

Company Number 860093

**PREMIER FARNELL UK LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL  
YEAR ENDED 30 JANUARY 2011**

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## **PREMIER FARNELL UK LIMITED**

### **REPORT OF THE DIRECTORS OF PREMIER FARNELL UK LIMITED FOR THE YEAR ENDED 30 JANUARY 2011 COMPANY NUMBER 860093**

The directors have pleasure in presenting their annual report and the audited financial statements of the Company for the financial year ended 30 January 2011

#### **Results and dividends**

The profit on ordinary activities after tax for the financial year ended 30 January 2011 amounted to £47,435,000 (2010 £26,882,000) No interim dividend (2010 £nil) has been paid and the directors do not propose to pay a final dividend (2010 £nil) Consequently, the retained profit for the financial year of £47,435,000 has been transferred to reserves (2010 £26,882,000)

#### **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

#### **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

DJ Gaskin  
M Whiteling (resigned on 15 July 2011)  
G Manson

#### **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 these financial statements

## **PREMIER FARNELL UK LIMITED**

### **REPORT OF THE DIRECTORS OF PREMIER FARNELL UK LIMITED FOR THE YEAR ENDED 30 JANUARY 2011 COMPANY NUMBER 860093 (continued)**

#### **Principal Risks and Uncertainties**

There are a number of risks and uncertainties that could have an effect on the Company's performance. These risks and uncertainties are similar to those faced by the Premier Farnell plc Group as a whole, and are discussed fully in the Group's Annual Report, which does not form part of these financial statements.

#### **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 30 January 2011 the amount the Company owed to its suppliers represented 40 days purchases (31 January 36 days).

#### **Charitable donations**

The Company made charitable donations of £5,360 during the year (2010 £890).

#### **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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

**PREMIER FARNELL UK LIMITED**

**REPORT OF THE DIRECTORS OF PREMIER FARNELL UK LIMITED FOR THE  
YEAR ENDED 30 JANUARY 2011 COMPANY NUMBER 860093 (continued)**

By Order of the Board

  
S Webb  
Company Secretary

150 Armley Road  
Leeds  
West Yorkshire  
LS12 2QQ

26 July 2011

**PREMIER FARNELL UK LIMITED**  
**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 30 January 2011 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

**Respective responsibilities of directors and auditors**

As explained more fully in the directors' responsibilities 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. Our responsibility is to audit the financial statements and express an opinion on them in accordance with applicable law and International Standards on Auditing (UK and 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.

**Scope of the audit of the financial statements**

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.

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 January 2011 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.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

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

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

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

- we have not received all the information and explanations we require for our audit



Arif Ahmad  
(Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Leeds  
Date 26 July 2011

**PREMIER FARNELL UK LIMITED**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JANUARY 2011**

	Note	2011 £000	2010 £000
<b>Turnover</b>	2	<b>419,313</b>	322,895
Cost of sales		<b>(274,375)</b>	(221,285)
<b>Gross profit</b>		<b>144,938</b>	101,610
Distribution costs		<b>(42,040)</b>	(44,439)
Administration expenses		<b>(32,516)</b>	(15,121)
Restructuring cost		-	(560)
<b>Operating profit</b>	3	<b>70,382</b>	41,490
Interest receivable and similar income	6	<b>404</b>	795
Interest payable and similar charges	7	<b>(50)</b>	(40)
<b>Profit on ordinary activities before taxation</b>		<b>70,736</b>	42,245
Tax on profit on ordinary activities	8	<b>(23,301)</b>	(15,363)
<b>Retained profit for the financial year</b>	17,18	<b>47,435</b>	26,882

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

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

There are no material gains and losses other than those included in the profit and loss account above, therefore no separate statement of total recognised gains and losses has been presented

# PREMIER FARNELL UK LIMITED

## BALANCE SHEET AT 30 JANUARY 2011

	Note	2011 £000	2010 £000
<b>Fixed assets</b>			
Intangible assets	9	156,991	171,377
Tangible assets	10	29,184	28,250
<b>Current assets</b>		<b>186,175</b>	<b>199,627</b>
Stock	12	91,487	74,728
Debtors	13	194,434	187,688
Cash at bank and in hand		86,797	8,609
Creditors (amounts falling due within one year)	14	372,718 (103,002)	271,025 (63,581)
<b>Net current assets</b>		<b>269,716</b>	<b>207,444</b>
<b>Total assets less current liabilities</b>		<b>455,891</b>	<b>407,071</b>
<b>Net assets</b>		<b>455,891</b>	<b>407,071</b>
<b>Capital and reserves</b>			
Called up share capital	16	250	250
Share premium account	17	302,497	302,497
Profit and loss account	17	153,144	104,324
<b>Total shareholders' funds</b>	18	<b>455,891</b>	<b>407,071</b>

These financial statements on pages 6 to 19 were approved by the Board of Directors on 26<sup>th</sup> July 2011 and were signed on its behalf by



D J Gaskin  
Director

Registered number: 860093



**PREMIER FARNELL UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30**  
**JANUARY 2011**

**1 Basis of accounting**

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 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.

*Cash flow*

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 FRS 1 (revised 1996).

*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 22.

**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, which have been determined as ten years.

**PREMIER FARNELL UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30**  
**JANUARY 2011 (continued)**

**Tangible assets**

Fixed assets are stated at cost less accumulated depreciation. 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.

The principal exchange rate prevailing at the balance sheet date was Euro 1.16 (2010: Euro 1.15).

**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.

**Financial Instruments**

The company is un-listed and a wholly owned subsidiary of Premier Farnell plc and is exempt from applying the full disclosure and measurement requirements of FRS 25 'Financial Instruments – disclosure and presentation' and FRS 26 'Financial Instruments – recognition and measurement', nor does it currently voluntarily comply with the Companies Act fair value rules.

## **PREMIER FARNELL UK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JANUARY 2011 (continued)**

#### **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 FRS 17.

#### **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 22 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)

	2011 £000	2010 £000
Depreciation		
Owned	7,370	7,159
Leased	71	50
Amortisation		
Goodwill	11,183	11,313
Other intangibles	2,978	2,892
Auditors remuneration - audit services	61	69
Operating lease rentals		
Other	581	437
Exchange loss	(1,494)	3,301

### 4 Staff numbers and costs

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

	2011 £000	2010 £000
Wages and salaries	34,778	29,237
Social security costs	2,957	2,635
Other pension costs (note 21)	1,022	1,044
Share based payments	1,385	(294)
	<u>40,142</u>	<u>32,622</u>

The average number of persons employed including directors was as follows

Distribution	513	475
Sales	309	317
Administration	399	336
	<u>1,221</u>	<u>1,128</u>

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

**5 Directors emoluments**

One (2010 One) of the directors received part of his remuneration £135,000 (2010 £92,000) in respect of his services to the Company

**6 Interest receivable and similar income**

	<b>2011</b> <b>£000</b>	2010 £000
Group interest receivable	<b>363</b>	794
Bank interest receivable	<b>41</b>	1
	<u><b>404</b></u>	<u>795</u>

**7 Interest payable and similar charges**

	<b>2011</b> <b>£000</b>	2010 £000
Bank interest payable	<b>50</b>	16
Group interest payable	<b>-</b>	24
	<u><b>50</b></u>	<u>40</u>

**8 Taxation on profit on ordinary activities**

	<b>2011</b> <b>£000</b>	2010 £000
UK corporation tax at 28.0% (2010 28.0%)		
Current year	<b>24,122</b>	15,920
Prior year	<b>(32)</b>	(50)
	<u><b>24,090</b></u>	<u>15,870</u>
Deferred taxation (note 13)	<b>(789)</b>	(507)
	<u><b>23,301</b></u>	<u>15,363</u>

# PREMIER FARNELL UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 8 Taxation on profit on ordinary activities (continued)

The tax assessed for the year is higher (2010 higher) than the standard rate of UK corporation tax of 28.0% (2010 28%) as follows

	2011 %	2010 %
UK corporation tax rate	28.0	28.0
Prior year adjustment	-	(0.1)
Intangible asset amortisation	5.6	9.3
Depreciation in advance of tax allowances	0.4	1.3
Other current year items	0.1	(0.9)
Current tax rate on profit before tax	<u>34.1</u>	<u>37.6</u>

### Factors affecting current and future tax charges

The rate of corporation tax in the United Kingdom changes to 26% with effect from 1 April 2011. A change in the rate of corporation tax to 27% had been substantively enacted at the balance sheet date, hence deferred tax balances have been shown on this basis. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014. These further reductions had not been substantively enacted at the balance sheet date and therefore are not included in these financial statements.

### 9 Intangible assets

	Concessions, patents, licences, trade marks £'000	Goodwill £'000	Other £'000	Total £'000
<b>Cost</b>				
At beginning of the year	28,900	223,757	1,055	253,712
Change in fair value estimate	-	-	(225)	(225)
At the end of year	<u>28,900</u>	<u>223,757</u>	<u>830</u>	<u>253,487</u>
<b>Amortisation</b>				
At beginning of the year	16,876	65,353	106	82,335
Charged in year	2,892	11,183	86	14,161
At end of year	<u>19,768</u>	<u>76,536</u>	<u>192</u>	<u>96,496</u>
<b>Net book amount at 30 January 2011</b>	<u>9,132</u>	<u>147,221</u>	<u>638</u>	<u>156,991</u>
<b>Net book amount at 31 January 2010</b>	<u>12,024</u>	<u>158,404</u>	<u>949</u>	<u>171,377</u>

# PREMIER FARNELL UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 9 Intangible assets continued

Goodwill represents that arising on the acquisition of the trade and assets of Farnell Electronic Components and Combined Precision Components plc 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

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

### 10 Tangible fixed assets

	Freehold property	Plant, equipment & motor vehicles	Total
	£000	£000	£000
<b>Cost</b>			
At beginning of year	16,649	43,917	60,566
Additions	1,414	7,129	8,343
Group Transfer	-	(168)	(168)
At end of year	<b>18,063</b>	<b>50,878</b>	<b>68,941</b>
<b>Depreciation</b>			
At beginning of year	1,181	31,135	32,316
Charge for year	342	7,099	7,441
At end of year	<b>1,523</b>	<b>38,234</b>	<b>39,757</b>
<b>Net book amount</b>			
At 30 January 2011	<b>16,540</b>	<b>12,644</b>	<b>29,184</b>
Net book amount			
At 31 January 2010	<b>15,468</b>	<b>12,782</b>	<b>28,250</b>

Included in the total net book value of plant, equipment and motor vehicles is £250,000 (2010 £321,000) in respect of assets held under finance leases Depreciation for the year on these assets was £71,000 (2010 £50,000)

### 11 Capital Commitments

Capital expenditure contracted but not provided at 30 January 2011 amounted to £nil (2010 £nil)

# **PREMIER FARNELL UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **12 Stock**

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Finished goods and goods for resale	<u><b>91,487</b></u>	<u><b>74,728</b></u>

### **13 Debtors**

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Trade debtors	<b>30,483</b>	26,652
Amounts owed by parent undertaking	<b>100,096</b>	143,737
Amounts owed by group undertakings	<b>56,257</b>	10,293
Prepayments and accrued income	<b>3,305</b>	2,216
Deferred tax (see below)	<b>2,528</b>	1,739
Other debtors	<b>1,765</b>	3,051
	<u><b>194,434</b></u>	<u><b>187,688</b></u>

Amounts due from parent and group undertakings are unsecured, interest bearing at LIBOR rates plus a margin of 0.675% and repayable on demand

Movement in the deferred tax asset comprises

	<b>Deferred Taxation Asset £000</b>
At 31 January 2010	1,739
Recognised during year	<u>789</u>
<b>At 30 January 2011</b>	<u><b>2,528</b></u>

The deferred taxation asset is recognised in the accounts as follows

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Depreciation in advance of tax allowances	<b>1,349</b>	<b>1,050</b>
Other timing differences	<b>1,179</b>	<b>689</b>
	<u><b>2,528</b></u>	<u><b>1,739</b></u>



# PREMIER FARNELL UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 14 Creditors: amounts falling due within one year

	2011 £000	2010 £000
Obligations under finance lease and hire purchase contracts	59	195
Trade creditors	32,359	27,749
Amounts owed to other group undertakings	12,132	889
Amounts owed to other group undertakings in respect of corporation tax	44,632	26,909
Other taxation and social security	5,017	1,170
Accruals	8,467	4,314
Other creditors	336	2,355
	<u>103,002</u>	<u>63,581</u>

Amounts owed to group undertakings are unsecured, interest bearing at 1 year LIBOR plus margin of 0.375% - 0.625% and repayable on demand

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

	2011 £000	2010 £000
Within one year	29	136
In one to two years	30	59
	<u>59</u>	<u>195</u>

### 15 Share based payments

The total charge for share-based payments attributable to the Company was £1,385,000 (2010 credit £294,000) 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)**

**15 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

	2011			2010	
	ESOS	PSP	SAYE 3yr/5yr	Options	SAYE 3yr/5yr
Primary performance condition	RoS/none	EPS		RoS	
Grant date	16/07/2010	16/07/2010	20/04/2010	03/04/2009	21/04/2009
Share price at grant date	£2 40	£2 40	£2.30	£1 36	£1 34
Exercise price	£2 40	N/A	£1.73	N/A	£1 02
Number granted	430,759	89,563	145,258 / 69,020	1,511,658	440,071/158,050
Option pricing model	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes
Vesting period (years)	3	3	3/5	3	3/5
Expected volatility	35%	35%	35%	35%	35%
Contractual life (years)	10	3	3.5 / 5.5	3	3.5 / 5.5
Risk free rate	n/a	n/a	1.9% / 2.9%	n/a	4.50%
Dividend yield	4.00%	4.00%	4.00%	6.70%	7.00%
Fair value per option	£0 60	£2 13	£0 68 / £0 74	£1 12	£0 31 / £0 31

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**

	2011		2010 *	
	Number ('000)	Weighted average exercise price	Number ('000)	Weighted average exercise price
Outstanding				
Beginning of year	2,019	£1 83	2,610	£1 83
Granted	645	£2 18	598	£1 02
Forfeited	(101)	£1 33	(894)	£1 43
Exercised	(722)	£1 68	(140)	£1 47
Expired	(35)	£3 81	(155)	£1 92
End of year	1,806	£1 66	2,019	£1 83
Exercisable	424	£1 88	1,047	£1 86
Weighted average contractual life (years)		4.2		3.49

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

**15 Share based payments continued**

The weighted average share price at the date of exercise for share options exercised during the period was £1 66 (2010 £1 83)

**16 Called up share capital**

	<b>2011</b> <b>£000</b>	2010 £000
Authorised Ordinary shares of £1 each	<u>250</u>	<u>250</u>
Allotted, called up and fully paid Ordinary shares of £1 each	<u>250</u>	<u>250</u>

**17 Reserves**

	<b>Share Premium £000</b>	<b>Profit and loss account £000</b>
At 31 January 2010	302,497	104,324
Profit for the financial year	-	47,435
Share based payments	-	1,385
<b>At 30 January 2011</b>	<u><b>302,497</b></u>	<u><b>153,144</b></u>

**18 Reconciliation of movements in total shareholders' funds**

	<b>2011</b> <b>£000</b>	2010 £000
Opening total shareholders' funds	407,071	380,483
Retained profit for the financial year	47,435	26,882
Share based payments	1,385	(294)
Closing total shareholders' funds	<u>455,891</u>	<u>407,071</u>

**19 Operating leases**

Annual commitments under non-cancellable operating leases are as follows

	<b>2011</b>		<b>2010</b>	
	<b>Land &amp; buildings £000</b>	<b>Other £000</b>	<b>Land &amp; buildings £000</b>	<b>Other £000</b>
Operating leases which expire				
Within one year	153	94	-	51
In second to fifth year inclusive	344	617	-	556
Over five years	-	-	-	-
	<u>497</u>	<u>711</u>	<u>-</u>	<u>607</u>

## **PREMIER FARNELL UK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

#### **20 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 30 January 2011 under these arrangements was £nil (2010 £1.2m).

The Company has guaranteed the loans of the ultimate parent company and fellow subsidiary undertakings which at 30 January 2011 amounted to £231m (2010 £229.6m).

#### **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 accounts of Premier Farnell plc, together with the Scheme's disclosures in accordance with International Accounting Standard 19 (IAS 19).

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 Financial Reporting Standard 17 (FRS 17), Retirement Benefits, the Company has accounted for the contributions to the scheme as if they were to a defined contribution scheme. The detailed disclosures required by IAS 19, which are similar to FRS 17, have been included in the consolidated financial statements of the ultimate parent undertaking, Premier Farnell plc.

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

#### **22 Parent Undertaking**

The immediate parent undertaking is Farnell Holding Limited, which is incorporated in England and Wales. The registered office for Farnell Holding Limited is Farnell House, Forge Lane, Leeds, LS12 2NE.

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