Registered No: 2582534

Arrow Electronics (UK) Limited

Report and Financial Statements

31 December 2013

Directors
P J Reilly
P S Brown
J A Ward

Secretary
F Kjellgren

Auditors
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Strategic Report

The directors present their strategic report for the year ended 31 December 2013.

Results and dividends

The net profit for the year after taxation amounted to £5,393,000 (2012: profit of £2,125,000) after dividend income of £2,826,000 (2012: £nil) and after exceptional costs of £558,000 (2012: exceptional costs of £306,000). The directors do not recommend the payment of any dividends.

During the year, the Nu Horizons Electronics Ltd subsidiary paid a dividend of £2,826,000 (2012: £nil) to Arrow Electronics (UK) Limited. During the year, the two Nu Horizons subsidiaries were dissolved.

Review of the business

Turnover decreased slightly in 2013 from 2012 by 2%. Gross margin percentage also decreased slightly in 2013 from 13.5% to 13.3%. Distribution and administration costs reduced by 7.7% and decreased as a percentage of sales from 11.0% to 10.5% (before reorganisation costs and dividend income). Operating profit compared to sales increased in 2013 from 2.2% to 2.4%.

Profit and Loss Variances

	2013 £'000	2012 £'000	Percentage change %
Sales	133,113	136,311	(2.3)
Gross profit	17,658	18,342	(3.7)
Operating profit	3,177	2,951	7.7
Net profit on ordinary activities after tax excluding dividend income	2,567	2,125	20.8

Future developments

Though there is still some uncertainty, the outlook for 2014 is for a small level of growth in the market and expectations are that the business will see similar growth.

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.

Strategic Report (continued)

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 14 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.

On behalf of the board

J A Ward
Director
3 SEPT 2014

Directors' Report

The directors present their report and financial statements for the year ended 31 December 2013.

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.

Directors

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

J A Ward
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.

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.

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 £1,638 (2012: £1,541).

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 2013 the company had an average of 29 days (2012: 28 days) purchases outstanding in trade creditors.

Directors' Report (continued)

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 review of the business on pages 2 to 3.

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

F Kjellgren
Secretary 3 SEPT 2014

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). 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 the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 2013 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 23. 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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 Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 2013 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report (continued)

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
3 September 2014

Profit and loss account

for the year ended 31 December 2013

	Notes	2013 £'000	2012 £'000
Turnover	2	133,133	136,311
Cost of sales		115,475	117,969
Gross profit		17,658	18,342
Distribution costs		12,142	13,774
Administrative expenses:			
Before exceptional items		1,781	1,311
Exceptional items	3	558	306
Total administrative expenses		2,339	1,617
Operating profit	4	3,177	2,951
Interest receivable and similar income	8	82	175
Interest payable and similar charges	9	(145)	(135)
		(63)	40
Dividend income	10	2,826	-
Profit on ordinary activities before taxation		5,940	2,991
Tax on profit on ordinary activities	11	(547)	(866)
Profit for the financial year	22	5,393	2,125

There were no recognised gains and losses for the current or prior year other than the profit (2012: profit) for the year which is derived from continuing activities.

Balance sheet
at 31 December 2013

	Notes	*2013* *£000*	*2012* *£000*
Fixed assets			
Tangible assets	13	1,753	1,745
		1,753	1,745
Current assets			
Debtors	14	92,127	84,371
Cash at bank		20,786	23,324
		112,913	107,695
Creditors: amounts falling due within one year	15	37,168	37,980
Net current assets		75,745	69,715
Total assets less current liabilities		77,498	71,460
Creditors: amounts falling due after more than one year	16	36,586	36,586
Provisions for liabilities and charges	18	525	601
		40,387	34,273
Capital and reserves			
Called up share capital	21	5,500	5,500
Share premium account	22	16,500	16,500
Profit and loss account	22	14,326	8,933
Equity reserve	22	4,061	3,340
Equity shareholders' funds	22	40,387	34,273

On behalf of the board

J A Ward
Director 3 SEPT 2014

Notes to the financial statements
at 31 December 2013

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 Saturday 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 23 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.

Dividend income is recognised by the company when payment is made by subsidiary undertakings.

Notes to the financial statements
at 31 December 2013

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 2013

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. Exceptional items

	2013	*2012*
	£000	*£000*
Recognised in arriving at operating profit:		
Reorganisation Costs	558	306

<u>2013</u>
Reorganisation costs comprise a revision of onerous costs associated with the Bedford site, personnel restructuring, and incremental costs associated with sites closed prior to 2013.

<u>2012</u>
Reorganisation costs cover the closure of the Bristol office and lease termination costs for the Coventry office. Also included are continuing onerous lease cost adjustments for the Bedford and Dublin sites, along with costs associated with the move to a single pool of inventory within Europe.

4. Operating profit

This is stated after charging:

	2013	*2012*
	£000	*£000*
Auditors' remuneration – audit services	35	38
Loss on foreign exchange	167	578
Depreciation of owned fixed assets	335	344
Operating lease rentals - land and buildings	350	429
- plant and machinery	407	369
Share based payments	721	618

Notes to the financial statements
at 31 December 2013

5. Staff costs

	2013 £000	2012 £000
Wages and salaries	14,925	13,180
Social security costs	2,003	1,772
Other pension costs (note 17)	593	593
	17,521	15,545

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

	2013 No.	2012 No.
Directors	1	1
Staff	364	335
	365	336

6. Directors' emoluments

	2013 £000	2012 £000
Emoluments	196	140
Value of company pension contributions to pension plans	-	-

	2013 No.	2012 No.
Number of directors who exercised share options	1	-
Number of directors who were members of pension plans	-	-

Other 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.

Notes to the financial statements
at 31 December 2013

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.

	2013 No	*2013 WAEP*	*2012 No*	*2012 WAEP*
Outstanding as at 1 January	48,356	$32.92	57,513	$32.97
Granted during the year	9,560	$41.56	12,383	$40.15
Exercised during the year	(24,239)	$29.78	(21,540)	$31.28
Forfeited/expired during the year	-	-	-	-
Outstanding at 31 December	33,677	$37.09	48,356	$32.92
Exercisable at 31 December	13,487		20,487	

The range of exercise prices for options outstanding at year end was $16.82 to $41.56 (2012: $16.82 to $40.15).

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.

	2013 No	*2013 WAFV*	*2012 No*	*2012 WAFV*
Outstanding as at 1 January	58,787	$31.56	58,064	$26.51
Granted during the year	15,686	$41.56	14,559	$40.15
Exercised during the year	(41,313)	$24.51	(13,383)	$18.88
Forfeited during the year	(571)	$39.33	(453)	$29.24
Outstanding at 31 December	32,589	$39.90	58,787	$31.56

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.

Notes to the financial statements
at 31 December 2013

7. Share based payments (continued)

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.

	2013 No	*2013 WAFV*	*2012 No*	*2012 WAFV*
Outstanding as at 1 January	29,807	$33.24	33,628	$28.84
Granted during the year	7,196	$41.56	9,879	$40.15
Exercised during the year	(17,155)	$27.92	(13,338)	$27.18
Forfeited during the year	(462)	$36.78	(362)	$32.49
Outstanding at 31 December	19,386	$38.37	29,807	$33.24

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 4.

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:

	2013	*2012*
Share price at date of grant	$41.56	$40.15
Risk free interest rate	1.0%	1.0%
Expected life (in years)	5.40	5.42
Expected volatility	40.73%	40.41%
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

	2013 £000	*2012 £000*
Bank interest receivable	81	172
Other interest receivable	1	3
	82	175

Notes to the financial statements
at 31 December 2013

9. Interest payable and similar charges

	2013 £000	2012 £000
Bank interest payable	71	66
Other interest payable	74	69
	145	135

10. Dividend Income

During the year Arrow Electronics (UK) Limited recognised income representing a dividend of £2,826,231 (2012: £nil) declared by its subsidiary Nu Horizons Electronics Limited in October 2012.

11. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2013 £000	2012 £000
Current tax:		
UK corporation tax	440	490
Total current tax (note 11(b))	440	490
Deferred tax:		
Origination and reversal of timing differences		
Current period	57	200
Rate change	52	53
Prior period	(2)	123
Tax on profit on ordinary activities	547	866

(b) Factors affecting current tax charge

	2013 £000	2012 £000
Profit on activities before taxation	5,940	2,991
Profit on activities multiplied by the standard rate of corporation tax of 23.25% (2012: 24.5%)	1,381	733
Expenses not deductible for tax purposes	24	80
Exempt dividend income	(657)	-
Chargeable Gains	-	76
Accelerated capital allowances	(82)	(164)
Group relief	(204)	(218)
Other timing differences	36	(4)
Prior Year Adjustment	(58)	(13)
Total current tax	440	490

Notes to the financial statements
at 31 December 2013

11. Tax (continued)

(c) Deferred tax

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

	2013 *£000*	*2012* *£000*
Included in debtors (note 14)	295	402

Deferred taxation provided in the financial statements is as follows:

	2013 *Provided* *£000*	*2012* *Provided* *£000*
Depreciation in advance of capital allowances	167	272
Other timing differences	128	130
Deferred tax asset	295	402

Roll forward of deferred tax:

	£000
Balance brought forward at 1 January 2013	402
Current period	(57)
Prior period	(50)
Balance carried forward at 31 December 2013	295

(d) Factors affecting current tax charge

The Chancellor announced in the 2013 budget that the main rate of UK Corporation Tax is to be reduced to 21% from 1 April 2014 and 20% from 1 April 2015. Finance Act 2013 received Royal Assent on 17 July 2013, with the rates being substantively enacted from 2 July 2013.

As the legislation was substantively enacted by the balance sheet date, the closing deferred tax balances have been calculated at 20%.

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 2013

12. Investments

The company has an investment in the following subsidiary, which relates to a 100% holding of ordinary shares and is wholly owned and incorporated in England and Wales.

Richardson RFPD UK Ltd	– Distribution of electronic components

The cost of this investment is £1.

The company placed the following subsidiaries through a member's voluntary process that completed in December 2013. The subsidiaries were subsequently dissolved in April 2014.

Nu Horizons Electronics Europe Ltd	– Holding company
Nu Horizons Electronics Ltd	– Non trading company

The cost of these investments was £1.

13. Tangible fixed assets

	Short leasehold improvements £000	*Equipment and motor vehicles £000*	*Total £000*
Cost:			
At 1 January 2013	1,786	1,118	2,904
Additions	31	312	343
Disposals	-	-	-
At 31 December 2013	1,817	1,430	3,247
Depreciation:			
At 1 January 2013	659	500	1,159
Provided during the year	116	219	335
Disposals	-	-	-
At 31 December 2013	775	719	1,494
Net book value:			
At 31 December 2012	1,127	618	1,745
At 31 December 2013	1,042	711	1,753

14. Debtors

	2013 £000	*2012 £000*
Trade debtors	34,588	31,597
Amounts owed by group undertakings	56,388	51,754
Prepayments and accrued income	856	618
Deferred tax (note 11(c))	295	402
	92,127	84,371

Notes to the financial statements
at 31 December 2013

15. Creditors: amounts falling due within one year

	2013 £000	2012 £000
Bank overdraft	8,260	12,547
Trade creditors	675	511
Amounts owed to group undertakings	22,819	20,413
Other taxation and social security	2,940	2,649
Accruals and deferred income	2,474	1,860
	37,168	37,980

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

	2013 £000	2012 £000
Amounts owed to group undertakings	36,586	36,586

17. 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 £593,000 (2012: £593,000).

The unpaid contributions outstanding at the year end, included in 'Accruals and deferred income' (note 15) are £108,000 (2012: £96,000).

18. Provisions for liabilities and charges

	£000
At 1 January 2013	601
Arising during the year	558
Utilised in the year	(634)
At 31 December 2013	525

At 31 December 2013 the provision represents onerous lease costs for a previously restructured property that is now part sublet.

Refer to Note 3 – Exceptional items.

Notes to the financial statements
at 31 December 2013

19. Commitments under operating leases

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as set out below:

		2013		*2012*
	Land and buildings	*Other*	*Land and buildings*	*Other*
	£000	*£000*	*£000*	*£000*
Operating leases which expire:				
Within one year	-	102	54	92
In two to five years	305	305	329	276
In over five years	272	-	272	-
	577	407	655	368

20. 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.

21. Share capital

		Authorised
	2013	*2012*
	£000	*£000*
Ordinary shares of £1 each	5,500	5,500

		Allotted, called up and fully paid		
		2013		*2012*
	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 2013

22. 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 2012	5,500	16,500	2,722	6,808	31,530
Profit for the year	–	–	–	2,125	2,125
Share Based Payment	–	–	618	–	618
At 1 January 2013	5,500	16,500	3,340	8,933	34,273
Profit for the year	–	–	–	5,393	5,393
Share Based Payment	–	–	721	–	721
At 31 December 2013	5,500	16,500	4,061	14,326	40,387

23. 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