, which has been determined as 20 years.

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 10 years, being the period of the license.

PREMIER FARNELL UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Tangible fixed assets

	Freehold property £000	Short leasehold land & buildings £000	Plant, equipment & motor vehicles £000	Total £000
Cost				
At beginning of year	16,864	2,134	49,969	68,967
Additions	425	-	6,679	7,104
Disposals	(1,480)	-	(288)	(1,768)
Disposal of business	-	(2,134)	(23,728)	(25,862)
At end of year	<u>15,809</u>	<u>-</u>	<u>32,632</u>	<u>48,441</u>
Depreciation				
At beginning of year	891	1,073	32,042	34,006
Charge for period	335	-	7,296	7,631
On disposals	(594)	-	(227)	(821)
Disposal of business	-	(1,073)	(21,346)	(22,419)
At end of year	<u>632</u>	<u>-</u>	<u>17,765</u>	<u>18,397</u>
Net book amount At 3 February 2008	<u>15,177</u>	<u>-</u>	<u>14,867</u>	<u>30,044</u>
Net book amount At 28 January 2007	<u>15,973</u>	<u>1,061</u>	<u>17,927</u>	<u>34,961</u>

Included in the total net book value of plant, equipment and motor vehicles is £232,000 (2007: £522,000) in respect of assets held under finance leases. Depreciation for the year on these assets was £290,000 (2007: £362,000).

12. Capital Commitments

Capital expenditure contracted but not provided at 3 February 2008 amounted to £nil (2007: £37,000).

13. Stock

	2008 £000	2007 £000
Finished goods and goods for resale	<u>67,782</u>	<u>79,018</u>

PREMIER FARNELL UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

14. Debtors

	2008 £000	2007 £000
Trade debtors	28,944	43,639
Amounts owed by parent undertaking	44,507	29,374
Amounts owed by group undertakings	-	11,846
Prepayments and accrued income	5,134	4,777
Deferred tax (see below)	734	227
	<u>79,319</u>	<u>89,863</u>

Amounts due from parent and group undertakings are unsecured, interest bearing and repayable on demand.

Deferred taxation

Movement in the deferred tax asset comprises:

	Deferred Taxation Asset £000
At 28 January 2007	227
Recognised during year	507
At 3 February 2008	<u>734</u>

The deferred taxation asset is recognised in the accounts as follows:

	2008 £000	2007 £000
Capital allowances in excess of depreciation	(206)	(636)
Other timing differences	940	863
	<u>734</u>	<u>227</u>

15. Creditors: amounts falling due within one year

	2008 £000	2007 £000
Bank loans and overdrafts	-	1,362
Obligations under finance lease and hire purchase contracts	5	12
Trade creditors	20,646	34,090
Amounts owed to other group undertakings	13,616	38,985
Corporation tax	19,402	13,832
Other taxation and social security	1,222	1,930
Accruals	6,182	7,892
	<u>61,073</u>	<u>98,103</u>

PREMIER FARNELL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. Creditors: amounts falling due within one year (continued)

Amounts owed to group undertakings are unsecured, interest bearing and repayable on demand.

The maturity of obligations under finance leases and hire purchase contracts is as follows:

	2008 £000	2007 £000
Within one year	<u>5</u>	<u>12</u>

16. Provisions for liabilities and charges

Movement in provision comprises:

	BHIO Reorganisation £000	Dilapidation Costs £000	Total £000
At 28 January 2007	560	1,082	1,642
Transferred on disposal	<u>(560)</u>	<u>(1,082)</u>	<u>(1,642)</u>
At 3 February 2008	<u>-</u>	<u>-</u>	<u>-</u>

17. Share based payments

The total charge for share-based payments attributable to the Company was £230,000 (2007: £500,000) all of which related to equity settled transactions.

Share options

The executive share option scheme is available to Executive Directors and other senior management of the Premier Farnell plc group. Annual grants are made under the executive share option scheme with a value up to 100% of an individual's annual salary. Vesting of options is subject to a performance condition based on the growth of earnings per share exceeding RPI by a pre-determined amount.

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.

PREMIER FARNELL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Share based payments (continued)

The fair value of Premier Farnell plc's principal option grants made in the year and the assumptions used in the calculations are as follows:

	2008		2007	
	Options	SAYE 3yr/5yr	Options	SAYE 3yr/5yr
Grant date	14/6/07	17/04/07	20/10/06	18/04/06
Share price at grant date	£2.08	£2.13	£1.88	£2.02
Exercise price	N/A	£1.52	£1.88	£1.80
Number granted	608,792	267,651 / 75,806	693,947	103,433 / 32,678
Option pricing model	Black-Scholes	Black-Scholes	Binominal lattice	Black-Scholes
Vesting period (years)	3	3/5	3	3/5
Expected volatility	35%	35%	35%	40%
Contractual life (years)	3	3.5 / 5.5	10	3.5/5.5
Risk free rate	n/a	5.5%	4.9%	4.7%
Dividend yield	4.3%	4.2%	4.8%	4.4%
Fair value per option	£1.83	£0.75 / £0.78	£0.52	£0.58/£0.64

The expected volatility is based on historical volatility over the last 10 years. The risk free rate of return is the yield on zero-coupon UK government bonds of a term consistent with the assumed option life. No performance conditions were included in the fair value calculations.

Reconciliation of option movements during the year.

	2008		2007	
	Number ('000)	Weighted average exercise price	Number ('000)	Weighted average exercise price
Outstanding:				
Beginning of year	2,880	£1.93	2,852	£2.06
Granted	80	£1.52	769	£1.89
Forfeited	(409)	£1.84	(548)	£2.17
Exercised	(160)	£1.77	(143)	£1.61
Expired	(291)	£2.64	(50)	£6.84
End of year	2,100	£1.85	2,880	£1.93
Exercisable	999	£2.13	605	£2.17
Weighted average contractual life (years)		6.8		7.8

The weighted average share price at the date of exercise for share options exercised during the period was £2.06 (2007: £1.99).

PREMIER FARNELL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Share based payments (continued)

Long term incentive plan (LTIP)

Under Premier Farnell plc's LTIP, Executive Directors and senior executives are awarded rights to acquire ordinary shares with a value up to 100% of salary in any year. The main performance condition is based on the growth of the group's total shareholder return (share price growth and reinvested dividends) over a three year period compared to the companies in the FTSE mid-250 Index (excluding investment trusts).

The fair value of Premier Farnell plc's LTIP grant in the year ended 3 February 2008 and the assumptions used in the calculations are set out below.

	2008	2007
Grant date	14/6/07	4/4/06
Share price at grant date	£2.13	£2.12
Exercise price	n/a	n/a
Number granted	nil	209,704
Pricing model	Monte Carlo	Monte Carlo
Expected volatility	35%	40%
Correlation with comparators	20%	20%
Contractual life (years)	3	3
Dividend yield	4.3%	4.3%
Fair value per instrument	£1.12	£1.16

The performance conditions relating to the LTIP are incorporated into the fair value calculations.

18. Called up share capital

	2008 £000	2007 £000
Authorised:		
Ordinary shares of £1 each	<u>250</u>	<u>250</u>
Alotted, called up and fully paid:		
Ordinary shares of £1 each	<u>250</u>	<u>250</u>

19. Reserves

	Share Premium £000	Profit and loss account £000
At 28 January 2007	302,497	19,141
Retained profit for the financial year	-	22,701
Share based payments	-	230
At 3 February 2008	<u>302,497</u>	<u>42,072</u>

PREMIER FARNELL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Reconciliation of movements in shareholders' funds

	2008 £000	2007 £000
Opening shareholders' funds	321,888	311,555
Retained profit for the financial year	22,701	9,833
Share based payments	230	500
Closing shareholders' funds	<u>344,819</u>	<u>321,888</u>

21. Operating leases

Annual commitments under non-cancellable operating leases are as follows:

	2008		2007	
	Land & buildings £000	Other £000	Land & buildings £000	Other £000
Operating leases which expire:				
Within one year	-	56	35	315
In second to fifth year inclusive	-	518	620	947
Over five years	-	-	876	-
	<u>-</u>	<u>574</u>	<u>1,531</u>	<u>1,262</u>

22. Guarantee

The Company, together with a number of fellow UK subsidiary undertakings, has entered into a joint and several guarantee securing the indebtedness of Premier Farnell plc and these UK subsidiary undertakings to HSBC Bank plc with regard to UK banking arrangements. The indebtedness to HSBC Bank plc at 3 February 2008 under these arrangements was £nil (2007: £10.9m).

The Company has guaranteed the loans of the ultimate parent company and fellow subsidiary undertakings which at 3 February 2008 amounted to £204.6m (2007: £196.8m).

23. 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 accounts of Premier Farnell plc, together with the Scheme's disclosures in accordance with Financial Reporting Standard 17 (FRS 17), Retirement Benefits.

The Company is unable to identify the share of the underlying assets and liabilities of the group scheme relating to its employees. Therefore, in accordance with FRS 17, the Company has accounted for the contributions to the scheme as if they were to a defined contribution scheme. The detailed disclosures required by FRS 17 have been included in the consolidated financial statements of the ultimate parent undertaking, Premier Farnell plc.

PREMIER FARNELL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Pension Commitments (continued)

There is no difference between the charges in the Profit and Loss account and the contributions paid (note 4).

24. Parent Undertaking

The immediate parent undertaking is Farnell Holding Limited, which is incorporated in England.

The ultimate parent undertaking is Premier Farnell plc, which is incorporated in England and prepares group financial statements. Copies of the group financial statements can be obtained by writing to The Secretary, Premier Farnell plc, 150 Armley Road, Leeds, LS12 2QQ.