

Registered number  
03495816

NIC Components Europe Limited  
Report of the Directors and Financial Statements for the year ended  
31 December 2011

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**NIC Components Europe Limited**  
**Registered number: 03495816**  
**Directors' Report**

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

**Principal activities and review of the business**

The company's principal activity during the period continued to be the sale of electronic components. The company continues to serve the market as required by the parent company.

Turnover has decreased proportionately by 3.4% during the year, but profit before taxation has increased to \$940,641 from \$575,610 in the December 2010 period. The company is in a good position to take advantage of any opportunities which may arise in the future.

**Future developments**

The directors aim to maintain the management policies which have resulted in the company's substantial growth in recent years.

**Financial instrument risk**

The key business risks and uncertainties affecting the company are considered to relate to competition, suppliers, the economic environment, exchange rates, staff retention and the improvement of IT systems. The Directors manage these risks at Nu Horizons Corporate board level in conjunction with UK Senior Management.

**Supplier payment policy**

The company buys the majority of goods through their US parent company and other fellow group companies, consequently it is not feasible to calculate the creditor days for the period nor the preceding period.

**Directors**

The following persons served as directors during the year:

Mr A Nadata	(Resigned 4th April 11)
Mr R Schuster	(Resigned 4th April 11)
Mr K Freudenberg	(Resigned 4th April 11)
Mr P Brown	(Appointed 4th April 11)
Mr P Kong	(Appointed 4th April 11)
Mr P Reilly	(Appointed 4th April 11)

**Disclosure of information to auditors**

Each person who was a director at the time this report was approved confirms that:

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware, and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board on **25.06.12** and signed on its behalf



Mr P Reilly  
Director

## **NIC Components Europe Limited**

### **Statement of Directors' Responsibilities**

The directors are responsible for preparing the report and 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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.

**NIC Components Europe Limited****Registered number: 03495816****Independent auditors' report****to the shareholders of NIC Components Europe Limited**

We have audited the financial statements of NIC Components Europe Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. 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 auditors' 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 Statement of Directors' Responsibilities, 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 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**

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 the 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
- have been prepared in accordance with the requirements of the Companies Act 2006

**Opinion on other matters 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.

**NIC Components Europe Limited**  
**Registered number: 03495816**  
**Independent auditors' report**  
**to the shareholders of NIC Components Europe 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

 16.07.12

Frederick Porter  
(Senior Statutory Auditor)  
for and on behalf of  
Clark Howes Auditing Solutions Limited  
Chartered Accountants and Statutory Auditors

2 Minton Place  
Victoria Road  
Bicester  
Oxon  
OX26 6QB

**NIC Components Europe Limited**  
**Profit and Loss Account**  
**for the year ended 31 December 2011**

	Notes	2011 \$	2010 \$
<b>Turnover</b>	2	6,829,321	5,888,838
Cost of sales		(4,495,020)	(4,230,268)
<b>Gross profit</b>		<u>2,334,301</u>	<u>1,658,570</u>
Distribution costs		(6,829)	(9,354)
Administrative expenses		(1,392,767)	(1,073,606)
<b>Operating profit</b>	3	<u>934,705</u>	<u>575,610</u>
		<u>934,705</u>	<u>575,610</u>
Interest receivable		5,276	-
<b>Profit on ordinary activities before taxation</b>		<u>939,981</u>	<u>575,610</u>
Tax on profit on ordinary activities	5	(165,766)	(50,145)
<b>Profit for the financial year</b>		<u>774,215</u>	<u>525,465</u>

**Continuing operations**

None of the company's activities were acquired or discontinued during the above two financial periods

**Statement of total recognised gains and losses**

The company has no recognised gains or losses other than the profit for the above two financial periods

**NIC Components Europe Limited**  
**Balance Sheet**  
**Registered number: 03495816**  
**as at 31 December 2011**

	Notes	2011 \$	2010 \$
<b>Fixed assets</b>			
Tangible assets	6	21,025	28,657
		<u>21,025</u>	<u>28,657</u>
<b>Current assets</b>			
Stocks	7	787,742	995,449
Debtors	8 10	730,013	997,089
Cash at bank and in hand		1,063,993	38,255
		<u>2,581,748</u>	<u>2,030,793</u>
<b>Creditors' amounts falling due within one year</b>	9	(729,453)	(960,345)
<b>Net current assets</b>		<u>1,852,295</u>	<u>1,070,448</u>
<b>Total assets less current liabilities</b>		<u>1,873,320</u>	<u>1,099,105</u>
<b>Net assets</b>		<u>1,873,320</u>	<u>1,099,105</u>
<b>Capital and reserves</b>			
Called up share capital	11	1,633	1,633
Profit and loss account	13	1,871,687	1,097,472
<b>Shareholders' funds</b>	14	<u>1,873,320</u>	<u>1,099,105</u>



Mr P Reilly  
Director

Approved by the board on 25.06.12

**NIC Components Europe Limited**  
**Cash Flow Statement**  
**for the year ended 31 December 2011**

	<b>Notes</b>	<b>2011</b> \$	<b>2010</b> \$
<b>Reconciliation of operating profit to net cash inflow from operating activities</b>			
Operating profit		934,705	575,610
Depreciation and amortisation		17,497	24,378
Decrease/(increase) in stocks		207,707	(314,070)
Decrease/(increase) in debtors		268,580	(216,888)
Decrease in creditors		(234,382)	(50,747)
<b>Net cash inflow from operating activities</b>		<u>1,194,107</u>	<u>18,283</u>
<b>CASH FLOW STATEMENT</b>			
<b>Net cash inflow from operating activities</b>		1,194,107	18,283
<b>Returns on investments and servicing of finance</b>	15	5,276	-
<b>Taxation</b>		(163,780)	(25,841)
<b>Capital expenditure</b>	15	<u>(9,865)</u>	<u>(662)</u>
		1,025,738	(8,220)
<b>Increase/(decrease) in cash</b>		<u>1,025,738</u>	<u>(8,220)</u>
<b>Reconciliation of net cash flow to movement in net debt</b>			
Increase/(decrease) in cash in the period		1,025,738	(8,220)
<b>Change in net debt</b>	16	<u>1,025,738</u>	<u>(8,220)</u>
<b>Net funds at 1 January</b>		38,255	46,475
<b>Net funds at 31 December</b>		<u>1,063,993</u>	<u>38,255</u>



**NIC Components Europe Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2011**

**1 Accounting policies**

***Basis of preparation***

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards

***Functional currency***

The functional currency of the company is the US Dollar

The sterling exchange rate at the balance sheet date was 1 5414 USD GBP, for the comparative balance sheet date the rate was 1 5474 (USD GBP)

***Depreciation***

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

Leasehold land and buildings	10% straight line
Plant and machinery	15 - 33% straight line

***Stocks***

Stock is valued at the lower cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost includes any expenditure incurred in bringing the stock to its present location and condition. Where consignment stock is in substance an asset of the company, it is recognised as such on the balance sheet

***Creditors policy***

The company policy is to pay creditors within their credit period, where considered reasonable. Once agreed, it is the company's policy to adhere to the terms of payment

***Deferred taxation***

Full provision is made for deferred taxation resulting from timing differences between the recognition of gains and losses in the financial statements and their recognition for tax purposes

Deferred taxation is calculated on an un-discounted basis at the tax rates which are expected to apply in the periods when the timing differences will reverse

***Foreign currencies***

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

**NIC Components Europe Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2011**

***Leasing and hire purchase commitments***

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives. The corresponding lease or hire purchase obligation is treated in the balance sheet as a liability.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

***Pensions***

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

**2 Turnover**

Turnover represents the value, net of value added tax and discounts, of goods provided to customers and work carried out in respect of services provided to customers.

Turnover is attributable to one continuing activity, being the sale of electronic components.

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
By geographical market		
Within the EC	6,563,153	5,668,214
Outside the EC	266,168	220,624
	<u>6,829,321</u>	<u>5,888,838</u>

**3 Operating profit**

This is stated after charging

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Depreciation of owned fixed assets	17,497	24,378
Operating lease rentals - plant and machinery	1,950	1,485
Operating lease rentals - land buildings	59,938	45,218
Auditors' remuneration for audit services	9,367	7,973
Foreign exchange loss	<u>14,674</u>	<u>1,421</u>

**NIC Components Europe Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2011**

**4 Staff costs**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Wages and salaries	912,524	693,256
Social security costs	107,842	79,222
Other pension costs	35,120	25,559
	<u>1,055,486</u>	<u>798,037</u>

**Average number of employees during the year**

	<b>Number</b>	<b>Number</b>
Administration	3	3
Distribution	2	3
Marketing	7	7
	<u>12</u>	<u>13</u>

The Directors of the company are employees of the ultimate parent company and therefore no remuneration is paid to the Directors from the UK company

**NIC Components Europe Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2011**

**5 Taxation**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>Analysis of charge in period</b>		
Current tax		
UK corporation tax on profits of the period	193,814	25,841
	<u>167,270</u>	<u>25,841</u>
Deferred tax		
Origination and reversal of timing differences	(1,504)	24,304
	<u>(1,504)</u>	<u>24,304</u>
 Tax on profit on ordinary activities	 <u>165,766</u>	 <u>50,145</u>

**Factors affecting tax charge for period**

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Profit on ordinary activities before tax	<u>939,981</u>	<u>575,610</u>
Standard rate of corporation tax in the UK	26%	28%
	<b>\$</b>	<b>\$</b>
Profit on ordinary activities multiplied by the standard rate of corporation tax	244,395	161,171
Effects of		
Expenses not deductible for tax purposes	4,989	4,891
Capital allowances for period in excess of depreciation	(1,836)	-
Utilisation of tax losses	-	(27,864)
Surrender of losses to group member	(53,734)	(112,357)
Adjustments to tax charge in respect of previous periods	(26,544)	-
Current tax charge for period	<u>167,270</u>	<u>25,841</u>

**Factors that may affect future tax charges**

The March 2011 budget enacted a decrease in the rate of UK corporation tax from 28% to 26%. It is also proposed that there will be a further reduction of 1% for each of the next 2 years, which will be enacted annually, in separate Finance Acts. This reduction will affect both the future current and deferred tax charge of the company.

The effect on the company of these proposed changes to the UK tax system will be reflected in the company's financial statements in future periods, as appropriate, once the proposals have been substantively enacted.

**NIC Components Europe Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2011**

**6 Tangible fixed assets**

	Short leasehold land and buildings \$	Plant, machinery and office equipment \$	Total \$
<b>Cost</b>			
At 1 January 2011	17,096	240,180	257,276
Additions	-	9,865	9,865
Disposals	-	(16,209)	(16,209)
At 31 December 2011	<u>17,096</u>	<u>233,836</u>	<u>250,932</u>
<b>Depreciation</b>			
At 1 January 2011	4,311	224,308	228,619
Charge for the year	2,136	15,361	17,497
On disposals	-	(16,209)	(16,209)
At 31 December 2011	<u>6,447</u>	<u>223,460</u>	<u>229,907</u>
<b>Net book value</b>			
At 31 December 2011	<u>10,649</u>	<u>10,376</u>	<u>21,025</u>
At 31 December 2010	<u>12,785</u>	<u>15,872</u>	<u>28,657</u>

<b>7 Stocks</b>	<b>2011</b> \$	<b>2010</b> \$
Finished goods and goods for resale	<u>787,742</u>	<u>995,449</u>
	<u>787,742</u>	<u>995,449</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material

<b>8 Debtors</b>	<b>2011</b> \$	<b>2010</b> \$
Trade debtors	624,380	902,359
Amounts owed by group undertakings and undertakings in which the company has a participating interest	20,536	17,171
Deferred tax asset	10,489	8,985
VAT & other taxes and social security costs	41,511	38,264
Prepayments and accrued income	<u>33,097</u>	<u>30,310</u>
	<u>730,013</u>	<u>997,089</u>

**NIC Components Europe Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2011**

<b>9 Creditors amounts falling due within one year</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Trade creditors	49,538	101,615
Amounts owed to group undertakings and undertakings in which the company has a participating interest	230,723	574,611
Corporation tax	3,490	-
Other taxes and social security costs	25,812	39,842
Accruals and deferred income	356,026	199,846
Accrued pension	3,405	3,536
Other creditors	60,459	40,895
	<u>729,453</u>	<u>960,345</u>

<b>10 Deferred taxation</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Accelerated capital allowances	(9,805)	(8,703)
Salary & pension timing differences	(684)	(282)
Undiscounted provision for deferred tax	<u>(10,489)</u>	<u>(8,985)</u>

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
At 1 January	(8,985)	(33,289)
Deferred tax charge in profit and loss account	(1,504)	24,304
At 31 December	<u>(10,489)</u>	<u>(8,985)</u>

<b>11 Share capital</b>	<b>Nominal value</b>	<b>2011 Number</b>	<b>2011</b>	<b>2010</b>
			<b>\$</b>	<b>\$</b>
Allotted, called up and fully paid				
Ordinary shares	£1 each	1,000	<u>1,633</u>	<u>1,633</u>
			<u>1,633</u>	<u>1,633</u>

<b>12 Share capital in local currency</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Nominal value of issued shares in local currency	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

**NIC Components Europe Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2011**

**13 Profit and loss account**

	<b>2011</b>
	<b>\$</b>
At 1 January 2011	1,097,472
Profit for the financial year	774,215
	<hr/>
At 31 December 2011	<u>1,871,687</u>

**14 Reconciliation of movement in shareholders' funds**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
At 1 January	1,099,105	573,640
Profit for the financial year	774,215	525,465
	<hr/>	<hr/>
At 31 December	<u>1,873,320</u>	<u>1,099,105</u>

**15 Gross cash flows**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>Returns on investments and servicing of finance</b>		
Interest received	5,276	-
	<hr/>	<hr/>
	<u>5,276</u>	<u>-</u>
<b>Capital expenditure</b>		
Payments to acquire tangible fixed assets	(9,865)	(662)
	<hr/>	<hr/>
	<u>(9,865)</u>	<u>(662)</u>

**16 Analysis of changes in net debt**

	<b>At 1 Jan 2011</b>	<b>Cash flows</b>	<b>Non-cash changes</b>	<b>At 31 Dec 2011</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash at bank and in hand	38,255	1,025,738	-	1,063,993
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>38,255</u>	<u>1,025,738</u>	<u>-</u>	<u>1,063,993</u>

**17 Pension commitments**

Included in creditors are pension commitments totalling \$3,405, (2010 \$3,536)

**NIC Components Europe Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2011**

**18 Other financial commitments**

At the year end the company had annual commitments under non-cancellable operating leases as set out below

	<b>Land and buildings 2011 \$</b>	<b>Land and buildings 2010 \$</b>	<b>Other 2011 \$</b>	<b>Other 2010 \$</b>
Operating leases which expire within one year	-	-	1,734	2,036
in over five years	53,949	54,159	-	-
	<u>53,949</u>	<u>54,159</u>	<u>1,734</u>	<u>2,036</u>



**NIC Components Europe Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2011**

<b>19 Related party transactions</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>Nu Horizons Electronics Corp</b>		
Direct Parent Company		
Purchases from the related party	4,013,612	4,316,413
Amount owed to / (from) the related party at the period end	230,723	573,956
<b>NIC Inc</b>		
Fellow Subsidiary		
Sales made to the related party	83,781	59,682
Amount owed to / (from) the related party at the period end	-	-
<b>NIC Asia</b>		
Fellow Subsidiary		
Sales made to the related party	27,551	27,876
Purchases from the related party	11,422	-
Amount owed to / (from) the related party at the period end	(7,969)	(17,171)
<b>Nu Horizons Electronics Limited</b>		
Fellow Subsidiary		
Purchases from the related party	1,362	3,070
Amount owed to / (from) the related party at the period end	-	655
<b>Titan Supply Chain Services Limited</b>		
Fellow Subsidiary		
Loans made from / (to) the related party	(4,624)	-
Amounts written off in the period	(4,624)	-
<b>Nu Horizons Electronics Europe Limited</b>		
Fellow Subsidiary		
Loans made from / (to) the related party	(7,254)	-
Amount owed to / (from) the related party at the period end	(7,254)	-
<b>Nippon Industries Co Limited</b>		
Minority Shareholder		
Sales made to the related party	689	-
Amount owed to / (from) the related party at the period end	(689)	-
<b>Arrow Nordic Limited</b>		
Fellow Subsidiary		
Sales made to the related party	140	-
Amount owed to / (from) the related party at the period end	-	-

**NIC Components Europe Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2011**

**20 Ultimate controlling party**

The company was under the direct control of its parent company, Nu Horizons Electronics Corp, throughout the financial year by virtue of its 80% shareholding

On 3 January 2011 ultimate control passed to Arrow Electronics, Inc upon their acquisition of Nu Horizons Electronics Corp

The direct and ultimate parent companies are registered in the United States of America and consolidated accounts can be obtained from the following address 70 Maxess Road, Melville, NY 11747, 631-396-7500

The ultimate controlling party is unknown

**NIC Components Europe Limited**  
**Profit and Loss Account**  
**for the year ended 31 December 2011**  
*for the information of the directors only*

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>Sales</b>	6,829,321	5,888,838
Cost of sales	(4,495,020)	(4,230,268)
<b>Gross profit</b>	<u>2,334,301</u>	<u>1,658,570</u>
Distribution costs	(6,829)	(9,354)
Administrative expenses	(1,392,767)	(1,073,606)
<b>Operating profit</b>	<u>934,705</u>	<u>575,610</u>
Interest receivable	5,276	-
<b>Profit before tax</b>	<u>939,981</u>	<u>575,610</u>