Registered No 2582534

Arrow Electronics (UK) Limited

Report and Financial Statements

31 December 2011

Directors
P J Reilly
P S Brown
R Suonsilta (resigned 1st Feb 2012)
J A Ward (appointed 1st Feb 2012)

Secretary
F Kjellgren

Auditors
Ernst & Young LLP
400 Capability Green
Luton
Bedfordshire
LU1 3LU

Bankers
HSBC Bank Plc
Poultry
London
EC2P 2BX

Solicitors
Herbert Smith
Exchange House
Primrose Street
London
EC2A 2HS

Registered office
London Road Campus
London Road
Harlow
Essex
CM17 9NA

Statement of directors' responsibilities in respect of the financial statements

The directors present their report and financial statements for the year ended 31 December 2011

Results and dividends

The net profit for the year after taxation amounted to £2,621,000 (2010 profit of £3,361,000) after exceptional costs of £825,000 (2010 exceptional costs of £534,000) The directors do not recommend the payment of any dividends

Principal activity

The principal activity of the company during the year continued to be the distribution of electronic and electrical, equipment and accessories to industry

Review of the business

Turnover increased in 2011 from 2010 by11 % due to a general market recovery, also supported by the acquisition below Gross margin percentage declined slightly in 2011 from 13 1% to 12 3%, generally from market pricing pressures Distribution and administration costs increased by 3 7% but decreased as a percentage of sales from 10 2% to 9 5% (before exceptional items) Operating profit compared to sales declined slightly from 2 6% to 2 3%, driven by the small decline in margin

At the beginning of January 2011 Arrow Electronics Inc confirmed it had acquired the global Nu Horizons group On 1st May 2011, the company acquired 100% of the ordinary share capital of Nu Horizons Electronics Europe Ltd (a holding company) and the net assets of its wholly-owned trading subsidiary, Nu Horizons Electronics Ltd (a distributor of electronic components) This acquisition contributed £8m of sales in 2011 from the date of acquisition and £896,000 of operating profit

	2011 £'000	2010 £'000	Percentage change %
Sales	168,589	152,026	11 0
Gross profit	20,751	19,904	4 3
Operating profit	3,900	3,924	(0 6)
Net profit	2,621	3,361	(22 0)

Future developments

Trading conditions in the UK improved in the first half of 2011 but due to a market slowdown declined in the second half of the year 2012 has seen the market slowdown continue although margins are expected to continue to improve

Directors

The directors who served the company during the year were as follows

R Suonsilta
P J Reilly
P S Brown

None of the directors of the company had any disclosable interest in the shares of the company or any other UK group company at any time during the year

Statement of directors' responsibilities in respect of the financial statements

Risks and uncertainties

Competitive risks – In the UK there are a range of companies in direct competition Whilst the company is not immune to the threats from competitors, it is better placed than many to both resist these threats and to win business from existing and new customers A number of factors give the company a competitive advantage, including the available franchises, service and support, competitive pricing and industry expertise

Legislative risks – there are a number of legislative risks including the following Pollution and chemical legislation on product content such as RoHS, country imposed restrictions for sales to certain industries, border controls enforcing delays to transactions and trade controls on product preventing or limiting sales None of these risks are considered to have a potential major impact on the company and they are managed in the normal course of business

Financial instrument risks - The company has an established risk and financial management framework where the primary objective is to protect the company from events that hinder the achievement of the company's performance objectives The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and to monitor the management of risk on an on-going basis

Use of derivatives – The company uses forward foreign currency contracts to reduce exposure to the variability of foreign exchange rates This is done through a series of globally managed ongoing contracts

Exposure to price, credit, liquidity and cashflow risk
Price risk arises on financial instruments because of changes in, for example, commodity prices or equity prices The company does not hold any equity investments

Credit risk is the risk that one party to a financial instrument will cause a financial loss for another party, by failing to discharge an obligation Company policies are aimed at minimising such losses, and require that open credit and deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures Details of the company's debtors are shown in note 13 to the financial statements

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities The company aims to mitigate liquidity risk by managing cash generation by its operating activities, managing available cash appropriately and applying cash targets where relevant

Cashflow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability, such as future interest payments on a variable rate debt The company manages this risk by the use of the activities listed above, including derivatives and liquidity risk management which are coordinated by other group companies

Disabled employees

It is the company's policy that disabled persons are treated fairly and consistently in terms of recruitment, training, career development and promotion and that their employment opportunities should be based on a realistic assessment of their aptitudes and abilities

Wherever possible the company will continue the employment of persons who become disabled during the course of their employment with the company through retraining, acquisition of special aids and equipment or the provision of suitable alternative employment

Statement of directors' responsibilities in respect of the financial statements

Employee involvement

The company believes that to achieve excellent customer service its employees should be well informed about company plans and performance and have the opportunity to discuss their performance regularly with their manager

Therefore the company is committed to providing all its employees with information on a regular basis and to encouraging their participation in schemes where they will benefit from the company's progress and profitability In addition, it is intended that all employees discuss their individual performance with their managers at least on an annual basis with the objective of identifying how their performance can be improved

Donations

During the year, the company made charitable donations totalling £2,305 (2010 £1,150)

Creditor payment policy

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with

At 31 December 2011 the company had an average of 21 days (2010 30 days) purchases outstanding in trade creditors

Going Concern

The activities of the company, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposure to price, credit, liquidity and cashflow risk are described in the business review on pages 2 to 4

The company is a subsidiary of a large global corporation, and both individually and as part of the global group it has significant long term trading relationships with a number of customers and suppliers across different geographic areas and technologies The company has significant cash and financial resources both as a company within a UK group of companies, and as part of a global corporation As a consequence, the directors believe that the company is well placed to manage its business risk successfully

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts

Directors' statement as to disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is unaware of that information

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

By order of the board

25/6/12

F Kjellgren
Secretary

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Independent auditors' report

to the members of Arrow Electronics (UK) Limited

We have audited the financial statements of Arrow Electronics (UK) Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 22 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities 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 Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Directors Report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditors' report

to the members of Arrow Electronics (UK) Limited

Matters on which we are required to report by exception

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

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

Ernst & Young LLP

Juliet Thomas (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Luton

26 June 2012

Profit and loss account
for the year ended 31 December 2011

	Notes	Continuing operations £'000	Continuing acquired operations £'000	2011 £'000	2010 £'000
Turnover	2	160,589	8,000	168,589	152,026
Cost of sales		141,198	6,640	147,838	132,122
Gross profit		19,391	1,360	20,751	19,904
Distribution costs		14,059	380	14,439	12,074
Administrative expenses					
Before exceptional items		1,503	84	1,587	3,372
Exceptional items		825	-	825	534
Total administrative expenses		2,328	84	2,412	3,906
Operating profit		3,004	896	3,900	19,904
Interest receivable and similar income	8			352	268
Interest payable and similar charges	9			(615)	(170)
				(263)	98
Profit on ordinary activities before taxation				3,637	4,022
Tax on profit on ordinary activities	10			(1,016)	(661)
Profit for the financial year	21			2,621	3,361

There were no recognised gains and losses for the current or prior year other than the profit (2010 profit) for the year which is derived from continuing activities

Balance sheet
at 31 December 2011

	Notes	*2011* *£000*	*2010* *£000*
Fixed assets			
Tangible assets	12	1,957	1,967
		1,957	1,967
Current assets			
Inventory		-	209
Debtors	13	94,930	87,492
Cash at bank		34,755	79,057
		129,685	166,758
Creditors amounts falling due within one year	14	62,646	102,898
Net current assets		67,039	63,860
Total assets less current liabilities		68,996	65,827
Creditors amounts falling due after more than one year	15	36,586	36,586
Provisions for liabilities and charges	17	880	950
		31,530	28,291
Capital and reserves			
Called up share capital	20	5,500	5,500
Share premium account	21	16,500	16,500
Profit and loss account	21	6,808	4,187
Equity reserve	21	2,722	2,104
Equity shareholders' funds	21	31,530	28,291

On behalf of the board

25/6/12

J Ward
Director

Notes to the financial statements

at 31 December 2011

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards

The accounting reference date of the company is 31 December and accounts are drawn up to a Friday within seven days of that date

Consolidated accounts

The directors have taken advantage of the exemption from preparing group accounts This exemption is available to the company under section 401 of the Companies Act 2006 The company is a wholly owned subsidiary of its immediate parent company, Arrow Electronics UK Holding Limited and is included in the consolidated financial statements of it ultimate parent company, Arrow Electronics Inc whose accounts are publicly available, see note 22 for further details Accordingly the accounts presented herein have been prepared on a company only basis

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is a wholly owned subsidiary of Arrow Electronics Inc , and the operating cash flows of the company are included in the consolidated cash flow statement of Arrow Electronics Inc

Related party transactions

The company is a wholly owned subsidiary of Arrow Electronics UK Holding Limited The ultimate parent company is Arrow Electronics Inc , which is incorporated in the USA and the consolidated accounts of which are publicly available

Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with related parties of the Arrow Electronics group

Fixed assets

All fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses Such cost includes costs directly attributable to making the asset capable of operating as intended

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost of each asset evenly over its expected useful life, as follows

Freehold property	-	20 years
Short leasehold improvements	-	the shorter of 20 years or the life of the lease
Equipment and motor vehicles	-	2 to 15 years

The carrying values of tangible fixed assets are reviewed for impairment in periods when events or changes in circumstances indicate the carrying value may not be recoverable

Provisions

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation Where material, provisions are discounted using an appropriate rate

Revenue recognition

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods

Notes to the financial statements

at 31 December 2011

1. Accounting policies (continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Share based payments

Arrow Electronics Inc maintains the group 2004 Omnibus Incentive Plan, which replaced all prior employee stock plans The plan permits the grant of cash-based awards, non qualified stock options, incentive stock options, stock appreciation rights, restricted stock units, performance shares, performance units, covered employee annual incentive awards and other stock-based awards The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award Fair value is determined by means of Black-Scholes option pricing model No expense is recognised for awards that do not ultimately vest

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired The movement in cumulative expenses since the previous balance sheet date is recognised in the profit and loss account with a corresponding entry in equity

The company has taken advantage of the transitional provisions of FRS20 in respect of equity-settled awards so as to apply FRS20 only to those equity-settled awards granted after November 2002 that had not vested before 1 January 2006

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of modification No reduction is recognised if this difference is negative

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction, or at the contracted rate if the transaction is covered by a forward currency contract

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward currency rate

All differences are taken to the profit and loss account

Operating lease agreements

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

Pension costs

The company operates a group personal pension plan to which the company contributes Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the plan

Notes to the financial statements
at 31 December 2011

2. Turnover

Turnover represents sales invoiced to customers, net of discounts, excluding value added tax Turnover is attributable to one continuing activity, the distribution of electronic and electrical equipment and accessories to industry

Turnover is attributed to goods sold almost exclusively within the UK with minimal goods being sold within Ireland and mainland Europe

3. Operating profit

This is stated after charging/(crediting)

	2011 £000	2010 £000
Auditors' remuneration – audit services	40	40
Loss on foreign exchange	453	570
Depreciation of owned fixed assets	321	306
Operating lease rentals - land and buildings	386	496
- plant and machinery	374	379
Share based payments	618	575

4. Exceptional items

	2011 £000	2010 £000
Recognised in arriving at operating profit		
Reorganisation Costs	825	534

<u>2011</u>
Reorganisation costs cover the closures of the Coventry warehouse and Coventry office, both locations previously occupied by Nu Horizons Also included are onerous lease costs associated with the Nu Horizons acquisition and continuing onerous lease costs for the Bedford and Dublin sites

<u>2010</u>
In December 2010 we commenced subletting the unutilised portion of the Bedford site As a result of amended terms, the remaining provision relating to the onerous lease contract for the Bedford site was reversed and a new provision was booked The new provision was due to the subtenant receiving an 11 month rent free period along with additional costs relating to the sublease Also included in the above charge are releases of provisions no longer required for the closed properties Scotland, Crawley, Leicester and Southampton, along with some redundancy costs

Notes to the financial statements
at 31 December 2011

5. Staff costs

	2011 *£000*	*2010* *£000*
Wages and salaries	15,140	13,547
Social security costs	2,184	1,609
Other pension costs (note 16)	603	552
	17,927	15,708

The monthly average number of employees in the UK during the year was as follows

	2011 *No*	*2010* *No*
Directors	-	-
Staff	354	296
	354	296

6. Directors' emoluments

Directors' emoluments are borne by fellow Arrow Electronics Inc group companies as these directors are also directors or officers of a number of companies within the group These directors' services to the company do not occupy a significant amount of their time As such, these directors do not consider that they have received any remuneration for their incidental services to the company

7. Share based payments

2004 Omnibus Incentive Plan Awards

Arrow Electronics Inc maintains the group 2004 Omnibus Incentive Plan, which replaced all prior employee stock plans The plan permits the grant of cash-based awards, non qualified stock options, incentive stock options, stock appreciation rights, restricted stock units, performance shares, performance units, covered employee annual incentive awards and other stock-based awards The exercise price for options cannot be less than the fair market value of Arrow's common stock on the date of grant

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movement in, the group 2004 omnibus incentive plan share options during the year

	2011 *No*	*2011* *WAEP*	*2010* *No*	*2010* *WAEP*
Outstanding as at 1 January	65,261	$29 91	56,563	$30 37
Granted during the year	9,103	$38 69	33,752	$28 65
Exercised during the year	(16,851)	$30 97	(25,054)	$27 61
Forfeited/expired during the year	-	-	-	-
Outstanding at 31 December	57,513	$32 97	65,261	$29 91
Exercisable at 31 December	30,649		34,122	

The range of exercise prices for options outstanding at year end was $13 85 to $38 69 (2010 $13 85 to $38 29)

Notes to the financial statements

at 31 December 2011

7. Share based payments (continued)

Performance Share Awards

The ultimate parent company has granted a specific number of performance shares to certain key members of management The employees are able to earn between 0% and 200% of these shares based on the company's financial performance over a 3 year cycle beginning in the January of the year of the award Performance shares are awarded at the conclusion of the performance period

The following table illustrates the number and weighted average fair value at the measurement date (WAFV) of, and movement in, the performance share awards during the year

	2011 No	*2011 WAEP*	*2010 No*	*2010 WAEP*
Outstanding as at 1 January	57,993	$21 53	36,266	$18 11
Granted during the year	14,782	$38 81	23,230	$28 34
Exercised during the year	(13,398)	$18 88	(1,085)	$29 72
Forfeited during the year	(1,313)	$23 08	(418)	$25 53
Outstanding at 31 December	58,064	$21 51	57,993	$21 53

The directors consider that the fair value of performance shares equates to the market price of shares in the ultimate parent company on the date of the award

Restricted Share Awards

During the year, the ultimate parent company has granted a specific number of restricted stock units to certain key members of management to incentivise them to remain with the Group These units vest over a four year period in four equal tranches on the anniversary of the award date On vesting, each unit is settled by delivery of one share of Common Stock

The following table illustrates the number and weighted average fair value at the measurement date (WAFV) of, and movement in, the performance share awards during the year

	2011 No	*2011 WAEP*	*2010 No*	*2010 WAEP*
Outstanding as at 1 January	33,672	$23 82	18,055	$20 03
Granted during the year	11,349	$38 81	16,353	$28 34
Exercised during the year	(10,397)	$23 84	(513)	$18 97
Forfeited during the year	(996)	$24 95	(223)	$16 82
Outstanding at 31 December	33,628	$28 84	33,672	$23 82

The directors consider that the fair value of restricted stock units equates to the market price of shares in the ultimate parent company on the date of the award

The expense as calculated in accordance with FRS20 is set out in note 3

Notes to the financial statements
at 31 December 2011

7. Share based payments (continued)

The fair value of share options granted were determined using the Black-Scholes option pricing model
The following principal assumptions were used in the valuation

	2011	*2010*
Share price at date of grant	$38 69	$28 34
Risk free interest rate	2 40%	2 40%
Expected life (in years)	5 50	5 19
Expected volatility	37 22%	36 74%
Expected dividend yield	–	–

Volatility is measured using historical daily price changes of the company's common stock over the expected term of the option

The expected life represents the weighted average period the option is expected to be outstanding and is based primarily on the historical exercise behaviour of employees

The risk-free interest rate is based on the U S Treasury zero-coupon yield with a maturity that approximates the expected term of the option

8. Interest receivable and similar items

	2011 *£000*	*2010* *£000*
Bank interest receivable	352	268
	352	268

9. Interest payable and similar charges

	2011 *£000*	*2010* *£000*
Bank interest payable	574	101
Other interest payable	41	69
	615	170

Notes to the financial statements
at 31 December 2011

10. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2011 *£000*	*2010* *£000*
Current tax		
UK corporation tax	800	554
Total current tax (note 10(b))	800	554
Deferred tax		
Origination and reversal of timing differences		
Current period	216	80
Prior period	-	40
Foreign tax	-	(13)
Tax on profit on ordinary activities	1,016	661

(b) Factors affecting current tax charge

	2011 *£000*	*2010* *£000*
Profit on ordinary activities before taxation	3,637	4,022
Profit on ordinary activities multiplied by the standard rate of corporation tax of 26 5% (to 31/03/2011 28%)	963	1,126
Expenses not deductible for tax purposes	81	42
Accelerated capital allowances	(150)	(199)
Group relief	(237)	(531)
Other timing differences	143	115
Prior Year Adjustment	-	1
Total current tax	800	554

(c) Deferred tax

The deferred tax asset included in the balance sheet is as follows

	2011 *£000*	*2010* *£000*
Included in debtors (note 13)	777	993

Notes to the financial statements
at 31 December 2011

10. Tax (continued)

Deferred taxation provided in the financial statements is as follows

	2011 Provided £000	*2010 Provided £000*
Depreciation in advance of capital allowances	359	540
Other timing differences	418	453
Deferred tax asset	777	993

Roll forward of deferred tax

	£000
Balance brought forward at 1 January 2011	993
Current period	(216)
Prior period	-
Balance carried forward at 31 December 2011	777

(d) Factors affecting current tax charge

The Chancellor announced in the 2011 budget that the main rate of UK Corporation Tax was to be reduced to 25% from 1 April 2012 Finance Act 2011 received Royal Assent on 19 July 2011, with the rates being substantively enacted from 5 July 2011

As the legislation was substantively enacted by the balance sheet date, the closing deferred tax balances have been calculated at 25%

Please note, the 2012 budget also announced further reductions in the main rate of corporation tax from 1 April 2012 to 24% however these rates have not been used for the purposes of the deferred tax calculations as these rates were not enacted at the Balance Sheet date The Chancellor also announced that the main rate of UK Corporation Tax will continue to be reduced by a further 1% per annum to take the rate to 22% from 1 April 2014

The deferred tax asset has been recognised on the basis of the company's previous and current performance

Notes to the financial statements
at 31 December 2011

11. Investments

On 1st May 2011, the company acquired 100% of the ordinary share capital of Nu Horizons Electronics Europe Ltd (a holding company) and the net assets of its wholly-owned trading subsidiary, Nu Horizons Electronics Ltd (a distributor of electronic components)

Nu Horizons Electronics Europe Ltd was acquired for a consideration of £1 from Nu Horizons Electronics Corp The operations of Nu Horizons Electronics Ltd including the trade and net assets, were acquired for a consideration of £5,021,017 from Nu Horizons Electronics Europe Ltd The net assets have been included in the company's balance sheet at their fair value at the date of acquisition

Net assets of Nu Horizons Electronics Ltd at the date of acquisition

	Book and fair value *£000*
Cash at bank	2,311
Debtors	21,860
Prepayments	17
Creditors amounts falling due within one year	(18,893)
Accruals	(274)
Net assets	5,021

The company has investments in the following subsidiaries, all of which relate to 100% holdings of ordinary shares and are wholly owned and incorporated in England and Wales

Richardson RFPD UK Ltd	– Distribution of electronic components
Nu Horizons Electronics Europe Ltd	– Holding company
Nu Horizons Electronics Ltd	– Non trading company

The cost of these investments is £2

12. Tangible fixed assets

	Short leasehold improvements *£000*	*Equipment and motor vehicles* *£000*	*Total* *£000*
Cost			
At 1 January 2011	2,965	2,485	5,450
Additions	26	285	311
Disposals	-	-	-
At 31 December 2011	2,991	2,770	5,761
Depreciation			
At 1 January 2011	1,624	1,859	3,483
Provided during the year	116	205	321
Disposals	-	-	-
At 31 December 2011	1,740	2,064	3,804
Net book value			
At 31 December 2011	1,251	706	1,957
At 31 December 2010	1,341	626	1,967

Notes to the financial statements
at 31 December 2011

13 Debtors

	2011	*2010*
	£000	*£000*
Trade debtors	37,879	39,081
Amounts owed by group undertakings	55,551	46,716
Prepayments and accrued income	723	702
Deferred tax	777	993
	94,930	87,492

14. Creditors: amounts falling due within one year

	2011	*2010*
	£000	*£000*
Bank overdraft	25,188	70,869
Trade creditors	481	1,090
Amounts owed to group undertakings	29,451	25,477
Other taxation and social security	4,228	3,266
Accruals and deferred income	3,298	2,196
	62,646	102,898

15. Creditors: amounts falling due after more than one year

	2011	*2010*
	£000	*£000*
Amounts owed to group undertakings	36,586	36,586

16 Pensions

The company operates a Group Personal Pension Plan along with a Salary Sacrifice Scheme The pension cost charge represents contributions payable by the company to the employees' individual policies and amounted to £603,000 (2010 £552,000)

The unpaid contributions outstanding at the year end, included in 'Accruals and deferred income' (note 14) are £107,000 (2010 £3,000)

17. Provisions for liabilities and charges

	£000
At 1 January 2011	950
Arising during the year	825
Utilised in the year	(895)
At 31 December 2011	880

At 31 December 2011 the provision represents property costs on the remaining life of the leases on two vacant properties, onerous lease costs for one previously restructured property that is now being part sublet, and the remaining provision from restructuring activities in 2011
Refer to Note 4 - Exceptional Items

Notes to the financial statements
at 31 December 2011

18. Commitments under operating leases

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as set out below

	2011		2010	
	Land and buildings	*Other*	*Land and buildings*	*Other*
	£000	*£000*	*£000*	*£000*
Operating leases which expire				
Within one year	–	94	–	126
In two to five years	209	281	134	253
In over five years	272	–	363	–
	481	375	497	379

19. Related party transactions

The company has taken advantage of the exemptions available to subsidiary undertakings under FRS 8 by not disclosing transactions with entities of the group qualifying as related parties There are no other related party transactions requiring disclosure

20 Share capital

	Authorised	
	2011	*2010*
	£000	*£000*
Ordinary shares of £1 each	5,500	5,500

	Allotted, called up and fully paid			
		2011		*2010*
	No	*£000*	*No*	*£000*
Ordinary shares of £1 each	5,500,002	5,500	5,500,002	5,500

Notes to the financial statements
at 31 December 2011

21. Reconciliation of shareholders' funds and movement on reserves

	Share capital £000	*Share premium account £000*	*Equity £000*	*Profit and loss account £000*	*Total share-holders' funds £000*
At 1 January 2010	5,500	16,500	1,529	826	24,355
Profit for the year	–	–	–	3,361	3,361
Share Based Payment	–	–	575	–	575
At 1 January 2011	5,500	16,500	2,104	4,187	28,291
Profit for the year	–	–	–	2,621	2,621
Share Based Payment	–	–	618	–	618
At 31 December 2011	5,500	16,500	2,722	6,808	31,530

22. Ultimate parent company

Arrow Electronics (UK) Limited is a 100% subsidiary of Arrow Electronics UK Holding Limited

The parent undertaking of the smallest group of undertakings for which the group accounts are drawn up and of which the company is a member is Arrow Electronics Emeasa S R L , A company established in Italy

The parent undertaking of the largest group of undertakings for which the group accounts are drawn up and of which the company is a member is Arrow Electronics Inc, incorporated in the USA who are regarded as the ultimate parent company and controlling party

Arrow Electronics Inc has included the company in its group accounts Copies of the accounts of Arrow Electronics Inc are available from

Arrow Electronics Inc
50 Marcus Drive
Melville
New York
11747 USA