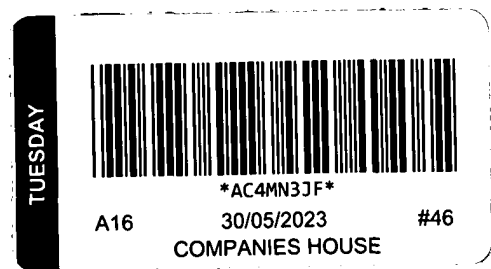


Registration number: 00860093

Premier Farnell UK Limited

Annual Report and Financial Statements

for the Period from 5 July 2021 to 3 July 2022



Premier Farnell UK Limited

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Premier Farnell UK Limited

Company Information

Directors	D S Jackson R J Rospedzihowski G Hodgson-Silke
Company secretary	S Damien
Registered office	150 Armley Road Leeds LS12 2QQ
Auditors	KPMG LLP Senior Statutory Auditor One Sovereign Square Sovereign Street Leeds UK LS1 4DA

Premier Farnell UK Limited

Strategic Report for the Period from 5 July 2021 to 3 July 2022

The directors present their report for the 52 week period from 5 July 2021 to 3 July 2022.

Fair review of the business

The results for the period are set out on page 12 and show profit before taxation for the period ended 3 July 2022 of £68,911,000 (2021: Loss £3,872,000). The profit after taxation for the financial period 2022 was £55,753,000 (2021: Loss £3,936,000) and has been transferred from reserves.

The company remains a subsidiary of Avnet Inc. ('group').

Principal risks and uncertainties

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.

Section 172(1) statement

When making decisions each director ensures that they act in a way which they consider, in all good faith, would most likely promote the company's success for the benefit of its stakeholders as a whole, and in doing so have regard to:

(a) The directors understand the business and the evolving environment in which the company operates. The strategy is to provide our customers with effortless global access to technology products and services, which will be achieved through our product differentiation and partnering with our key suppliers, our eCommerce and multi-channel offering, and driving operational excellence. It is recognised that the long term success of the company is dependent upon our people and our core values.

(b) The directors place a strong emphasis on creating a safe, healthy and supportive environment for our employees. The company participates in Avnet group policies and practices to keep employees informed on matters impacting them, through regular Town Hall meetings and communications. The Avnet group conducts regional and global employee surveys to monitor the engagement level and identify key matters which need to be addressed. Employees have access to the group pension arrangements and support via the group wide Assistance programs.

(c) The company's strong mutually beneficial relationships with our customers and suppliers is key to the success of the business. Through expanding our product range and adding more SKUs by investing with our suppliers to bring new products and technologies to our customers, and providing our customers with the products and services which then need.

(d) The directors consider the importance of environmental responsibilities, ensuring that policies are implemented to minimise damage caused by the company's activities, including emissions of greenhouse gases, by the use of recycling and by taking active steps to reduce energy consumption.

(e) Training is provided for all employees on business conduct principles, Code of conduct, Anti-Bribery and Corruption, Export compliance, and Privacy and Security to ensure that high standards are maintained in dealing with all stakeholders.

(f) The directors act fairly between all members of the company in delivering solid financial results and appropriate investment strategies and capital allocation.

Premier Farnell UK Limited

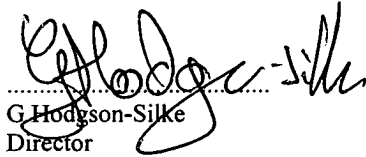
Strategic Report for the Period from 5 July 2021 to 3 July 2022 (continued)

Engagement with employees

The company 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.

Approved by the Board on 24 May 2023 and signed on its behalf by:


.....
G Hodgson-Silke
Director

Premier Farnell UK Limited

Directors' Report for the Period from 5 July 2021 to 3 July 2022

The directors present their report and the financial statements for the period from 5 July 2021 to 3 July 2022.

Directors' of the company

The directors, who held office during the period, were as follows:

D S Jackson

R J Rospedzihowski

G Hodgson-Silke

Principal activity

The principal activity of the company is sale of electronic and electrical products.

Fair review of the business

The results for the period are set out on page 12 and show loss before taxation for the period ended 3 July 2022 of £68,911,000 (2021: Loss £3,872,000). The profit after taxation for the financial period 2022 was £55,753,000 (2021: Loss £3,936,000) and has been transferred from reserves.

The company remains a subsidiary of Avnet Inc. ('group').

Dividends

No dividends were paid or proposed during the period (2021: Nil).

Financial instruments

The company's activities expose it to a number of financial risks including credit risk, foreign currency risk and liquidity risk. Financial risk management has been detailed within the notes to the financial statements in note 23.

Employment of disabled persons

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.

Engagement with suppliers, customers and other relationships

The delivery of the Company strategy requires strong relationships with suppliers, customers and governmental bodies. The directors promote certain principals in such relationships along with standards described in the Avnet group Code of Conduct and other group policies.

Premier Farnell UK Limited

Directors' Report for the Period from 5 July 2021 to 3 July 2022 (continued)

Streamline energy and carbon reporting

The kWh figures in the table below are the quantities of energy from activities for which the company is responsible in the UK and the annual quantity of energy consumed resulting from purchase of electricity, heat and vehicle fuel by the company for its own use and arising from those sources over which we have operational control.

Emissions and energy consumption

	2022		2021	
	kWh	tCO2e	kWh	tCO2e
Scope 1 emissions from combustion of fuels and operation of facilities:				
Natural gas	3,187,777.68	940.00	4,939,920.00	940.00
Company fleet	331,940.00	80.00	265,477.58	64.00
Scope 2 emissions due to electricity purchased for own consumption:				
Purchased electricity	6,980,033.28	-	8,208,013.02	167.00
Scope 3 other indirect emissions:				
Grey fleet	294,057.00	71.00	91,304.00	24.00
Intensity ratio	sqm	tCO2e	sqm	tCO2e
CO2e due to premises energy use per square meter	80,576.00	0.014	94,511.00	0.0013

The company has used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition). Further emission factors were used from UK government's GHG Conversion Factors for Company Reporting 2019.

The company has purchased 100% green electricity for their sites in the reporting period. Following a disposal of property, energy usage has reduced by 3,004,964 kWh from the prior year, however as the property was using green energy, this has had a minimal impact on the total net CO2 emissions.

Future developments

Future developments and the results for the financial year ended 3rd July 2022 can be found in the strategic report.

Premier Farnell UK Limited

Directors' Report for the Period from 5 July 2021 to 3 July 2022 (continued)

Going concern

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.

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 managed and monitored centrally. The cash pooling is a notional pool, in that the cash balances remains with each legal entity, and only give the bank a right to offset in the event of a default by another group company in the arrangement and only to the extent that the company was in a credit position.

Taking into account these forecasts and projections, after making enquiries and considering the position of the company, the directors have a reasonable 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.

Directors' liabilities

The Company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

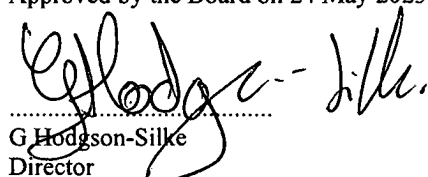
Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 24 May 2023 and signed on its behalf by:


.....
G Hodgson-Silke
Director

Premier Farnell UK Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use 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.

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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Premier Farnell UK Limited

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 period ended 03 July 2022 which comprise the Profit and Loss Account, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including a summary of significant accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 3 July 2022 and of its profit for the period 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").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

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.

Premier Farnell UK Limited

Independent Auditor's Report to the Members of Premier Farnell UK Limited (continued)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company’s high-level policies and procedures to prevent and detect fraud, including the internal audit function, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group audit team to component audit teams of relevant fraud risks identified at the Group level.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because of the nature of revenue, which consists of a high volume of low value transactions.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of the Company-wide fraud risk management controls.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards) and from inspection of the Company’s regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Premier Farnell UK Limited

Independent Auditor's Report to the Members of Premier Farnell UK Limited (continued)

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, recognising the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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.

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.
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Premier Farnell UK Limited

**Independent Auditor's Report to the Members of Premier Farnell UK Limited
(continued)**

Directors' responsibilities

As explained more fully in their statement set out on page 7, 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 for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities.

The 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.

.....
Ian Prescott (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Sovereign Square
Sovereign Street
Leeds
UK
LS1 4DA

Date: 26 May 2023

Premier Farnell UK Limited

Profit and Loss Account for the Period from 5 July 2021 to 3 July 2022

	Note	2022 £ 000	2021 £ 000
Turnover	4	801,359	697,573
Cost of sales		<u>(580,935)</u>	<u>(541,486)</u>
Gross profit		220,424	156,087
Operating expenses		(155,981)	(158,335)
Other operating income		<u>5,499</u>	<u>-</u>
Operating profit/(loss)	5	69,942	(2,248)
Interest receivable and similar income	6	786	298
Interest payable and similar expenses	7	<u>(1,817)</u>	<u>(1,922)</u>
Profit/(loss) before tax		68,911	(3,872)
Tax on profit/(loss)	11	<u>(13,158)</u>	<u>(64)</u>
Profit/(loss) for the period		<u><u>55,753</u></u>	<u><u>(3,936)</u></u>

The above results were derived from continuing operations.

Premier Farnell UK Limited

Statement of Other Comprehensive Income for the Period from 5 July 2021 to 3 July 2022

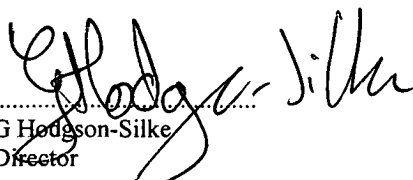
	Note	2022 £ 000	2021 £ 000
Profit/(loss) for the period		<u>55,753</u>	<u>(3,936)</u>
Items that may be reclassified subsequently to profit or loss			
Gain on cash flow hedges (net)		<u>574</u>	<u>904</u>
Other comprehensive income		<u>574</u>	<u>904</u>
Total other comprehensive income/(expense) for the period		<u><u>56,327</u></u>	<u><u>(3,032)</u></u>

The notes on pages 16 to 34 form an integral part of these financial statements.

Premier Farnell UK Limited
(Registration number: 00860093)
Balance Sheet as at 3 July 2022

	Note	03 July 2022 £ 000	04 July 2021 £ 000
Fixed assets			
Intangible assets	14	126,617	119,328
Tangible assets	12	42,564	40,811
Right of use assets	13	33,451	41,478
Investments	15	2,000	2,000
		<u>204,632</u>	<u>203,617</u>
Current assets			
Stocks	16	219,558	211,073
Debtors	17	186,254	129,911
Cash at bank and in hand		34,186	54,230
Other financial assets	23	220	-
		<u>440,218</u>	<u>395,214</u>
Creditors: Amounts falling due within one year	21	<u>(226,443)</u>	<u>(229,450)</u>
Net current assets		<u>213,775</u>	<u>165,764</u>
Total assets less current liabilities		418,407	369,381
Creditors: Amounts falling due after more than one year		<u>(34,555)</u>	<u>(41,856)</u>
Net assets		<u>383,852</u>	<u>327,525</u>
Capital and reserves			
Called up share capital	18	250	250
Cash flow hedging reserve		220	(354)
Profit and loss account		<u>383,382</u>	<u>327,629</u>
Shareholders' funds		<u>383,852</u>	<u>327,525</u>

Approved by the Board on 24 May 2023 and signed on its behalf by:



 G Hodgson-Silke
 Director

Premier Farnell UK Limited

Statement of Changes in Equity for the Period from 5 July 2021 to 3 July 2022

	Called up share capital £ 000	Cash flow hedging reserve £ 000	Profit and loss account £ 000	Total £ 000
At 5 July 2021	250	(354)	327,629	327,525
Profit for the period	-	-	55,753	55,753
Other comprehensive income	-	574	-	574
Total comprehensive income	-	574	55,753	56,327
At 3 July 2022	<u>250</u>	<u>220</u>	<u>383,382</u>	<u>383,852</u>

	Called up share capital £ 000	Cash flow hedging reserve £ 000	Profit and loss account £ 000	Total £ 000
At 29 June 2020	250	(1,258)	331,565	330,557
Loss for the period	-	-	(3,936)	(3,936)
Other comprehensive income	-	904	-	904
Total comprehensive income	-	904	(3,936)	(3,032)
At 4 July 2021	<u>250</u>	<u>(354)</u>	<u>327,629</u>	<u>327,525</u>

The notes on pages 16 to 34 form an integral part of these financial statements.
Page 15

Premier Farnell UK Limited

Notes to the Financial Statements for the Period from 5 July 2021 to 3 July 2022

1 General information

The company is a private company limited by share capital, incorporated and domiciled in United Kingdom.

The address of its registered office is:

150 Armley Road
Leeds
LS12 2QQ

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

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

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

The company is exempt under section 401 of the Companies Act 2006 from preparing consolidated financial statements.

The financial statements covers 52 week period ending on Sunday 3 July 2022 (financial year ended 4 July 2021: 52 week period)

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

Summary of disclosure exemptions

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

- The requirements of IFRS 7 Financial Instruments Disclosures;
- The requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- The requirements of paragraph 52 of IFRS 16 Leases;
- The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1 Presentation of Financial Statements,
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment,
 - paragraph 118(e) of IAS 38 Intangible Assets;
- The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements;

Premier Farnell UK Limited

Notes to the Financial Statements for the Period from 5 July 2021 to 3 July 2022 (continued)

2 Accounting policies (continued)

- The requirements of IAS 7 Statement of Cash Flows;
- The requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets.

Going concern

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.

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 managed and monitored centrally. The cash pooling is a notional pool, in that the cash balances remains with each legal entity, and only give the bank a right to offset in the event of a default by another group company in the arrangement and only to the extent that the company was in a credit position.

Taking into account these forecasts and projections, after making enquiries and considering the position of the company, the directors have a reasonable 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.

Revenue recognition

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.

Finance income and costs policy

Interest payable and similar expenses include interest payable. Other interest receivable and similar income include, interest receivable on group loans.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

Foreign currency transactions and balances

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.

Premier Farnell UK Limited

Notes to the Financial Statements for the Period from 5 July 2021 to 3 July 2022 (continued)

2 Accounting policies (continued)

Taxation

The tax expense for the period comprises tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold property	2% straight line
Plant and equipment	10% to 33% straight line

Intangible assets

Goodwill arising on the acquisition of trade and assets represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. The expenditure capitalised includes direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Premier Farnell UK Limited

Notes to the Financial Statements for the Period from 5 July 2021 to 3 July 2022 (continued)

2 Accounting policies (continued)

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and estimated useful lives:
Software	3 years straight line
Customer list	9 years straight line
Concessions, patents, licences, trademarks	10 years straight line

Investments

Interests in associates are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. At each reporting date, interests in associates are assessed for impairment, and any impairment losses or reversals of impairment losses are recognised immediately in the profit or loss.

Associates are classified as undertakings in which the company has significant influence (i.e. the power to participate in the financial and operating policy decisions but not control or joint control over this policies).

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as fixed assets.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtors.

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECL, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Premier Farnell UK Limited

Notes to the Financial Statements for the Period from 5 July 2021 to 3 July 2022 (continued)

2 Accounting policies (continued)

Stock

Inventories are stated at the lower of cost and estimated net realisable value, with cost being determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Leases

Definition

A lease is a contract, or a part of a contract, that conveys the right to use an asset or a physically distinct part of an asset ("the underlying asset") for a period of time in exchange for consideration. Further, the contract must convey the right to the company to control the asset or a physically distinct portion thereof. A contract is deemed to convey the right to control the underlying asset if, throughout the period of use, the company has the right to:

- Obtain substantially all the economic benefits from the use of the underlying asset, and;
- Direct the use of the underlying asset (e.g. direct how and for what purpose the asset is used).

Initial recognition and measurement

The company initially recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate.

The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the company's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs.

Premier Farnell UK Limited

Notes to the Financial Statements for the Period from 5 July 2021 to 3 July 2022 (continued)

2 Accounting policies (continued)

Subsequent measurement

After the commencement date, the company measures the lease liability by:

- (a) Increasing the carrying amount to reflect interest on the lease liability;
- (b) Reducing the carrying amount to reflect the lease payments made; and
- (c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments or on the occurrence of other specific events.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are included in finance cost in the profit and loss account, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.

The related right-of-use asset is accounted for using the Cost model in IAS 16 Property, Plant and Equipment depreciated and charged in accordance with the depreciation requirements of IAS 16 as disclosed in the accounting policy for Property, Plant and Equipment. Adjustments are made to the carrying value of the right of use asset where the lease liability is re-measured in accordance with the above. Right of use assets are tested for impairment in accordance with IAS 36 Impairment of assets as disclosed in the accounting policy in impairment.

Short term and low value leases

The company has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e., short-term leases).

The company has made an accounting policy election on a lease-by-lease basis, not to recognise lease assets on leases for which the underlying asset is of low value.

Lease payments on short term and low value leases are accounted for on a straight line bases over the term of the lease or other systematic basis if considered more appropriate. Short term and low value lease payments are included in operating expenses in the income statements.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

Defined benefit pension obligation

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.

Premier Farnell UK Limited

Notes to the Financial Statements for the Period from 5 July 2021 to 3 July 2022 (continued)

2 Accounting policies (continued)

Financial instruments

Initial recognition

Financial assets and financial liabilities comprise all assets and liabilities reflected in the balance sheet, although excluding tangible assets, intangible assets, deferred tax assets and prepayments.

The company recognises financial assets and financial liabilities in the balance sheet when, and only when, the company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Classification and measurement

The company classifies all its financial assets as financial assets at amortised cost. The classification is determined on the basis of both: (1) the company business model for managing financial assets and (2) the contractual cash flow characteristics of the financial assets. For an asset to be measured at amortised cost, the contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding ('SPPI'). For the purpose of SPPI test, principal is the fair value of financial asset at initial recognition. Interest is consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time.

The company determines the classification of financial assets and liabilities at initial recognition and evaluates this designation at every reporting date. The designation of financial assets at fair value through profit or loss is generally irrevocable.

Financial assets at amortised cost

Financial assets at amortised cost are financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. They are included in current assets except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Financial assets at amortised cost as disclosed at balance sheet date include the following categories:

- Amounts owed by parent or group undertakings represent amounts recoverable for services within the group.
- Other debtors relate to other receivables due to the company in the normal course of the business.

Financial liabilities at amortised cost

All financial liabilities, other than those classified as financial liabilities at fair value through the profit or loss ('FVTPL'), are measured at amortised cost using the effective interest rate method.

Premier Farnell UK Limited

Notes to the Financial Statements for the Period from 5 July 2021 to 3 July 2022 (continued)

2 Accounting policies (continued)

Hedge accounting

The company designates certain derivatives held for risk management as well as certain non-derivative financial instruments as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, the company formally documents the relationship between the hedging instruments and hedge items, including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The company makes an assessment, both at inception of the hedge relationship and on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting that changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated.

Cash flow hedges

The company makes an assessment for a cash flow hedge of a forecast transaction, of whether the forecast transaction is highly probable to occur and presents an exposure to variations in cash flows that could ultimately affect profit or loss.

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability that could affect profit or loss, then the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve within equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss. The amount recognised in other comprehensive income is reclassified to profit or loss as a reclassification adjustment in the same period as the hedged cash flows affect profit or loss, and in the same line item in the statement of profit or loss and other comprehensive income.

If the hedging derivative expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for cash flow hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. However, if the derivative is novated to a central clearing counterparty by both parties as a consequence of laws or regulations without changes in its terms except for those that are necessary for the novation, then the derivative is not considered expired or terminated.

3 Critical accounting judgements and key sources of estimation 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 estimation of the recoverable amount of goodwill used when assessing goodwill for impairment;
- The estimation of carrying value of deferred tax, and
- The estimation of the net realisable value of inventory.

Premier Farnell UK Limited

Notes to the Financial Statements for the Period from 5 July 2021 to 3 July 2022 (continued)

4 Turnover

The analysis of the company's turnover for the period from continuing operations is as follows:

	2022	2021
	£ 000	£ 000
Sale of goods	<u>801,359</u>	<u>697,573</u>

5 Operating profit/(loss)

Arrived at after charging/(crediting)

	2022	2021
	£ 000	£ 000
Depreciation expense	4,746	2,951
Depreciation on right of use assets - Property	2,212	2,183
Amortisation expense	6,704	5,764
Short term lease charges	255	198
(Profit)/loss on disposal of property, plant and equipment	(1,850)	683
Foreign exchange (losses)/gains	<u>(190)</u>	<u>335</u>

6 Interest receivable and similar income

	2022	2021
	£ 000	£ 000
Interest income on bank deposits	<u>786</u>	<u>298</u>

7 Interest payable and similar expenses

	2022	2021
	£ 000	£ 000
Interest on bank overdrafts and borrowings	201	271
Interest paid to group undertakings	81	86
Interest expense on leases - Property	<u>1,535</u>	<u>1,565</u>
	<u>1,817</u>	<u>1,922</u>

Premier Farnell UK Limited

**Notes to the Financial Statements for the Period from 5 July 2021 to 3 July 2022
(continued)**

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022	2021
	£ 000	£ 000
Wages and salaries	40,216	37,898
Social security costs	4,449	3,842
Pension costs, defined contribution scheme	1,646	1,535
	<u>46,311</u>	<u>43,275</u>

The average number of persons employed by the company (including directors) during the period, analysed by category was as follows:

	2022	2021
	No.	No.
Administration and support	395	379
Sales	191	203
Distribution	601	650
	<u>1,187</u>	<u>1,232</u>

9 Directors' remuneration

The directors' remuneration (and the highest paid director) for the period was as follows:

	2022	2021
	£ 000	£ 000
Remuneration	<u>250</u>	<u>214</u>

Other directors remuneration is borne by other group companies and not recharged as this is not material.

10 Auditors' remuneration

	2022	2021
	£ 000	£ 000
Audit of the financial statements	<u>80</u>	<u>76</u>

Premier Farnell UK Limited

**Notes to the Financial Statements for the Period from 5 July 2021 to 3 July 2022
(continued)**

11 Income tax

Tax charged/(credited) in the profit and loss account

	2022	2021
	£ 000	£ 000
Current taxation		
UK corporation tax	12,493	(922)
UK corporation tax adjustment to prior periods	921	(87)
	13,414	(1,009)
Deferred taxation		
Arising from origination and reversal of temporary differences	216	384
Adjustment in respect of prior periods	(472)	689
Total deferred taxation	(256)	1,073
Tax expense in the profit and loss account	13,158	64

The tax on profit before tax for the period is the same as the standard rate of corporation tax in the UK of 19% (2021 - 19%).

The differences are reconciled below:

	2022	2021
	£ 000	£ 000
Profit/(loss) before tax	68,911	(3,872)
Corporation tax at standard rate	13,093	(736)
Increase in current tax from adjustment for prior periods	449	602
Increase from changes in tax provisions due to legislation	52	92
Other tax effects for reconciliation between accounting profit and tax (income)/expense	(436)	106
Total tax charge	13,158	64

At Spring Budget 2021, the government announced that Corporation Tax main rate for the year starting 1 April 2023 would increase from 19% to 25%.

Premier Farnell UK Limited

**Notes to the Financial Statements for the Period from 5 July 2021 to 3 July 2022
(continued)**

11 Income tax (continued)

Deferred tax

Deferred tax movement during the period:

	At 5 July 2021 £ 000	Recognised in income £ 000	At 3 July 2022 £ 000
Accelerated tax depreciation	2,522	(256)	2,266

Deferred tax movement during the prior period:

	At 29 June 2020 £ 000	Recognised in income £ 000	At 4 July 2021 £ 000
Accelerated tax depreciation	1,450	1,072	2,522

12 Tangible assets

	Freehold property £ 000	Plant and equipment £ 000	Total £ 000
Cost			
At 5 July 2021	241	84,824	85,065
Additions	5,500	10,643	16,143
Disposals	(5,500)	(2,792)	(8,292)
Reclassification to software intangible	-	(4,069)	(4,069)
At 3 July 2022	241	88,606	88,847
Depreciation			
At 5 July 2021	241	44,012	44,253
Charge for the period	-	4,746	4,746
Eliminated on disposal	-	(2,716)	(2,716)
At 3 July 2022	241	46,042	46,283
Carrying amount			
At 3 July 2022	-	42,564	42,564
At 4 July 2021	-	40,811	40,811

Premier Farnell UK Limited

Notes to the Financial Statements for the Period from 5 July 2021 to 3 July 2022
(continued)

13 Right of use assets

	Property £ 000	Total £ 000
Cost		
At 5 July 2021	45,871	45,871
Disposals	<u>(6,935)</u>	<u>(6,935)</u>
At 3 July 2022	<u>38,936</u>	<u>38,936</u>
Depreciation		
At 5 July 2021	4,393	4,393
Charge for the period	2,212	2,212
Eliminated on disposal	<u>(1,120)</u>	<u>(1,120)</u>
At 3 July 2022	<u>5,485</u>	<u>5,485</u>
Carrying amount		
At 3 July 2022	<u>33,451</u>	<u>33,451</u>
At 4 July 2021	<u>41,478</u>	<u>41,478</u>

14 Intangible assets

	Goodwill £ 000	Concessions, patents, licences, trademarks £ 000	Customer list £ 000	Software £ 000	Total £ 000
Cost					
At 5 July 2021	223,757	28,900	830	60,400	313,887
Reclassification from plant and machinery	-	-	-	4,070	4,070
Additions	-	-	-	10,310	10,310
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,676)</u>	<u>(8,676)</u>
At 3 July 2022	<u>223,757</u>	<u>28,900</u>	<u>830</u>	<u>66,104</u>	<u>319,591</u>
Amortisation					
At 5 July 2021	110,096	28,900	830	54,733	194,559
Amortisation charge	-	-	-	6,704	6,704
Amortisation eliminated on disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,289)</u>	<u>(8,289)</u>
At 3 July 2022	<u>110,096</u>	<u>28,900</u>	<u>830</u>	<u>53,148</u>	<u>192,974</u>
Carrying amount					
At 3 July 2022	<u>113,661</u>	<u>-</u>	<u>-</u>	<u>12,956</u>	<u>126,617</u>
At 4 July 2021	<u>113,661</u>	<u>-</u>	<u>-</u>	<u>5,667</u>	<u>119,328</u>

Premier Farnell UK Limited

Notes to the Financial Statements for the Period from 5 July 2021 to 3 July 2022 (continued)

14 Intangible assets (continued)

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

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.

15 Investments

Associates

	£ 000
Cost	
At 5 July 2021	<u>2,000</u>
At 3 July 2022	<u>2,000</u>
Provision	
Carrying amount	
At 3 July 2022	<u><u>2,000</u></u>
At 4 July 2021	<u><u>2,000</u></u>

The company is a partner of the Premier Farnell Pension Funding Scottish Limited Partnership ('partnership'). The company has right to exercise, or actually exercises, significant influence over the partnership.

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

Premier Farnell UK Limited

**Notes to the Financial Statements for the Period from 5 July 2021 to 3 July 2022
(continued)**

16 Stock

	03 July 2022 £ 000	04 July 2021 £ 000
Finished goods and goods for resale	<u>219,558</u>	<u>211,073</u>

The cost of stock recognised as an expense in the period amounted to £544,125,000 (2021 - £466,213,000). This is included within cost of sales.

The amount of write-down of stock recognised as an expense in the period is £1,916,000 (2021 - £1,721,000). This is included within cost of sales.

Inventories are stated after provisions for impairment of £15,564,000 (2021 - £13,648,000).

17 Trade and other debtors

	03 July 2022 £ 000	04 July 2021 £ 000
Trade debtors	53,243	39,545
Provision for impairment of trade debtors	<u>(2,473)</u>	<u>(1,747)</u>
Net trade debtors	50,770	37,798
Debtors from related parties	63,837	56,512
Prepayments	10,518	9,120
Other debtors	<u>61,129</u>	<u>26,481</u>
	<u>186,254</u>	<u>129,911</u>

Debtors from related parties are all current, due in less than one year, and are interest free.

18 Share capital

Allotted, called up and fully paid shares

	03 July 2022		04 July 2021	
	No. 000	£ 000	No. 000	£ 000
250,000 ordinary shares of £1 each	<u>250</u>	<u>250</u>	<u>250</u>	<u>250</u>

Called up share capital represents the nominal value of shares that have been issued.

Premier Farnell UK Limited

Notes to the Financial Statements for the Period from 5 July 2021 to 3 July 2022 (continued)

19 Reserves

Profit and loss account

Profit and loss account represents the aggregate of accumulated profits earned by the company since incorporation, less amounts distributed to shareholders.

Cash flow hedging reserve

Cash flow hedging reserve represents the effective portion of changes in the fair value of the derivatives.

20 Leases

Total cash outflows related to leases

Total cash outflows related to leases are presented in the table below:

	03 July 2022 £ 000	04 July 2021 £ 000
Payment		
Right of use assets	1,445	2,041
Interest	1,535	1,565
Total cash outflow	<u>2,980</u>	<u>3,606</u>

21 Trade and other creditors

	03 July 2022 £ 000	04 July 2021 £ 000
Trade creditors	62,741	61,021
Amounts due to related parties	42,776	49,242
Amounts due to group undertakings in respect of corporation tax	87,152	73,354
Social security and other taxes	3,154	2,828
Current portion of long term lease liabilities	2,501	3,101
Accrued expenses	26,925	37,716
Derivative financial liabilities (note 23)	-	354
Deferred tax liabilities	1,194	1,834
	<u>226,443</u>	<u>229,450</u>

Amounts owed to group undertakings are unsecured, interest bearing at LIBOR plus margin of 1.80% - 2.75% (2020: 1 year LIBOR plus margin of 1.80% - 2.75%) and repayable on demand.

Premier Farnell UK Limited

Notes to the Financial Statements for the Period from 5 July 2021 to 3 July 2022 (continued)

22 Commitments

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 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.

23 Financial risk review

This note presents information about the company's exposure to financial risks.

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 group operates cash pooling arrangements which are managed and monitored centrally to ensure that the operational and working capital requirements of the company can be met at all times.

Maturity analysis for financial liabilities and financial assets

The table below analyses the company'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.

Premier Farnell UK Limited

**Notes to the Financial Statements for the Period from 5 July 2021 to 3 July 2022
(continued)**

23 Financial risk review (continued)

2022	Carrying amount	Less than 1
Derivative assets	£ 000	month
		£ 000
Trading:		
Outflow	(932)	(932)
Inflow	<u>1,152</u>	<u>1,152</u>
2021	Carrying amount	Less than 1
Derivative liabilities	£ 000	year
		£ 000
Risk management:		
Outflow	(549)	(549)
Inflow	<u>195</u>	<u>195</u>

Derivatives 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.

24 Related party transactions

Summary of transactions with associates

No balance is outstanding at year end (2021: £nil).

	2022	2021
	£ 000	£ 000
Rental payment	1,500	1,500

25 Parent and ultimate parent undertaking

The company's immediate parent is Farnell Holding Limited, incorporated in the United Kingdom.

The ultimate parent is Avnet Inc, a company incorporated in the United States of America.

Premier Farnell UK Limited

**Notes to the Financial Statements for the Period from 5 July 2021 to 3 July 2022
(continued)**

25 Parent and ultimate parent undertaking (continued)

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.