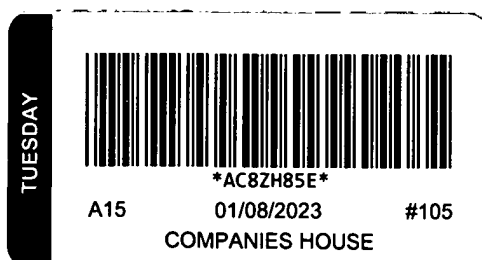


Registered No: 3271965

Arrow Electronics Limited

Report and Financial Statements

31 December 2022



Contents

	Page
Corporate information	1
Strategic report and the board's statement on s172(1)	2-4
Directors' report	5-6
Directors' responsibilities statement	7
Independent auditors' report	8-10
Statement of profit or loss and other comprehensive income	11
Balance sheet	12
Statement of changes in equity	13
Notes to the financial statements	14-19

Corporate information

Directors

D Hassell
M Smith

Secretary

P Ewing

Auditors

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

Bankers

Bank Mendes Gans
Herengracht 619
1017 CE Amsterdam

Registered office

Kao 1
Kao Park
Hockham Way
Harlow
Essex
CM17 9NA

Strategic report

The directors present their strategic report for the year ended 31 December 2022.

Results and dividends

The loss for the year after taxation and before other comprehensive income amounted to £1,712,000 (2021: £1,631,000). The directors do not recommend the payment of any dividends.

Business review

The company recorded a loss before taxation of £1,712,000 (2021: £1,631,000).

The company directors believe the level of activity and the period end financial position remain satisfactory, and as expected given the nature of the company.

Key performance indicators

Given the straight forward nature of the business the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Risks and uncertainties

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. These are described in more detail below.

Use of derivatives – The company does not use any derivative contracts.

Exposure to price, credit, liquidity and cash flow/foreign exchange risk

Price risk arises on financial instruments because of changes in, for example, commodity prices. The company holds equity investments in Arrow group companies. These risks are globally managed by the Group on a portfolio basis.

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. The Company only has loans and receivables due from other group companies. Intra group balances are monitored centrally by group management and on this basis the directors are comfortable that the company is not unduly exposed to credit risk.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The knowledge that the company's liabilities are predominantly due to other group companies and are largely offset by intercompany together with the availability of group support mean that the directors do not believe the company is unduly exposed to liquidity risk.

Cash flow

Impact of Covid-19

The company is a subsidiary of a large global corporation, Arrow Electronics Inc., and both through the immediate subsidiary Arrow Electronics UK Ltd and as part of the global group, has significant long-term trading relationships with a significant number of customers and suppliers across different geographic areas and technologies. The business has cash and financial resources through the global cash pool arrangement, as part of the global corporation. Management of Arrow Electronics Inc has confirmed that cash availability and the ability to generate future operating cash flows, are sufficient to meet the projected cash flow needs of the business up to at least 30 September 2024 from the date the accounts are signed.

Foreign exchange risk

The directors do not believe that the company is unduly exposed to foreign exchange risk.

Strategic report (continued)

S172 Companies ACT 2006

Section 172(1) Statement

The revised UK Corporate Governance Code was published in July 2018 and applies to accounting periods beginning on or after January 1, 2019

The Companies (Miscellaneous Reporting) Regulations 2018 require Directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the Company under S172.

This S172 statement explains how the Directors:

- a) have engaged with employees, suppliers, customers and others; and
- b) have had regard to employee interests, the need to foster the company's business relationships with suppliers, customers and other, and the effect of that regards, including on the principal decisions taken by the company during the financial year.

The S172 statement focuses on matters of strategic importance to the Company, and the level of information disclosed is consistent with the size and the complexity of the business.

General confirmation of Directors' duties

The Board has a clear framework for determining the matters within its remit and certain financial and strategic thresholds have been determined to identify matters requiring Board consideration and approval. The Delegation of Authority sets out the delegation and approval process across the broader business.

When making decisions, each Director ensures that he/she acts in the way he/she considers, in good faith, would most likely promote the Company's success for the benefit of its members as a whole, and in doing so have regard (among other matters) to:

S172(1) (A) "The likely consequences of any decision in the long term"

The Directors understand the business and the evolving environment in which we operate, including the related challenges. Based on the Company's purpose, the strategy set by the Board is intended to strengthen our position by providing products and services while keeping safety and social responsibility fundamental to our business approach.

S172(1) (B) "The interests of the company's employees"

The Directors recognise that employees are fundamental and core to our business and delivery of our strategic ambitions. The success of our business depends on attracting, retaining and motivating employees. From ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment, the Directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible. Town hall meetings are organized at UK and EMEA level where feedback is requested from employees.

S172(1) (C) "The need to foster the company's business relationships with suppliers, customers and others"

Delivering our strategy requires strong mutually beneficial relationships with suppliers, customers and government. The Company seeks the promotion and application of sound corporate governance principles in such relationships, which are prescribed in standards such as the Supplier Code of Conduct which governs the Company's approach to suppliers. The Company continuously assesses the priorities related to customers and those with whom we do business. Moreover, the Directors receive information updates on a variety of topics that indicate and inform how these stakeholders have been engaged. These include information provided from the Finance and/or Legal Department.

Strategic report (continued)

S172(1) (D) "The impact of the company's operations on the community and the environment"

The Board receives information on these topics to both provide relevant information for specific Board decisions (e.g. those related to specific strategic initiatives such as investment or divestment proposals, business strategy reviews, etc.) and to provide ongoing overviews (e.g., regular Health & Safety updates and reports from internal audit).

S172(1) (E) "The desirability of the company maintaining a reputation for high standards of business conduct"

The Company aims to meet the growing needs of technological solutions in ways which are economically, environmentally and socially responsible. The Board periodically reviews and approves clear frameworks, such as the Standards of Conduct, specific Ethics & Compliance manuals, and ensures all personnel participate in training which cover topics such as Bribery and Modern Slavery. All personnel have access to the Arrow Alertline, as well as the Navex Global confidential report platform, through which any compliance or ethics issues can be discussed or reported to Arrow Corporation, the ultimate holding company. The Company also performs due diligence before entering into new supplier or distributor agreements. These measures ensure that high standards of business conduct are maintained both within the Company and its business relationships.

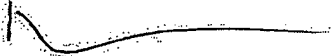
S172(1) (F) "The need to act fairly as between members of the company"

After weighing up all relevant factors, the Directors consider which course of action best enables delivery of our strategy through the long-term, taking into consideration the impact on stakeholders. In doing so, our Directors act fairly as between the Company's members but are not required to balance the Company's interest with those of other stakeholders, and this can sometimes mean that certain stakeholder interests may not be fully aligned.

Streamlined Energy and Carbon Reporting (SECR)

The company is an investment company and is a low energy user therefore it is not required to make detailed disclosures of energy and carbon usage.

On behalf of the board



D Hassell
Director

27th July 2023

Directors' report

The directors present their report and financial statements for the year ended 31 December 2022.

Principal activity

The principal activity of the company during the year continued to be to hold investments in subsidiary companies.

Directors

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

D Hassell
M Smith
C Stansbury (resigned 1st April 2022)

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.

Going Concern and impact Russia-Ukraine war

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 itself holds investments in trading subsidiaries which both individually and as part of the global group have significant long-term trading relationships with a number of customers and suppliers across different geographic areas and technologies. The company, with its immediate subsidiary Arrow Electronics UK Ltd has significant financial resources and it also has cash and financial resources through the global cash pool arrangement, as part of the global corporation. As a result, the directors believe that the company is well placed to manage its business risk successfully.

The company is an investment holding company with its risks residing mainly in the value of its investments compared to the carrying value of such investments at the balance sheet date. The company will continue to monitor the value of its investments compared to their carrying value. The financial and other information are assessed on regular basis.

The Russia-Ukraine war, which began in February 2022, has no impact on the financial position of this company, due to the non-trading nature of this entity.

After making enquiries and considering the impact of Russia-Ukraine war, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Despite the holding company having net current liabilities on the balance sheet, there are sufficient overall financial resources within the UK group of companies to settle all of its expected ongoing liabilities. In considering the appropriateness of the going concern statement, the directors of the business have taken account of the cashflow forecast prepared to 30 September 2024. Management of Arrow Electronics Inc has confirmed it will support the company for the period of 12 months from the date the accounts are signed. The directors have assessed Arrow Inc's ability to provide this support and are satisfied that it is able to do so. 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.

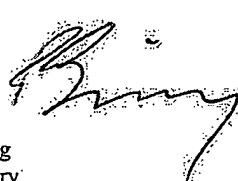
Directors' report (continued)

Auditors

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

These financial statements have been prepared in accordance with the Financial Reporting Standard 101 - Reduced Disclosure Framework.

By order of the board


P Ewing
Secretary

27th July 2023

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, Directors' Report, and the financial statements in accordance with applicable United Kingdom 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 company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 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 in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- in respect of the company financial statements, state whether applicable UK Accounting Standards, including FRS 101, 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 appropriate to presume that the company will not 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 company 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 Limited

Opinion

We have audited the financial statements of Arrow Electronics Limited for the year ended 31 December 2022 which comprise Statement of Profit or Loss and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and the related notes 1 to 12, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 and of its loss 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from the date the accounts are signed.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Independent auditors' report (continued)

to the members of Arrow Electronics Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS101, the Companies Act 2006) and the relevant tax laws and regulations in the UK. The company has minimal transactions, and no employees.
- We understood how the Company is complying with those frameworks by making enquiries of management to understand the process in place to maintain and communicate its policies and procedures in these areas. We corroborated our enquiries through our review of board minutes, correspondence with relevant authorities and supporting documentation, and noted that there was no contradictory evidence.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override. We have obtained supporting documentation for material transactions that occurred during the year. Due to the nature of the company, as a non-trading company, the risk of material misstatement is deemed to be low.

Independent auditors' report (continued)

to the members of Arrow Electronics Limited

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved reading board meeting minutes and relevant approval documents, enquiries of senior finance personnel and those charged with governance and agreement of transactions to supporting source documentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.



Anup Sodhi (Senior statutory auditor)
for and on behalf of Ernst & Young LLP (Statutory auditor)
Luton

Dated: 27 July 23

Statement of profit or loss and other comprehensive income

for the year ended 31 December 2022

	Note	2022 £000	2021 £000
Administrative expenses excluding exceptional items		(8)	(6)
Operating loss	2	(8)	(6)
Interest receivable and similar income	4		
Interest payable and similar charges	5	(1,704)	(1,625)
Loss on ordinary activities before taxation		(1,712)	(1,631)
Tax on gain on ordinary activities	6		
Loss for the financial year	11	(1,712)	(1,631)

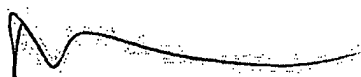
There are no other recognised gains or losses for the period other than the profit/(loss) for the year which is derived from continuing activities.

Arrow Electronics Limited

Balance sheet at 31 December 2022

	Notes	31 Dec 2022 £000	31 Dec 2021 £000
Fixed assets			
Investments	7	48,000	48,000
Current assets			
Cash at bank			
Creditors: amounts falling due within one year	8	(28,546)	(26,834)
Net current liabilities		(28,546)	(26,834)
Total assets less current liabilities		19,454	21,166
Net assets		19,454	21,166
Capital and reserves			
Called up share capital	10	142,912	142,912
Share premium account	11	8,299	8,299
Profit and loss account	11	(131,757)	(130,045)
Equity shareholders' funds		19,454	21,166

On behalf of the board



D Hassell
Director

27th July 2023

Statement of changes in equity at 31 December 2022

	Called up share capital	Share premium account	Profit and loss account	Total
	£000	£000	£000	£000
At 31 December 2021	142,912	8,299	(130,045)	21,166
Profit for the financial year			(1,712)	(1,712)
Total comprehensive income			(1,712)	(1,712)
At 31 December 2022	142,912	8,299	(131,757)	19,454

Notes to the financial statements

at 31 December 2022

1. Accounting policies

Arrow Electronics Limited (the "Company") is a private limited liability company incorporated in England. The registered office address is:

Kao 1
Kao Park
Hockham Way
Harlow
Essex
CM17 9NA

The financial statements of Arrow Electronics Limited (the "Company") for the year ended 31 December 2022 were authorised for issue by the board of directors on 27th July 2023 and the balance sheet was signed on the board's behalf by D Hassell.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The financial statements are prepared under the historical cost convention.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2022.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a) the requirements of IAS 27 Consolidated and Separate Financial Statements;
- b) the requirements of IAS 7 Statement of Cash Flows;
- c) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- d) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction, is wholly owned by such a member; and
- e) the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets

The accounting reference date of the company is 31 December. The financial statements are prepared in pounds sterling and are rounded to the nearest thousand pounds (£000).

Going Concern and impact of Russia-Ukraine war

The Russia-Ukraine war, which began in February 2022, has no impact on the financial position of this company, due to the non-trading nature of this entity. The company is an investment holding company with its risks residing mainly in the value of its investments compared to the carrying value of such investments at the balance sheet date. The company will continue to monitor the value of its investments compared to their carrying value. The financial and other information are assessed on regular basis. The business also has cash and financial resources through the global cash pool arrangement, as part of the global corporation Arrow Electronics Inc.

After making enquiries and considering the impact of Russia-Ukraine war, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. In considering the appropriateness of the going concern statement, the directors of the business have taken account of the cashflow forecast prepared to 30 September 2024. Management of Arrow Electronics Inc has confirmed it will support the company for the period of 12 months from the date the accounts are signed. The directors have assessed Arrow Inc's ability to provide this support and are satisfied that it is able to do so. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

New and amended standards and interpretations

There are no amendments to accounting standards or IFRIC interpretations that are effective for the year ended 31 December 2022 that have a material impact on the company.

Notes to the financial statements (continued)

at 31 December 2022

1. Accounting policies (continued)

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 and IAS 27, since a parent company prepares consolidated accounts which, the directors consider, are drawn up on an equivalent basis. 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 IAS 7 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 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 IAS 24 from disclosing transactions with related parties in the Arrow Electronics Inc group.

Deferred taxation

Deferred tax is recognised in respect of all taxable 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 exceptions:

- 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.

Foreign currencies

The financial statements are prepared in sterling which is the functional currency of the company.

Transactions in foreign currencies are recorded at the spot exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction

Notes to the financial statements (continued)

at 31 December 2022

1. Accounting policies (continued)

Loans and receivables (Continued)

costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Income statement. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

1.1 Significant judgements and estimates

Investments

The company directors have reviewed the investment on subsidiary and believe that the valuation of the investments in Arrow Electronics (UK) Ltd is higher than the value recorded in the accounts. No impairment therefore is recommended. The impairment assessment is carried out using discounted cash flow method. The 5% growth rate is assumed for future years and discount rate applied to cash flow projection is 8.80%.

2. Operating loss

This is stated after charging:

	2022 £000	2021 £000
Auditors' remuneration - audit services	4	4

The company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the group accounts of the parent company.

3. Employment costs and directors' remuneration

The Company has no employees (2021: nil) and accordingly no staff costs.

Certain directors' emoluments are borne by fellow Arrow Electronics Inc group companies as these directors are also directors or officers of a number of companies in 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.

4. Interest receivable and similar items

	2022 £000	2021 £000
Bank interest receivable	-	-

Notes to the financial statements (continued)

at 31 December 2022

5. Interest payable and similar charges

	2022	2021
	£000	£000
Interest payable on intercompany borrowings	1,694	1,625
Bank interest payable	10	-
Interest payable and similar charges	<u>1,704</u>	<u>1,625</u>

6. Tax

(a) Tax on profit/(loss) on ordinary activities

The tax charge is made up as follows:

	2022	2021
	£000	£000
<i>Current Tax:</i>		
UK corporation tax adjustments in respect of prior periods	-	-
Total current tax (note 6(b))	-	-
<i>Deferred Tax:</i>		
Origination and reversal of timing differences:		
Current Period	-	-
Prior Period	-	-
Tax on profit/(loss) on ordinary activities	<u>-</u>	<u>-</u>

(b) Factors affecting current tax charge

	2022	2021
	£000	£000
Profit/(loss) on ordinary activities before taxation	<u>(1,712)</u>	<u>(1,631)</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax of 19% (2020: 19%)	(325)	(309)
Expenses not deductible for tax purposes	-	-
Accrued interest not deductible	47	45
Group relief	<u>278</u>	<u>264</u>
Tax on profit/(loss) on ordinary activities	<u>-</u>	<u>-</u>

(c) Factors affecting current tax charge

The main rate of corporation tax in the UK is 19%. Finance Bill 2021, published on 11 March 2021, includes an increase to the main rate of corporation tax to 25% from 1 April 2023.

Notes to the financial statements (continued)

at 31 December 2022

7. Investments

Investments in subsidiaries:

	2022 £000	2021 £000
<i>Cost:</i>		
At 1 January	48,000	48,000
Disposal		
At 31 December	48,000	48,000
<i>Impairment:</i>		
At 1 January		
Disposal		
Charge for the year		
At 31 December		
<i>Net book value:</i>		
At 31 December	48,000	48,000

At 31 December 2022, the company held 100% of the ordinary share capital of the following subsidiary, which is incorporated in England and Wales.

Arrow Electronics (UK) Limited – Distribution of Electronic Components
Kao 1, Kao Park, Hockham Way, Harlow, Essex CM17 9NA, United Kingdom

8. Creditors: amounts falling due within one year

	2022 £000	2021 £000
Other payables	6	6
Bank overdrafts	3,515	186
Amounts owed to parent undertakings	25,000	26,625
Amounts owed to group companies	25	17
Creditors: amounts falling due within one year	28,546	26,834

The above balance includes £25m intercompany loan with Arrow Electronics Vagyonkezelő KFT (lender), a company registered under the laws of Hungary. This is an interest-bearing intercompany loan with a rate of 6.5%. The intercompany loan has no repayment date set and payable on demand from the lender.

9. Related party transactions

The company has taken advantage of the exemption under paragraph 8(k) of FRS101 by not disclosing transactions with entities of the group qualifying as related parties. There are no other related party transactions requiring disclosure.

10. Share capital

	2022 £000	Authorised 2021 £000
Ordinary shares of £1 each	195,000	195,000

	Allotted, called up and fully paid			
	2022 £000	No. (000)	2021 £000	No. (000)
Ordinary shares of £1 each	142,912	142,912	142,912	142,912

Notes to the financial statements (continued)

at 31 December 2022

11. Reconciliation of shareholders' funds and movement on reserves

	<i>Share capital</i>	<i>Share premium</i>	<i>Profit and loss account</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 1 January 2022	142,912	8,299	(130,045)	21,166
Profit for the financial year	-	-	(1,712)	(1,712)
Total comprehensive income	-	-	(1,712)	(1,712)
At 31 December 2022	142,912	8,299	(131,757)	19,454

The balances classified as equity share capital include the total net proceeds (both nominal value and share premium) on issue of the company's equity share capital, comprising £1 ordinary shares.

12. Parent companies

Arrow Electronics Limited is a 100% owned subsidiary of Arrow Electronics (Jersey) Limited, a company incorporated in Jersey.

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 incorporated in Italy.

The parent undertaking of the largest group of undertakings for which 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.
9201 E. Dry Creek Road,
Centennial
Colorado
80112
USA