

Registration number: 00860093

Premier Farnell UK Limited

Annual Report and Financial Statements

for the Period from 4 July 2022 to 2 July 2023

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Premier Farnell UK Limited

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Premier Farnell UK Limited

Company Information

Directors	D S Jackson 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 4 July 2022 to 2 July 2023

The directors present their report for the 52 week period from 4 July 2022 to 2 July 2023.

Fair review of the business

The results for the period are set out on page 15 and show profit before taxation for the period ended 2 July 2023 of £76,621,000 (2022: £68,911,000). The profit after taxation for the financial period 2023 was £60,726,000 (2022: £55,753,000) and has been transferred to reserves.

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

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 4 July 2022 to 2 July 2023

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 25 July 2024 and signed on its behalf by:



.....
G Hodgson-Silke
Director

Premier Farnell UK Limited

Directors' Report for the Period from 4 July 2022 to 2 July 2023

The directors present their report and the financial statements for the period from 4 July 2022 to 2 July 2023.

Directors' of the company

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

D S Jackson

R J Rospedzihowski (ceased 15 June 2023)

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 15 and show loss before taxation for the period ended 2 July 2023 of £76,621,000 (2022: £68,911,000). The profit after taxation for the financial period 2023 was £60,726,000 (2022: £55,753,000) and has been transferred to 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.

Dividends

No dividends were paid or proposed during the period (2022: 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 4 July 2022 to 2 July 2023

Non-financial and sustainability information

Taskforce Climate-related Financial Disclosures

Premier Farnell UK Limited is a wholly owned subsidiary of Avnet Inc. Within Avnet ESG governance is managed on a group basis, and the Directors of Premier Farnell UK Limited place reliance on this for their assessment.

Some of the following information is sourced from the Avnet sustainability report.

Governance

Within the Avnet group, the Avnet Board of Directors (Board) oversees the Avnet groups ESG program with a full review at least annually.

The Corporate Governance Committee of the Board (CGC) has primary oversight of ESG, including oversight of environmental strategies and climate change risks.

The CGC reviews ESG at three quarterly meetings, with an ESG update to the full Board once per year. As part of CGC's oversight of Avnet's environmental strategies and climate risks, environmental topics are covered in at least two CGC meetings per year, and the CGC reports on climate to the Board at least twice a year.

The environmentally focused CGC meeting each year includes an in-depth review of our Environmental Commitment strategic pillar. At this meeting, Avnet's Director of ESG presents the environmental strategy, performance and road map for the CGC's review and guidance. Avnet's environmental strategy is focused on emissions reduction, renewable energy expansion, and waste reduction, as a means to reduce its negative impact on the climate.

The environmentally focused CGC meeting each year includes an in-depth review of our Environmental Commitment strategic pillar. At this meeting, Avnet's Director of ESG presents the environmental strategy, performance and road map for the CGC's review and guidance. Avnet's environmental strategy is focused on emissions reduction, renewable energy expansion, and waste reduction, as a means to reduce its negative impact on the climate.

At Avnet's management level, the ESG Governance Council oversees Avnet's readiness for potential changes to climate-related regulations globally. To prepare for regulatory changes, the ESG Governance Council oversees the ESG road map and new systems implementation for environmental data collection and reporting, aiming to improve reporting efficiency, accuracy, scope and transparency, as well as being ready for any required third-party assurance. The ESG Governance Council also approves energy, emissions, waste, and water reduction goals, and associated reporting. Performance is recorded and monitored by the corporate ESG team using the Figbytes ESG reporting platform.

Risk management

Avnet's Enterprise Risk Management (ERM) is a structured, consistent and coordinated process involving evaluating, prioritizing and mitigating risks across the enterprise. The focus includes operational hazards and risks, economic and financial risks, and strategic risks that may affect the company's operations and financial performance.

Avnet's process for identifying, assessing and responding to ESG risks, including climate-related risks, is integrated into a multidisciplinary, companywide risk management process. Avnet convenes an Enterprise Risk Management Council (Risk Council) twice a year to assess current enterprise-level risks and to identify emerging risks. The Risk Council assesses and ranks the top enterprise-level risks that could impact our operations and financial performance. The Risk Council is composed of senior leaders from Avnet's global business units and support functions. The risks considered include natural disasters due to climate change, pandemic, and man-made issues (e.g., shifts in political climate, workforce issues).

Premier Farnell UK Limited

Directors' Report for the Period from 4 July 2022 to 2 July 2023

The current strategic planning cycles operate within three defined time frames: short term, medium term and long term:

- Short term (zero to three years) The time frame incorporates the potential loss of business due to customers adopting stricter rules on supply chain partners regarding green policies. It matches up with a three-year business planning cycle and addresses the implementation of controls and remediation actions for near-term solutions.
- Medium term (three to 10 years) This time horizon covers projects that require significant lead times and capital investments in the multi-millions of dollars, and involves a continual evaluation of our supply chains, operations and logistics partners. It incorporates both risks and opportunities related to climate change.
- Long term (10-25 years) Defined as risks that will take a long time to manifest, mitigate and resolve.

Strategy

There are several areas where climate-related risks and opportunities are influencing our strategy and associated financial planning.

Product and services

As our customers are asking for more energy-efficient and lower-emission products, we are working with our suppliers to provide those kinds of products to support the technology and design needs.

A second opportunity comes through the introduction of new regulations and funding to drive innovation and development of renewable energy to support electrification of automotive and other industrial products. Avnet is focusing on these climate-related vertical market opportunities.

Farnell is a vital link to customers embracing new and energy-efficient technologies. Farnell distributes the electronic components needed for electric vehicles (EV) and EV infrastructure, the renewable energy industry and energy-efficient data center technologies. Farnell continually evolves its business to serve the emerging and growing climate-related markets.

There are no principal climate risks associated to Farnell's products and services.

Supply chain and/or value chain

Farnell relies on various modes of transport, air, road and sea for the flow of goods into our distribution centers and then downstream to our customers. Climate-related incidents such as hurricanes and extensive flooding can disrupt these modes of freight movement. Environmental factors, pandemic complications and supply chain constraints created a challenging and dynamic logistics flow for Farnell, particularly given our global scale.

Farnell works with our logistics suppliers to create a resilient supply line by more closely monitoring our supply chain impacts, identifying shipping alternatives and diversifying our supply chain sources to provide coverage should one region become unavailable.

Any disruption from events such as typhoons, storms or flooding only have a local impact and are limited in geographical area, for a limited period of time, and as such no significant impact has been experienced or is expected in the future.

There are no principal climate risks associated to Farnell's supply chain.

Operations

To reduce our climate-related risk, we have taken measures to reduce energy costs, diversify our energy portfolio in our operations and increase our renewable energy.

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Directors' Report for the Period from 4 July 2022 to 2 July 2023

Physical risk

An acute physical risk is a major interruption or disruption in service at one of Avnet's distribution centers that, for any reason, such as natural disasters or severe weather, could cause cancellations or delays in a significant number of shipments to customers and, as a result, have an adverse impact on Avnet's business partners, operations and financial performance.

The environmental risks to the Avnet operations are not significant, and documented in the business continuity plan. A risk to the Leeds DC is non climate related fire. The site is fully sprinklered to mitigate this hazard and has a full life safety fire detection system. The site is ISO 14001 and has low environmental risks, flooding and other climate related issues have not been identified as principal risks for the sites continued operation. In the UK all sites certified zero carbon emission electricity and the sites also have 100% back up generation for its electricity supply in the event of a significant distribution network failure and uninterruptable power supplies protect critical infrastructure.

There are no principal climate risks associated to Farnell's operations.

The risks noted above are not material therefore the requirements (e) to (h) have been omitted on the basis that the actual and potential impacts are considered to be very low. This has been determined as part of Avnet's ESG Governance process, with all local Premier Farnell climate risks evaluated within this process and none being identified as material.

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

	2023		2022	
	kWh	tCO2e	kWh	tCO2e
Scope 1 emissions from combustion of fuels and operation of facilities:				
Natural gas	2,291,000.00	763.00	3,187,777.68	940.00
Company fleet	276,572.88	67.00	331,940.00	80.00
Scope 2 emissions due to electricity purchased for own consumption:				
Purchased electricity	5,595,990.00	-	6,980,033.28	-
Scope 3 other indirect emissions:				
Grey fleet	338,997.62	82.00	294,057.00	71.00
Intensity ratio				
	sqm	tCO2e	sqm	tCO2e
CO2e due to premises energy use per square meter	68,034.00	0.013	80,576.00	0.014

Premier Farnell UK Limited

Directors' Report for the Period from 4 July 2022 to 2 July 2023

The company has used the GHG Protocol Corporate Accounting & Reporting Standard and UK Government's GHG Conversion Factors for Company Reporting have been used as part of carbon emissions calculation.

The results show total energy use and total gross Greenhouse Gas (GHG) emissions amounted to 9,132,561 kWh and 910 tonnes of CO₂ respectively in the financial year 2023 in the UK. Energy usage has reduced by 1,661,247 kWh from FY22 with savings in all categories Gas/ Electricity consumption assisted by the introduction of energy efficiency measures introduced at the Leeds office. This site reopened in September 2022 following a major refurbishment which saw the installation of additional insulation, more efficient building services including heat recovery. CO₂ reduced by 179 tonnes over due to the reduction in gas consumption and also a small reduction in vehicle emissions. Reduction in electricity consumption has no effect on CO₂ as it is purchased from 100% green electricity for all UK site, which is certified by Brytenergy as being generated from Zero Carbon sources, this contract commenced on 1st August 2020.

Future developments

Future developments and the results for the financial year ended 3rd July 2023 can be found in the strategic report.

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.

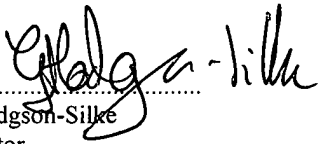
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Directors' Report for the Period from 4 July 2022 to 2 July 2023

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 25 July 2024 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 2 July 2023 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 2 July 2023 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.

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;

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

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

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

Directors' responsibilities

As explained more fully in their statement set out on page 10, 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 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

25 July 2024

Premier Farnell UK Limited

Profit and Loss Account for the Period from 4 July 2022 to 2 July 2023

	Note	2023 £ 000	2022 £ 000
Turnover	4	856,778	801,359
Cost of sales		<u>(620,272)</u>	<u>(580,935)</u>
Gross profit		236,506	220,424
Distribution costs		(160,724)	(155,981)
Other operating income		<u>-</u>	<u>5,499</u>
Operating profit	5	75,782	69,942
Interest receivable and similar income	6	3,631	786
Interest payable and similar expenses	7	<u>(2,792)</u>	<u>(1,817)</u>
Profit before tax		76,621	68,911
Tax on profit	11	<u>(15,895)</u>	<u>(13,158)</u>
Profit for the period		<u><u>60,726</u></u>	<u><u>55,753</u></u>

The above results were derived from continuing operations.

Premier Farnell UK Limited

Statement of Other Comprehensive Income for the Period from 4 July 2022 to 2 July 2023

	Note	2023 £ 000	2022 £ 000
Profit for the period		60,726	55,753
Items that may be reclassified subsequently to profit or loss			
(Loss)/gain on cash flow hedges		<u>(438)</u>	<u>574</u>
Total comprehensive income for the period		<u>60,288</u>	<u>56,327</u>

The notes on pages 19 to 38 form an integral part of these financial statements.

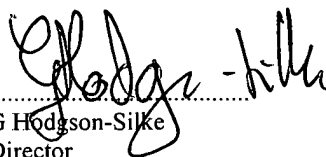
Premier Farnell UK Limited

(Registration number: 00860093)

Balance Sheet as at 2 July 2023

	Note	02 July 2023 £ 000	03 July 2022 £ 000
Fixed assets			
Intangible assets	12	134,373	126,617
Tangible assets	13	44,325	42,564
Right of use assets	14	33,324	33,451
Investments	15	2,000	2,000
		214,022	204,632
Current assets			
Stocks	16	363,375	219,558
Trade and other debtors	17	154,193	186,254
Cash at bank and in hand		3,697	34,186
Other financial assets		-	220
		521,265	440,218
Creditors: Amounts falling due within one year	21	(256,916)	(226,443)
Net current assets		264,349	213,775
Total assets less current liabilities		478,371	418,407
Creditors: Amounts falling due after more than one year		(34,231)	(34,555)
Net assets		444,140	383,852
Capital and reserves			
Called up share capital	18	250	250
Other reserves	19	(218)	220
Retained earnings		444,108	383,382
Shareholders' funds		444,140	383,852

Approved by the board on 25 July 2024 and signed on its behalf by:



 G Hodgson-Silke
 Director

The notes on pages 19 to 38 form an integral part of these financial statements.

Premier Farnell UK Limited

Statement of Changes in Equity for the Period from 4 July 2022 to 2 July 2023

	Called up share capital £ 000	Cash flow hedging reserve £ 000	Profit and loss account £ 000	Total £ 000
At 4 July 2022	250	220	383,382	383,852
Profit for the period	-	-	60,726	60,726
Other comprehensive income	-	(438)	-	(438)
Total comprehensive income	-	(438)	60,726	60,288
At 2 July 2023	<u>250</u>	<u>(218)</u>	<u>444,108</u>	<u>444,140</u>

	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>

The notes on pages 19 to 38 form an integral part of these financial statements.

Premier Farnell UK Limited

Notes to the Financial Statements for the Period from 4 July 2022 to 2 July 2023

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 Saturday 1 July 2023 (financial year ended 3 July 2022: 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:

Summary of disclosure exemptions

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

- IFRS 7 - 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13 - 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- 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' (disaggregation of revenue, significant changes in contract assets and liabilities, details on transaction price allocation, timing of the satisfaction of performance obligations and significant judgements made in the application of IFRS 15).

Premier Farnell UK Limited

Notes to the Financial Statements for the Period from 4 July 2022 to 2 July 2023

2 Accounting policies (continued)

- The requirements of paragraph 52 lessee, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 lessor of IFRS 16 - 'Leases' (lessee disclosures and lessor disclosures in relation to finance leases and lease income on operating leases).
- Paragraph 38 of IAS 1 - 'Presentation of financial statements' (comparative information requirements in respect of):
- The following paragraphs of IAS 1 - 'Presentation of financial statements' (removing the requirement to present):
- IAS 7 - 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24 - 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures' (to disclose related party transactions entered into between two or more members of a group).
- The requirements of paragraphs 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.

Premier Farnell UK Limited

Notes to the Financial Statements for the Period from 4 July 2022 to 2 July 2023

2 Accounting policies (continued)

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.

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

Premier Farnell UK Limited

Notes to the Financial Statements for the Period from 4 July 2022 to 2 July 2023

2 Accounting policies (continued)

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.

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.

Premier Farnell UK Limited

Notes to the Financial Statements for the Period from 4 July 2022 to 2 July 2023

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.

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.

Premier Farnell UK Limited

Notes to the Financial Statements for the Period from 4 July 2022 to 2 July 2023

2 Accounting policies (continued)

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.

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.

Premier Farnell UK Limited

Notes to the Financial Statements for the Period from 4 July 2022 to 2 July 2023

2 Accounting policies (continued)

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.

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.

Premier Farnell UK Limited

Notes to the Financial Statements for the Period from 4 July 2022 to 2 July 2023

2 Accounting policies (continued)

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.

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.

Premier Farnell UK Limited

Notes to the Financial Statements for the Period from 4 July 2022 to 2 July 2023

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:

Goodwill

The estimation of the recoverable amount of goodwill used when assessing goodwill for impairment.

Inventory

The estimation of the net realisable value of inventory.

4 Turnover

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

	2023	2022
	£ 000	£ 000
Sale of goods	<u>856,778</u>	<u>801,359</u>

The geographical analysis has not been presented as the directors have concluded that it would be prejudicial to the company.

5 Operating profit

Arrived at after charging/(crediting)

	2023	2022
	£ 000	£ 000
Depreciation expense	5,558	4,746
Depreciation on right of use assets - property	1,895	2,212
Amortisation expense	8,946	6,704
Short term lease charges	150	255
Loss/(profit) on disposal of property, plant and equipment	412	(1,850)
Foreign exchange gains/(losses)	<u>1,343</u>	<u>(190)</u>

6 Interest receivable and similar income

	2023	2022
	£ 000	£ 000
Interest income on bank deposits	<u>3,631</u>	<u>786</u>

Premier Farnell UK Limited

Notes to the Financial Statements for the Period from 4 July 2022 to 2 July 2023

7 Interest payable and similar expenses

	2023	2022
	£ 000	£ 000
Interest on bank overdrafts and borrowings	1,355	201
Interest paid to group undertakings	96	81
Interest expense on leases - Property	1,341	1,535
	2,792	1,817

8 Staff costs

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

	2023	2022
	£ 000	£ 000
Wages and salaries	49,637	40,215
Social security costs	4,587	4,449
Pension costs, defined contribution scheme	2,030	1,646
	56,254	46,310

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

	2023	2022
	No.	No.
Administration and support	445	395
Sales	176	191
Distribution	683	601
	1,304	1,187

9 Directors' remuneration

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

	2023	2022
	£ 000	£ 000
Remuneration	266	250

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

Premier Farnell UK Limited

Notes to the Financial Statements for the Period from 4 July 2022 to 2 July 2023

10 Auditors' remuneration

	2023	2022
	£ 000	£ 000
Audit of the financial statements	<u>80</u>	<u>80</u>

11 Income tax

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

	2023	2022
	£ 000	£ 000
Current taxation		
UK corporation tax	16,475	12,493
UK corporation tax adjustment to prior periods	<u>(2,428)</u>	<u>921</u>
	<u>14,047</u>	<u>13,414</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	(280)	216
Adjustment in respect of prior periods	<u>2,128</u>	<u>(472)</u>
Total deferred taxation	<u>1,848</u>	<u>(256)</u>
Tax expense in the profit and loss account	<u>15,895</u>	<u>13,158</u>

The tax on profit before tax for the period is lower than the standard rate of corporation tax in the UK (2022 - higher than the standard rate of corporation tax in the UK) of 20.5% (2022 - 19%).

The differences are reconciled below:

	2023	2022
	£ 000	£ 000
Profit before tax	<u>76,621</u>	<u>68,911</u>
Corporation tax at standard rate	15,707	13,093
(Decrease)/increase in current tax from adjustment for prior periods	(300)	449
(Decrease)/increase from changes in tax provisions due to legislation	(51)	52
Other tax effects for reconciliation between accounting profit and tax expense/(income)	<u>539</u>	<u>(436)</u>
Total tax charge	<u>15,895</u>	<u>13,158</u>

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%. The tax rate of 20.5% used for the above reconciliation is the weighted average rate for the nine months at the 19% rate and three months at the new rate of 25%.

Premier Farnell UK Limited

Notes to the Financial Statements for the Period from 4 July 2022 to 2 July 2023

11 Income tax (continued)

Deferred tax

Deferred tax movement during the period:

	At 4 July 2022 £ 000	Recognised in income £ 000	At 2 July 2023 £ 000
Accelerated tax depreciation	1,194	3,169	4,363
	<u>1,194</u>	<u>3,169</u>	<u>4,363</u>

Deferred tax movement during the prior period:

	At 5 July 2021 £ 000	Recognised in income £ 000	At 3 July 2022 £ 000
Accelerated tax depreciation	1,834	(640)	1,194
	<u>1,834</u>	<u>(640)</u>	<u>1,194</u>

Premier Farnell UK Limited

Notes to the Financial Statements for the Period from 4 July 2022 to 2 July 2023

12 Intangible assets

	Goodwill	Concessions, patents, licences, trademarks	Customer list	Software	Total
Cost	£ 000	£ 000	£ 000	£ 000	£ 000
At 4 July 2022	223,757	28,900	830	66,104	319,591
Additions	-	-	-	16,702	16,702
At 2 July 2023	<u>223,757</u>	<u>28,900</u>	<u>830</u>	<u>82,806</u>	<u>336,293</u>
Amortisation					
At 4 July 2022	110,096	28,900	830	53,148	192,974
Amortisation charge	-	-	-	8,946	8,946
At 2 July 2023	<u>110,096</u>	<u>28,900</u>	<u>830</u>	<u>62,094</u>	<u>201,920</u>
Carrying amount					
At 2 July 2023	<u>113,661</u>	<u>-</u>	<u>-</u>	<u>20,712</u>	<u>134,373</u>
At 3 July 2022	<u>113,661</u>	<u>-</u>	<u>-</u>	<u>12,956</u>	<u>126,617</u>

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.

Premier Farnell UK Limited

Notes to the Financial Statements for the Period from 4 July 2022 to 2 July 2023

13 Tangible assets

	Freehold property £ 000	Plant and equipment £ 000	Total £ 000
Cost			
At 4 July 2022	241	88,606	88,847
Additions	-	7,731	7,731
Disposals	-	(416)	(416)
At 2 July 2023	<u>241</u>	<u>95,921</u>	<u>96,162</u>
Depreciation			
At 4 July 2022	241	46,042	46,283
Charge for the period	-	5,559	5,559
Eliminated on disposal	-	(5)	(5)
At 2 July 2023	<u>241</u>	<u>51,596</u>	<u>51,837</u>
Carrying amount			
At 2 July 2023	<u>-</u>	<u>44,325</u>	<u>44,325</u>
At 3 July 2022	<u>-</u>	<u>42,564</u>	<u>42,564</u>

14 Right of use assets

	Property £ 000	Total £ 000
Cost		
At 4 July 2022	38,936	38,936
Additions	1,768	1,768
At 2 July 2023	<u>40,704</u>	<u>40,704</u>
Depreciation		
At 4 July 2022	5,485	5,485
Charge for the period	1,895	1,895
At 2 July 2023	<u>7,380</u>	<u>7,380</u>
Carrying amount		
At 2 July 2023	<u>33,324</u>	<u>33,324</u>
At 3 July 2022	<u>33,451</u>	<u>33,451</u>

Premier Farnell UK Limited

Notes to the Financial Statements for the Period from 4 July 2022 to 2 July 2023

15 Investments

Associates

	£ 000
Cost	
At 4 July 2022	2,000
At 2 July 2023	2,000
Provision	
Carrying amount	
At 2 July 2023	2,000
At 3 July 2022	2,000

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.

16 Stock

	02 July 2023 £ 000	03 July 2022 £ 000
Finished goods and goods for resale	363,375	219,558

The cost of stock recognised as an expense in the period amounted to £580,075,314 (2022 - £544,125,000). This is included within cost of sales.

The amount of write-down of stock recognised as an expense in the period is £4,599,000 (2022 - £1,916,000). This is included within cost of sales.

Inventories are stated after provisions for impairment of £20,162,000 (2022 - £15,564,000).

Premier Farnell UK Limited

Notes to the Financial Statements for the Period from 4 July 2022 to 2 July 2023

17 Trade and other debtors

	02 July 2023	03 July 2022
	£ 000	£ 000
Trade and other debtors falling due within one year		
Trade debtors	56,850	53,243
Provision for impairment of trade debtors	(2,693)	(2,473)
Net trade debtors	54,157	50,770
Debtors from related parties	69,256	63,837
Prepayments	11,989	10,518
Other debtors	18,791	61,129
	154,193	186,254

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

	02 July 2023		03 July 2022	
	No. 000	£ 000	No. 000	£ 000
250,000 ordinary shares of £1 each	250	250	250	250

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

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.

Other reserves

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

Premier Farnell UK Limited

Notes to the Financial Statements for the Period from 4 July 2022 to 2 July 2023

20 Leases

Total cash outflows related to leases

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

	02 July 2023 £ 000	03 July 2022 £ 000
Payment		
Right of use assets	1,978	1,445
Interest	1,341	1,535
Total cash outflow	<u>3,319</u>	<u>2,980</u>

21 Creditors: amounts falling due within one year

	02 July 2023 £ 000	03 July 2022 £ 000
Trade creditors	81,241	62,741
Amounts due to related parties	44,112	42,776
Amounts due to group undertakings in respect of corporation tax	99,878	87,152
Social security and other taxes	3,640	3,154
Current portion of long term lease liabilities	2,813	2,501
Accrued expenses	20,651	26,925
Derivative financial liabilities (note 23)	218	-
Deferred tax liabilities	4,363	1,194
	<u>256,916</u>	<u>226,443</u>

Amounts owed to group undertakings are unsecured, interest bearing at LIBOR plus margin of 1.80% - 2.75% (2022: 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 4 July 2022 to 2 July 2023

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.

Premier Farnell UK Limited

Notes to the Financial Statements for the Period from 4 July 2022 to 2 July 2023

23 Financial risk review (continued)

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.

2023	Carrying amount £ 000	Less than 1 month £ 000
Derivative assets		
Trading:		
Outflow	(886)	(886)
Inflow	668	668

2022	Carrying amount £ 000	Less than 1 year £ 000
Derivative liabilities		
Trading:		
Outflow	(932)	(932)
Inflow	1,152	1,152

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 (2022: £nil).

	2023 £ 000	2022 £ 000
Rental payment	974	1,500

Premier Farnell UK Limited

Notes to the Financial Statements for the Period from 4 July 2022 to 2 July 2023

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.

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.