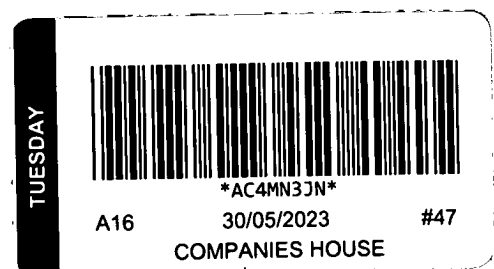


Registration number: 00876412

# Premier Farnell Limited

Annual Report and Financial Statements

for the Year Ended 30 June 2022



# Premier Farnell Limited

## Contents

Company Information	1
Strategic Report	2
Directors' Report	3 to 4
Statement of Directors' Responsibilities	5
Independent Auditor's Report	6 to 9
Profit and Loss Account	10
Statement of Other Comprehensive Income	11
Balance Sheet	12
Statement of Changes in Equity	13
Notes to the Financial Statements	14 to 36

## Premier Farnell Limited

### Company Information

<b>Directors</b>	D Jackson G Hodgson-Silke
<b>Registered office</b>	Farnell House Forge Lane Leeds UK LS12 2NE
<b>Auditors</b>	KPMG LLP One Sovereign Square Sovereign Street Leeds UK LS1 4DA

## Premier Farnell Limited

### Strategic Report for the Year Ended 30 June 2022

The directors present their report for the year ended 30 June 2022.

#### **Fair review of the business**

The profit for the financial year ended 30 June 2022 amounted to £2,098,000 (2021: £4,487,000).


#### **Key performance indicators**

Due to the nature of the business, disclosure of the company's key performance indicators is not considered to be necessary.

#### **Principal risks and uncertainties**

The directors do not consider, on a company only basis, there to be any material risks or uncertainties which require disclosure. The principal risks and uncertainties of Avnet Inc. are disclosed in that company's financial statements.

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

  
.....  
G Hodgson-Silke  
Director

## Premier Farnell Limited

### Directors' Report for the Year Ended 30 June 2022

The directors present their report and the financial statements for the year ended 30 June 2022.

#### **Directors' of the company**

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

D Jackson

G Hodgson-Silke

#### **Principal activity**

The principal activity of the company is the parent company for the Premier Farnell subsidiary companies. The company incurs administrative expenses relating to the Premier Farnell senior management team and central functions. The company receives operating income from group companies in respect of recharges for management services and for the use of trademarks.

#### **Dividends**

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

#### **Business review**

The profit for the financial year ended amounted to £2,098,000 (2021: £4,487,000).

Due to the nature of the business following the acquisition by Avnet, disclosure of the company's key performance indicators is not considered to be necessary.

#### ***Principal risks and uncertainties***

The directors do not consider, on a company only basis, there to be any material risks or uncertainties which require disclosure. The principal risks and uncertainties of Avnet Inc. are disclosed in that company's financial statements.

#### **Future developments**

The company continues to be parent entity of the Premier Farnell subsidiary companies.

#### **Going concern**

The financial statements have been prepared on a going concern basis. The company is part of the Avnet Inc. group, and incurs expenses related to the senior management and central functions for the Farnell division. These costs are recharged to fellow 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 company was in a credit position. Taking into account these forecasts and projections, after making enquires and considering the position of both the company and the Farnell division, the directors have a responsible expectation the company has adequate resources to continue in operational existence for the foreseeable future. Consequently the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have prepared the financial statements on a going concern basis.

#### **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.

**Premier Farnell Limited**

**Directors' Report for the Year Ended 30 June 2022 (continued)**

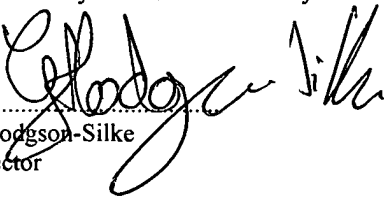
**Disclosure of information to the auditors**

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 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 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 Limited

### Independent Auditor's Report to the Members of Premier Farnell Limited

#### Opinion

We have audited the financial statements of Premier Farnell Limited (the "company") for the year ended 30 June 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 30 June 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### Going concern

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

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.

#### 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.

## Premier Farnell Limited

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

- 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, 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 there are no revenue 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.

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.

## Premier Farnell Limited

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

#### Strategic report and director's 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 and 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; or

We have nothing to report in these respects.

#### Directors' responsibilities

As explained more fully in their statement set out on page 5, 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](http://www.frc.org.uk/auditorsresponsibilities).

**Premier Farnell Limited**

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

**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 Limited

### Profit and Loss Account for the Year Ended 30 June 2022

	Note	2022 £ 000	2021 £ 000
Turnover		-	-
Administrative expenses		(14,136)	(8,184)
Other operating income	4	<u>15,240</u>	<u>12,288</u>
Operating profit	5	1,104	4,104
Interest receivable and similar income	6	1,848	2,153
Interest payable and similar expenses	7	<u>(1,191)</u>	<u>(656)</u>
Profit before tax		1,761	5,601
Tax on profit	11	<u>337</u>	<u>(1,114)</u>
Profit for the year		<u><u>2,098</u></u>	<u><u>4,487</u></u>

The above results were derived from continuing operations.

## Premier Farnell Limited

### Statement of Other Comprehensive Income for the Year Ended 30 June 2022

	Note	2022 £ 000	2021 £ 000
Profit for the year		<u>2,098</u>	<u>4,487</u>
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Actuarial gain on defined benefit pension scheme before tax	19	5,600	1,100
Income tax effect	11	<u>(1,400)</u>	<u>31</u>
<b>Other comprehensive income/(expense) net of income tax</b>		<u>4,200</u>	<u>1,131</u>
Total comprehensive income for the year		<u><u>6,298</u></u>	<u><u>5,618</u></u>

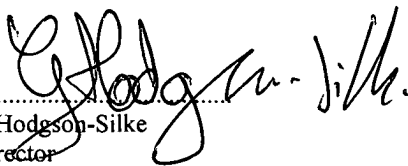
The notes on pages 14 to 36 form an integral part of these financial statements.

**Premier Farnell Limited**

**(Registration number: 00876412)  
Balance Sheet as at 30 June 2022**

	Note	30 June 2022 £ 000	30 June 2021 £ 000
<b>Fixed assets</b>			
Intangible assets	12	5,945	6,729
Investments	13	<u>294,219</u>	<u>294,219</u>
		<u>300,164</u>	<u>300,948</u>
<b>Current assets</b>			
Debtors	14	371,573	359,486
<b>Creditors: Amounts falling due within one year</b>	17, 16	<u>(172,729)</u>	<u>(148,352)</u>
<b>Net current assets</b>		<u>198,844</u>	<u>211,134</u>
<b>Total assets less current liabilities</b>		499,008	512,082
<b>Creditors: Amounts falling due after more than one year</b>	18	(52,378)	(60,921)
<b>Provisions for liabilities</b>	11	<u>(1,171)</u>	<u>-</u>
<b>Net assets excluding pension (liability)</b>		445,459	451,161
Net pension asset/(liability)	19	<u>8,600</u>	<u>(3,400)</u>
<b>Net assets</b>		<u>454,059</u>	<u>447,761</u>
<b>Capital and reserves</b>			
Called up share capital	15	18,674	18,674
Share premium reserve		34,135	34,135
Capital redemption reserve		8,416	8,416
Other reserves		583	583
Profit and loss account		<u>392,251</u>	<u>385,953</u>
<b>Shareholders' funds</b>		<u>454,059</u>	<u>447,761</u>

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

  
 .....  
 G Hodgson-Silke  
 Director

**Premier Farnell Limited**

**Statement of Changes in Equity for the Year Ended 30 June 2022**

	Share capital £ 000	Share premium £ 000	Capital redemption reserve £ 000	Other reserves £ 000	Retained earnings £ 000	Total £ 000
At 1 July 2021	18,674	34,135	8,416	583	385,953	447,761
Profit for the year	-	-	-	-	2,098	2,098
Other comprehensive income	-	-	-	-	4,200	4,200
Total comprehensive income	-	-	-	-	6,298	6,298
At 30 June 2022	<u>18,674</u>	<u>34,135</u>	<u>8,416</u>	<u>583</u>	<u>392,251</u>	<u>454,059</u>

	Called up share capital £ 000	Share premium reserve £ 000	Capital redemption reserve £ 000	Other reserves £ 000	Profit and loss account £ 000	Total £ 000
At 1 July 2020	18,674	34,135	8,416	583	380,335	442,143
Profit for the year	-	-	-	-	4,487	4,487
Other comprehensive income	-	-	-	-	1,131	1,131
Total comprehensive income	-	-	-	-	5,618	5,618
At 30 June 2021	<u>18,674</u>	<u>34,135</u>	<u>8,416</u>	<u>583</u>	<u>385,953</u>	<u>447,761</u>

The notes on pages 14 to 36 form an integral part of these financial statements.  
Page 13

## Premier Farnell Limited

### Notes to the Financial Statements for the Year Ended 30 June 2022

#### 1 General information

The company is a private company limited by shares, incorporated and domiciled in the United Kingdom.

The address of its registered office is:

Farnell House  
Forge Lane  
Leeds  
UK  
LS12 2NE

These financial statements were authorised for issue by the Board on 24 May 2023.

#### 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 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 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 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;
- 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;

## Premier Farnell Limited

### Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

#### 2 Accounting policies (continued)

- 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

The financial statements have been prepared on a going concern basis. The company is part of the Avnet Inc. group, and incurs expenses related to the senior management and central functions for the Farnell division. These costs are recharged to fellow 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 company was in a credit position. Taking into account these forecasts and projections, after making enquires and considering the position of both the company and the Farnell division, the directors have a responsible expectation the company has adequate resources to continue in operational existence for the foreseeable future. Consequently the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have prepared the financial statements on a going concern basis.

#### Exemption from preparing group accounts

The financial statements contain information about Premier Farnell Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Avnet Inc., a company incorporated in US.

#### Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 July 2021 have had a material effect on the financial statements.

#### 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. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established.

## Premier Farnell Limited

### Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

#### 2 Accounting policies (continued)

##### Taxation

The tax expense for the period comprises current and deferred 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.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

##### Intangible assets

Intangible assets are stated at cost less accumulated amortisation. Intangible assets acquired are capitalised at cost, and are amortised to nil by equal annual instalments over their useful economic lives.

##### 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 rate
Brand and trademarks	straight line 7%

##### Investments

Investments in subsidiaries are carried at cost less impairment.

##### Cash and cash equivalents

Cash and cash equivalents/ bank overdrafts comprise bank and short term deposits repayable on demand and available within one day without penalty.

## Premier Farnell Limited

### Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

#### 2 Accounting policies (continued)

##### 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.

##### 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.

##### Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

##### 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. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

## Premier Farnell Limited

### Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

#### 2 Accounting policies (continued)

##### **Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid to publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

##### **Defined benefit pension obligation**

The company is the sponsoring employer 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 the company.

The net asset or obligation of the plan at the balance sheet date is calculated by a qualified actuary using the projected unit credit method. The obligation is calculated by discounting the amount of future benefits that employees have earned in return for their service in the current and prior periods.

Plan assets are recorded at fair value. The net income statement credit/charge comprises principally the service cost, and the finance income/costs, which are recognised in the period in which they arise. The net income statement impact is credited/charged in arriving at operating profit. The net pension deficit/surplus of each pension plan is recorded on the balance sheet.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The company recognises them immediately in other comprehensive income.

Administration costs are recognised in the profit and loss account when the administration services are provided.

#### **Financial instruments**

##### **Initial recognition**

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

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.

## Premier Farnell Limited

### Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

#### 2 Accounting policies (continued)

##### 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 include the following categories:

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

##### Impairment of financial assets

The company assesses financial assets for credit losses at each balance sheet date, and measures loss allowance for expected credit losses.

Amounts owed by parent or group undertakings represent amounts recoverable from group companies and as such are not subject to any impairment losses given the strong credit position of the group.

##### Financial liabilities at amortised cost

All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest rate method.

#### 3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

The key sources of estimation uncertainty that have the most significant effect on the carrying value of assets and liabilities are:

- The estimation of the cost of pensions and other post-employment benefits (note 19); and
- The estimation of the carrying value of investments (note 13).

## Premier Farnell Limited

### Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

#### 4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Income from group companies	<u>15,240</u>	<u>12,288</u>

#### 5 Operating profit

Arrived at after charging:

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Amortisation expense	<u>784</u>	<u>784</u>

#### 6 Interest receivable and similar income

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Interest receivable from group undertakings	<u>1,848</u>	<u>2,153</u>

#### 7 Interest payable and similar expenses

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Interest on bank overdrafts and borrowings	<u>1,191</u>	<u>656</u>

#### 8 Staff costs

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

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Wages and salaries	8,682	5,781
Social security costs	575	392
Pension costs, defined contribution scheme	282	183
Pension costs, defined benefit scheme	<u>100</u>	<u>600</u>
	<u>9,639</u>	<u>6,956</u>

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

	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>
Administration and support	<u>34</u>	<u>37</u>
	<u>34</u>	<u>37</u>

## Premier Farnell Limited

### Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

#### 9 Directors' remuneration

The directors' remuneration for the year was as follows:

	<b>2022</b> <b>£ 000</b>	<b>2021</b> <b>£ 000</b>
Remuneration	232	183
Contributions paid to money purchase schemes	<u>38</u>	<u>10</u>
	<u><u>270</u></u>	<u><u>193</u></u>

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £232,000 (2021: £183,000), and company pension contributions of £38,000 (2021: £10,000) were made to a money purchase scheme on his behalf.

Retirement benefits were accruing for one (2021: one) directors under money purchase schemes.

#### 10 Auditors' remuneration

	<b>2022</b> <b>£ 000</b>	<b>2021</b> <b>£ 000</b>
Audit of the financial statements	<u>20</u>	<u>15</u>

#### 11 Income tax

Tax charged in the profit and loss account

	<b>2022</b> <b>£ 000</b>	<b>2021</b> <b>£ 000</b>
<b>Current taxation</b>		
UK corporation tax	(123)	964
UK corporation tax adjustment to prior periods	<u>(835)</u>	<u>-</u>
	(958)	964
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	<u>621</u>	<u>150</u>
Tax (receipt)/expense in the profit and loss account	<u><u>(337)</u></u>	<u><u>1,114</u></u>

The adjustment in respect of prior periods relates to group relief claimed.

## Premier Farnell Limited

### Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

#### 11 Income tax (continued)

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK of 19% (2021 - higher than the standard rate of corporation tax in the UK of 19%).

The differences are reconciled below:

	2022 £ 000	2021 £ 000
Profit before tax	<u>1,761</u>	<u>5,601</u>
Corporation tax at standard rate	335	1,064
Decrease in current tax from adjustment for prior periods	(835)	-
Other tax effects for reconciliation between accounting profit and tax expense	<u>163</u>	<u>50</u>
Total tax (credit)/charge	<u>(337)</u>	<u>1,114</u>

A new 25% rate (effective 1 April 2023) was substantively enacted from 24 May 2021.

The further changes in tax rate will affect both the future and current deferred tax charge of the company.

Amounts recognised in other comprehensive income

	2022			2021		
	Before tax £ 000	Tax (expense) benefit £ 000	Net of tax £ 000	Before tax £ 000	Tax (expense) benefit £ 000	Net of tax £ 000
Remeasurements of post employment benefit obligations (net)	<u>5,600</u>	<u>(1,400)</u>	<u>4,200</u>	<u>1,100</u>	<u>31</u>	<u>1,131</u>

#### Deferred tax

Deferred tax assets and liabilities

Deferred tax movement during the year:

	At 1 July 2021 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	At 30 June 2022 £ 000
Pension benefit obligations	<u>850</u>	<u>(621)</u>	<u>(1,400)</u>	<u>(1,171)</u>

**Premier Farnell Limited**

**Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)**

**12 Intangible assets**

	<b>Brand and trademarks £ 000</b>	<b>Total £ 000</b>
<b>Cost</b>		
At 1 July 2021	11,761	11,761
At 30 June 2022	11,761	11,761
<b>Amortisation</b>		
At 1 July 2021	5,032	5,032
Amortisation charge	784	784
At 30 June 2022	5,816	5,816
<b>Carrying amount</b>		
At 30 June 2022	5,945	5,945
At 30 June 2021	6,729	6,729

Intangible assets relate to the element14 brand and associated trademarks for the Asia Pacific region. The brand will be amortised over its useful economic life of 15 years.

The amortisation charge is recognised in administrative expenses in the profit and loss account.

**13 Investments**

	<b>Shares in group undertakings £ 000</b>	<b>Share based payments £ 000</b>	<b>Total investment £ 000</b>
<b>Cost</b>			
At 1 July 2021	279,534	14,685	294,219
At 30 June 2022	279,534	14,685	294,219
<b>Carrying amount</b>			
At 30 June 2022	279,534	14,685	294,219
At 30 June 2021	279,534	14,685	294,219

## Premier Farnell Limited

### Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

#### 13 Investments (continued)

Details of the subsidiaries as at 30 June 2022 are as follows:

Name of subsidiary	Registered office	Holding	Proportion of ownership interest and voting rights held	
			2022	2021
Celdis Limited*	150 Armley Road, Leeds, West Yorkshire, LS12 2QQ United Kingdom	Ordinary shares	100%	100%
Combined Precision Components Limited*	150 Armley Road, Leeds, West Yorkshire, LS12 2QQ United Kingdom	Ordinary shares	100%	100%
element14 BVBA	Rue de l'Aéropostale 11 4460 Grâce-Hollogne Belgium	Ordinary shares	100%	100%
element14 Co. Ltd	27th Floor, Q House Lumpini, 1 South Sathorn Road, Kwaeng Tungmahamek, Khet Sathorn, Bangkok Thailand	Ordinary shares	100%	100%
element14 Electronics Limited	Riverside One, Sir John Rogerson's Quay, Dublin, 2 Ireland	Ordinary shares	100%	100%
element14 Finance UK Limited	150 Armley Road, Leeds, West Yorkshire, LS12 2QQ United Kingdom	Ordinary shares	100%	100%
element14 Holding BV	Zonnebaan 9, 3542EA Utrecht Netherlands	Ordinary shares	100%	100%
element14 India Pvt Ltd	11th Floor, Tower "D", IBC Knowledge Park, 4/1, Bannerghatta Main Rd, Suddagunte Palya, Bengaluru, Karnataka, 560029 India	Ordinary shares	100%	100%

## Premier Farnell Limited

### Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

#### 13 Investments (continued)

Name of subsidiary	Registered office	Holding	Proportion of ownership interest and voting rights held	
			2022	2021
element14 Limited	Simpson Grierson, Level 27, 88 Shortland Street, Auckland, 1010 New Zealand	Ordinary shares	100%	100%
element14 Limited	6th Floor, Alexandra House, 18 Chater Road, Central Hong Kong	Ordinary shares	100%	100%
element14 Ltd	Mok-dong, Hyundai 41 Tower, #3101, 293, Mokdongdong-ro, Yangcheon-gu, Seoul Korea	Ordinary shares	100%	100%
element14 Pte Ltd	15 Tai Seng Drive, #05-00 Element 14, 535220 Singapore	Ordinary shares	100%	100%
element14 Pty Ltd	DibbsBarker, Level 8 Angel Place, 123 Pitt Street, Sydney, NSW 2000 Australia	Ordinary shares	100%	100%
element14 SDN BHD	Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No. 1 Leboh Ampang, 50100 Kuala Lumpur Malaysia	Ordinary shares	100%	100%
element14 sp. Zoo	Al. Gen. T. Bora-Komorowskiego 25B, 31-476 Krakow Poland	Ordinary shares	100%	100%
element14 UG	Element14 UG, Keltenring 14, 82041, Oberhaching Germany	Ordinary shares	100%	100%

## Premier Farnell Limited

### Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

#### 13 Investments (continued)

Name of subsidiary	Registered office	Holding	Proportion of ownership interest and voting rights held	
			2022	2021
eluomeng electronics (China) Co. Ltd	Block 57, No. 180, Ri Ying North Road, Waigaoqiao Free Trade Zone, Shanghai, 200131 China	Ordinary shares	100%	100%
eluomeng Limited	6th Floor, Alexandra House, 18 Chater Road, Central Hong Kong	Ordinary shares	100%	100%
eluomeng Limited Company	11F.-2, No. 333, Sec. 4, Zhongxiao E. Rd, Da-An District, Taipei City, 10696 Taiwan	Ordinary shares	100%	100%
Farnell (Belgium) NV	Rue de l'Aéropostale 11 4460 Grâce-Hollogne Belgium	Ordinary shares	100%	100%
Farnell (France) SAS	314 Allée des Noisetiers, Zone d'Aménagement Concerté des Bruyères, 69760, Limonest France	Ordinary shares	100%	100%
Farnell (Netherlands) BV	Zonnebaan 9, 3542EA Utrecht Netherlands	Ordinary shares	100%	100%
Farnell AG	Farnell AG, c/o Centralis Switzerland GmbH, Bahnhofstr. 38, 6300, Zug Switzerland	Ordinary shares	100%	100%
Farnell Components (Ireland) Limited	Riverside One, Sir John Rogerson's Quay, Dublin, 2 Ireland	Ordinary shares	100%	100%
Farnell Components (Israel) Ltd	P.O. Box 10078, 61100 Tel Aviv Israel	Ordinary shares	100%	100%

**Premier Farnell Limited**

**Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)**

**13 Investments (continued)**

Name of subsidiary	Registered office	Holding	Proportion of ownership interest and voting rights held	
			2022	2021
Farnell Components AB	Farnell Components AB, c/o KPMG AB, Box 227, 201 22, Malmö Sweden	Ordinary shares	100%	100%
Farnell Components SL	Paseo Castellana, 28, Piso 2, 28046, Madrid Spain	Ordinary shares	100%	100%
Farnell Danmark AS	Farnell Danmark A/S, Marielundvej 48 C, 2730, Herlev Denmark	Ordinary shares	100%	100%
Farnell Electronic Components Limited	150 Armley Road, Leeds, West Yorkshire, LS12 2QQ United Kingdom	Ordinary shares	100%	100%
Farnell Finance Limited*	Farnell House, Forge Lane, Leeds, LS12 2NE United Kingdom	Ordinary shares	100%	100%
Farnell Holding Limited*	Farnell House, Forge Lane, Leeds, LS12 2NE United Kingdom	Ordinary shares	100%	100%
Farnell Italia SRL	Via Ramazzotti 12, 20020, Lainate (MI) Italy	Ordinary shares	100%	100%
Farnell Newark Brasil Distribuidora de Produtos Electronicos Limitada	Rua Emir Macedo Nogueira, No 240, Diadema, Sao Paulo, SP, CEP 09961-720 Brazil	Ordinary shares	100%	100%
Farnell Overseas*	Farnell House, Forge Lane, Leeds, LS12 2NE, United Kingdom	Ordinary shares	100%	100%
InOne Holdings Limited	Farnell House, Forge Lane, Leeds, LS12 2NE United Kingdom	Ordinary shares	100%	100%

## Premier Farnell Limited

### Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

#### 13 Investments (continued)

Name of subsidiary	Registered office	Holding	Proportion of ownership interest and voting rights held	
			2022	2021
InOne Worldwide Limited	Farnell House, Forge Lane, Leeds, LS12 2NE United Kingdom	Ordinary shares	100%	100%
Oy Farnell (Finland) AB	OY Farnell (Finland) AB, c/o KPMG Oy Ab , PO Box 1037, Helsinki, 00101 Finland	Ordinary shares	100%	100%
Premier Farnell (Scotland) Limited	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ United Kingdom	Ordinary shares	100%	100%
Premier Farnell Electronics Limited	Farnell House, Forge Lane, Leeds, LS12 2NE United Kingdom	Ordinary shares	100%	100%
Premier Farnell Finance Limited	Riverside One, Sir John Rogerson's Quay, Dublin, 2 Ireland	Ordinary shares	100%	100%
Premier Farnell Pension Funding Scottish Partnership	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ United Kingdom	Ordinary shares	100%	100%
Premier Farnell Pension Trustees Limited	150 Armley Road, Leeds, West Yorkshire, LS12 2QQ United Kingdom	Ordinary shares	100%	100%
Premier Farnell UK Limited	150 Armley Road, Leeds, West Yorkshire, LS12 2QQ United Kingdom	Ordinary shares	100%	100%

## Premier Farnell Limited

### Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

#### 13 Investments (continued)

Name of subsidiary	Registered office	Holding	Proportion of ownership interest and voting rights held	
			2022	2021
Shenzhen Embest Technology Co. Ltd	Tower B 4/F, Shanshui Building, Nanshan Yungu Innovation Industry Park, Liuxian Ave. No. 1183, Nanshan District, Shenzhen China	Ordinary shares	100%	100%

\* indicates direct investment of Premier Farnell Limited

#### 14 Trade and other debtors

	30 June 2022 £ 000	30 June 2021 £ 000
Debtors from related parties	280,593	279,976
Prepayments	17	63
Other debtors	239	331
Amounts due from group undertakings in respect of corporation tax	90,724	78,266
Deferred tax assets	-	850
	<u>371,573</u>	<u>359,486</u>

#### Details of non-current other receivables

£270,607,000 (2021: £267,673,000) of debtors due from related parties is classified as non-current. The company does not hold any collateral as security.

Amounts due from group undertakings are unsecured and interest bearing at three month sterling LIBOR plus 1% or interest free.

**Premier Farnell Limited**

**Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)**

**15 Share capital**

**Allotted, called up and fully paid shares**

	<b>30 June 2022</b>		<b>30 June 2021</b>	
	No. 000	£ 000	No. 000	£ 000
Allotted, called up and fully paid of £0.05 each	<u>373,480</u>	<u>18,674</u>	<u>373,480</u>	<u>18,674</u>

**16 Loans and borrowings**

	<b>30 June 2022</b>	<b>30 June 2021</b>
	£ 000	£ 000
<b>Current loans and borrowings</b>		
Bank overdrafts	<u>166,775</u>	<u>144,706</u>

The group operates a notional cash pooling arrangement, and as such the cash balances of members of the pool are not swept. Within the pool the bank overdraft in Premier Farnell Limited is offset by cash balances in other group companies in the pool. The bank agreement has no fixed end date and is unsecured.

**17 Trade and other creditors**

	<b>30 June 2022</b>	<b>30 June 2021</b>
	£ 000	£ 000
Accrued expenses	1,868	2,174
Social security and other taxes	65	54
Other creditors	4,021	1,418
Loans and borrowings (note 16)	<u>166,775</u>	<u>144,706</u>
	<u>172,729</u>	<u>148,352</u>

**18 Creditors: amounts falling after more than one year**

	<b>30 June 2022</b>	<b>30 June 2021</b>
	£ 000	£ 000
Amounts owed to group undertakings	<u>52,378</u>	<u>53,371</u>

## Premier Farnell Limited

### Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

#### 18 Creditors: amounts falling after more than one year (continued)

Amount owed to group undertakings are held at amortised cost. The carrying value is deemed to reflect the fair value. Amounts due to group undertakings are unsecured, interest bearing at rates between LIBOR plus 0.5% and LIBOR plus 2.75% per annum.

#### 19 Pension and other schemes

##### Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £243,000 (2021 - £173,000).

##### Defined benefit pension schemes

###### Premier Farnell UK Pension Scheme

The company is the sponsoring employer of the Premier Farnell UK Pension Scheme, a defined benefit plan. The plan is a final salary pension plans providing a guaranteed level of pension payable for life. The plan is closed to further accrual of future pensionable service with pensions calculated based on salaries up until the date of closing the plan. Pensions in payment can be updated in line with the UK inflation indices, subject to caps and collars. Benefit payments are from trustee administered funds. Plan assets are held in trust funds and are governed by UK regulations by a trustee board, which is independent of the company. In conjunction with the company, the trustees are responsible for the operation and governance of the fund, including making decisions relating to funding and investment strategy.

The company's subsidiaries are partners in the Premier Farnell Pension Funding Scottish Limited Partnership (SLP), under which the company has contributed an interest in the SLP worth £18.0 million to the UK Plan, and transferred a number of properties under sale and leaseback arrangements to the SLP. The SLP made distributions to the UK Plan of £1.5 million during the year, and will make annual contributions of £1.5 million per year until 31 January 2026, or until the UK Plan is fully funded, if earlier. The UK Plan's interest in the SLP reduces the deficit on a funding basis, although it does not impact the deficit on an IAS 19 accounting basis, as the investment held by the UK Plan in the SLP does not qualify as an asset for the purposes of the fair value of scheme assets included in the company's financial statements.

The weighted average duration of the defined obligation for the UK is around 13 years.

On 26 October 2018, the High Court ruled that the Lloyds schemes had to equalise pension scheme benefits between males and females for the effects Guaranteed Minimum Pension (GMP) and identified acceptable methods as to how this can be achieved. The estimated cost of GMP equalisation is £0.6m and this was treated as a past service cost.

On 20 November 2020, the High Court ruled that individual transfer payments made since 17 May 1990 would need to be equalised for the effects of GMP. The Company did not consider the impact of this judgment to be material and no allowance has been made for any additional liabilities that may arise from the 20 November 2020 judgment.

The UK Plan is registered under UK legislation and, until 5 April 2016, was contracted out of the State Second Pension. The UK Plan is subject to the scheme funding requirements outlined in UK legislation.

Contributions payable to the pension scheme at the end of the year are £Nil (2021 - £Nil).

The expected contributions to the plan for the next reporting period are £1,000,000.

## Premier Farnell Limited

### Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

#### 19 Pension and other schemes (continued)

The scheme was most recently valued on 5 April 2020. The previous scheme funding valuation was as at 5 April 2017 and revealed a deficit of £3.8m. The Company invested £18 million in a property-backed partnership on 21 February 2013 to provide income for the UK Scheme. The Company agreed to pay £492,000 per quarter from 19 October 2018 to 19 July 2020 (dates inclusive) to eliminate the scheme funding shortfall, plus additional amounts in respect of the administration expenses of the Scheme. Following completion of the 5 April 2020 valuation, where there was a resulting deficit of £9.1m, the Company agreed to pay £250,000 per quarter from 19 July 2021 to 19 April 2024 (dates inclusive) to eliminate the scheme funding shortfall, plus additional amounts in respect of the administration expenses of the Scheme.

The main risk to the Company is that additional contributions are required if the investment returns are not sufficient to pay for the benefits (which will be mainly influenced by inflation and the longevity of members). The level of equities, diversified growth funds, infrastructure, corporate and government bonds will be a key factor in the overall investment return. The investment portfolio is also subject to a range of other risks typical of the assets held, in particular credit risk on bonds.

#### Risks

#### *Reconciliation of scheme assets and liabilities to assets and liabilities recognised*

The amounts recognised in the balance sheet are as follows:

	<b>30 June 2022 £ 000</b>	<b>30 June 2021 £ 000</b>
Fair value of scheme assets	112,500	130,500
Present value of scheme liabilities	<u>(103,900)</u>	<u>(133,900)</u>
Defined benefit pension scheme surplus/(deficit)	<u><u>8,600</u></u>	<u><u>(3,400)</u></u>

#### *Scheme assets*

Changes in the fair value of scheme assets are as follows:

	<b>30 June 2022 £ 000</b>	<b>30 June 2021 £ 000</b>
Fair value at start of year	130,500	134,400
Interest income	2,400	2,000
Return on plan assets, excluding amounts included in interest income	(23,300)	(2,400)
Employer contributions	8,000	2,700
Benefits paid	(5,000)	(5,700)
Administrative expenses paid	<u>(100)</u>	<u>(500)</u>
Fair value at end of year	<u><u>112,500</u></u>	<u><u>130,500</u></u>

#### *Analysis of assets*

The major categories of scheme assets are as follows:

## Premier Farnell Limited

### Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

#### 19 Pension and other schemes (continued)

	<b>30 June 2022 £ 000</b>	<b>30 June 2021 £ 000</b>
	<b>30 June 2022 %</b>	<b>30 June 2021 %</b>
Cash and cash equivalents	2	28
Diversified growth fund	44	17
Liability driven investment	54	27
Overseas equities	-	18
Infrastructure	-	5
Property	-	5
	<u>100</u>	<u>100</u>

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

#### *Scheme liabilities*

Changes in the present value of scheme liabilities are as follows:

	<b>30 June 2022 £ 000</b>	<b>30 June 2021 £ 000</b>
Present value at start of year	(133,900)	(139,500)
Actuarial gains and losses arising from changes in demographic assumptions	100	(900)
Actuarial gains and losses arising from changes in financial assumptions	29,100	3,400
Actuarial gains and losses arising from experience adjustments	(1,800)	(500)
Interest cost	(2,400)	(2,100)
Benefits paid	5,000	5,700
Present value at end of year	<u>(103,900)</u>	<u>(133,900)</u>

#### *Principal actuarial assumptions*

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the balance sheet date are as follows:

	<b>30 June 2022 %</b>	<b>30 June 2021 %</b>
Discount rate	3.70	1.80
Rate of increase in pensionable salaries	4.30	4.30
Future pension increases - RPI inflation capped at 5% pa	3.30	3.20
Inflation assumption (RPI)	<u>3.50</u>	<u>3.40</u>

**Premier Farnell Limited**

**Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)**

**19 Pension and other schemes (continued)**

*Post retirement mortality assumptions*

	<b>30 June 2022 Years</b>	<b>30 June 2021 Years</b>
Current UK pensioners at retirement age - male	27.00	27.00
Current UK pensioners at retirement age - female	29.00	29.00
Future UK pensioners at retirement age - male	28.00	28.00
Future UK pensioners at retirement age - female	<u>30.00</u>	<u>30.00</u>

For the 2021 calculations, the rates of longevity for the UK Scheme were based on the standard tables known as the "S3" tables with multipliers of 92% / 104% for males / females, projected from 2013 using the 2020 Core Projection Model with a long term rate of 1.25% pa, the core smoothing parameter of 7 and zero weight placed on the 2020 mortality data.

For the 2022 calculations, the future improvement projections have been updated to reflect the 2021 Core Projection Model with all other parameters consistent with the 2021 calculations, with zero weight placed on the 2020 and 2021 mortality data.

Amounts recognised in profit and loss account

	<b>30 June 2022 £ 000</b>	<b>30 June 2021 £ 000</b>
<b>Amounts recognised in operating profit</b>		
Administrative expenses paid	100	500
<b>Amounts recognised in finance income or costs</b>		
Net interest	<u>-</u>	<u>100</u>
Total recognised in the profit and loss account	<u>100</u>	<u>600</u>

Amounts taken to the statement of comprehensive income

	<b>30 June 2022 £ 000</b>	<b>30 June 2021 £ 000</b>
Actuarial gains and losses arising from changes in demographic assumptions	100	(900)
Actuarial gains and losses arising from changes in financial assumptions	29,100	3,400
Actuarial gains and losses arising from experience adjustments	(1,800)	(500)
Return on plan assets, excluding amounts included in interest income	(23,300)	(2,400)
Contributions paid by other group companies	<u>1,500</u>	<u>1,500</u>
Amounts recognised in the Statement of Comprehensive Income	<u>5,600</u>	<u>1,100</u>

## Premier Farnell Limited

### Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

#### 19 Pension and other schemes (continued)

##### Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

	<b>30 June 2022</b>	<b>30 June 2021</b>
	- 1%	- 1%
	<b>£ 000</b>	<b>£ 000</b>
<b>Adjustment to discount rate</b>		
Present value of total obligation	(13,900)	(21,200)
Increase in plan assets	17,600	18,300
Net balance sheet impact	<u>3,700</u>	<u>(2,900)</u>
	<b>30 June 2022</b>	<b>30 June 2021</b>
	+ 0.5%	+ 0.5%
	<b>£ 000</b>	<b>£ 000</b>
<b>Adjustment to rate of inflation</b>		
Present value of total obligation	(1,800)	(2,600)
Increase in plan assets	2,800	3,100
Net balance sheet impact	<u>1,000</u>	<u>500</u>
	<b>30 June 2022</b>	<b>30 June 2021</b>
	+ 1 Year	+ 1 Year
	<b>£ 000</b>	<b>£ 000</b>
<b>Adjustment to mortality age rating assumption</b>		
Present value of total obligation	(3,100)	(4,000)
Net balance sheet impact	<u>(3,100)</u>	<u>(4,000)</u>

*1 The change in the discount rate is assumed to be due to a 1% pa decrease in corporate and government bond yields.*

*2 The sensitivities to the inflation assumption change include corresponding changes to the future salary increases and future pension increases assumptions.*

*3 The increase in asset figures have been based on PV01 and IE01 information provided by WTW investment advisers.*

The sensitivity illustrations above are calculated by changing each assumption in isolation, keeping all other assumptions constant. In practice this is unrealistic as the financial assumptions are correlated.

Through its defined benefit pension plans, the company is exposed to a number of direct risks, the most significant of which are detailed below.

## Premier Farnell Limited

### Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

#### 19 Pension and other schemes (continued)

- Asset volatility - plan liabilities are calculated using a discount rate set with reference to corporate bond yields. If plan assets underperform this yield, this will create or increase a deficit.
- Changes in bond yields - decreases in corporate bond yields will increase plan liabilities, partially offset by an increase in the value of the plans' bond holdings.
- Inflation risk - some of the group's pension obligations (UK's) are linked to inflation. Rises in inflation will lead to higher liabilities (with caps and floors on the level of inflationary increases to protect against extreme inflation). The index-linked bonds within plan assets will be directly affected by inflation, with the remainder being unaffected directly.
- Life expectancy - plan obligations are to provide benefits for the lifetime of the member. Increases in life expectancy will lead to increased plan liabilities.

#### 20 Parent and ultimate parent undertaking

The company's immediate parent is Avnet Bidco Limited, which is registered in England.

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

The largest and the smallest group in which the results of Premier Farnell 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](http://www.ir.avnet.com).