

Company Registration No. 03495816 (England and Wales)

NIC COMPONENTS EUROPE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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NIC COMPONENTS EUROPE LIMITED

COMPANY INFORMATION

Directors	Mr G Tarpinian Mr C Stansbury (Appointed 7 September 2016)
Secretary	Clark Howes Business Services Limited
Company number	03495816
Registered office	2 Minton Place Victoria Road Bicester Oxfordshire OX26 6QB
Auditor	Baldwins Audit Services Limited Churchill House 59 Lichfield Street West Midlands WS4 2BX
Business address	4 Top Angel Buckingham Industrial Park Buckingham Buckinghamshire UK MK18 1TH

NIC COMPONENTS EUROPE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present the strategic report for the year ended 31 December 2016.

Review of the business

Turnover has increased by 6.8%, (2015: 4.7%) during the year.

Profit before taxation has increased to \$67,908 from \$52,129 (2015).

The company is in a good position to take advantage of any opportunities which may arise in the future.

Business 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 Arrow Electronics board level in conjunction with UK Senior Management.

Future developments

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

The company has undergone a restructure in EMEA in 2016 which will allow the company to run more efficiently and help drive future growth.

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.

On behalf of the board



Mr G Tarpinian

Director

24/11/2017

NIC COMPONENTS EUROPE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their annual report and financial statements for the year ended 31 December 2016.

Principal activities

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

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr G Tarpinian
Mr P Reilly
Mr C Stansbury

(Resigned 11 August 2016)
(Appointed 7 September 2016)

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

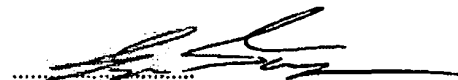
Qualifying third party indemnity provisions

Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force under parent group policies of respective directors during the course of the financial year for the benefit of the then directors.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Mr G Tarpinian
Director
24/11/2017

NIC COMPONENTS EUROPE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

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 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 accounting 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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NIC COMPONENTS EUROPE LIMITED

We have audited the financial statements of NIC Components Europe Limited for the year ended 31 December 2016 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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, 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 annual report 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.

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 2016 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 matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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 the Directors' Report have been prepared in accordance with applicable legal requirements.

NIC COMPONENTS EUROPE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

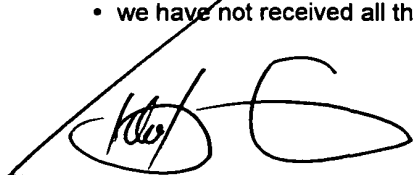
TO THE MEMBERS OF NIC COMPONENTS EUROPE LIMITED

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 and the Directors' Report.

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.



Mr Timothy Shaw ACA (Senior Statutory Auditor)
for and on behalf of Baldwins Audit Services Limited

24/11/2017

Chartered Accountants
Statutory Auditor
Churchill House
59 Lichfield Street
Walsall
West Midlands
WS4 2BX

NIC COMPONENTS EUROPE LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 \$	2015 \$
Turnover	3	6,035,043	5,650,182
Cost of sales		(4,724,494)	(4,381,896)
Gross profit		1,310,549	1,268,286
Distribution costs		(5,572)	(9,094)
Administrative expenses		(1,314,977)	(1,215,761)
Other operating income		61,676	-
Operating profit	4	51,676	43,431
Interest receivable and similar income	7	16,348	9,084
Interest payable and similar expenses	8	(116)	(386)
Profit before taxation		67,908	52,129
Taxation	9	(13,908)	(6,528)
Profit for the financial year		54,000	45,601

The profit and loss account has been prepared on the basis that all operations are continuing operations.

NIC COMPONENTS EUROPE LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	2015
	\$	\$
Profit for the year	54,000	45,601
Other comprehensive income	-	-
Total comprehensive income for the year	54,000	45,601


NIC COMPONENTS EUROPE LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 \$	\$	2015 \$	\$
Fixed assets					
Tangible assets	10		862		3,821
Current assets					
Stocks	12	690,197		722,690	
Debtors	13	1,075,392		792,587	
Cash at bank and in hand		4,049,050		3,248,608	
		<u>5,814,639</u>		<u>4,763,885</u>	
Creditors: amounts falling due within one year	14	<u>(3,159,455)</u>		<u>(2,165,660)</u>	
Net current assets			<u>2,655,184</u>		<u>2,598,225</u>
Total assets less current liabilities			<u>2,656,046</u>		<u>2,602,046</u>
Capital and reserves					
Called up share capital	18		1,633		1,633
Profit and loss reserves			<u>2,654,413</u>		<u>2,600,413</u>
Total equity			<u>2,656,046</u>		<u>2,602,046</u>

The financial statements were approved by the board of directors and authorised for issue on 24/11/2017 and are signed on its behalf by:


 Mr G Tarpinian
 Director

Company Registration No. 03495818

NIC COMPONENTS EUROPE LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital \$	Profit and loss reserves \$	Total \$
Balance at 1 January 2015		1,633	2,554,812	2,556,445
Year ended 31 December 2015:				
Profit and total comprehensive income for the year		-	45,601	45,601
Balance at 31 December 2015		1,633	2,600,413	2,602,046
Year ended 31 December 2016:				
Profit and total comprehensive income for the year		-	54,000	54,000
Balance at 31 December 2016		1,633	2,654,413	2,656,046

NIC COMPONENTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

NIC Components Europe Limited is a private company limited by shares incorporated in England and Wales. The registered office is 2 Minton Place, Victoria Road, Bicester, Oxfordshire, OX26 6QB.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in U.S. dollars which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest \$.

The sterling exchange rate at the balance sheet date was 1.2344 (2015: 1.4819).

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Arrow Electronics Inc. These consolidated financial statements are available from its registered office; 9201 East Dry Creek Road, Centennial, CO 80112.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

NIC COMPONENTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

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), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	10% straight line
Plant and equipment	15 - 33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

NIC COMPONENTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Cost is calculated using the actual cost method by virtue of part number referencing.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

NIC COMPONENTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

NIC COMPONENTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.14 Foreign exchange

Transactions in currencies other than U.S. Dollars are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

NIC COMPONENTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2016 \$	2015 \$
Turnover		
Turnover	6,035,043	5,650,182

Other significant revenue

Interest income	16,348	9,084
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Turnover analysed by geographical market

	2016 \$	2015 \$
Within the EC	4,298,958	5,513,896
Outside the EC	1,736,085	136,286
	6,035,043	5,650,182

4 Operating profit

	2016 \$	2015 \$
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	115,142	46,815
Fees payable to the company's auditor for the audit of the company's financial statements	9,775	9,775
Depreciation of owned tangible fixed assets	2,060	3,877
Loss on disposal of tangible fixed assets	889	-
Operating lease charges	50,721	55,813

NIC COMPONENTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2016 Number	2015 Number
Administration	2	3
Distribution	2	2
Marketing	6	6
	<u>10</u>	<u>11</u>

Their aggregate remuneration comprised:

	2016 \$	2015 \$
Wages and salaries	655,989	762,063
Social security costs	85,814	85,607
Pension costs	28,715	36,626
	<u>770,518</u>	<u>884,296</u>
Redundancy payments made or committed	<u>134,223</u>	<u>-</u>

6 Directors' remuneration

The directors of the company are employees of the Parent company and therefore no remuneration is paid to the directors from the UK company.

7 Interest receivable and similar income

	2016 \$	2015 \$
Interest income		
Interest on bank deposits	<u>16,348</u>	<u>9,084</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>16,348</u>	<u>9,084</u>
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NIC COMPONENTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

8 Interest payable and similar expenses

	2016	2015
	\$	\$
Interest on financial liabilities measured at amortised cost:		
Other interest on financial liabilities	116	386
	<u>116</u>	<u>386</u>

9 Taxation

	2016	2015
	\$	\$
Current tax		
UK corporation tax on profits for the current period	11,182	9,999
Adjustments in respect of prior periods	-	(4,406)
	<u>11,182</u>	<u>5,593</u>
Total current tax	<u>11,182</u>	<u>5,593</u>
Deferred tax		
Origination and reversal of timing differences	2,726	935
	<u>2,726</u>	<u>935</u>
Total tax charge	<u>13,908</u>	<u>6,528</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2016	2015
	\$	\$
Profit before taxation	67,908	52,129
	<u>67,908</u>	<u>52,129</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.25%)	13,582	10,556
Tax effect of expenses that are not deductible in determining taxable profit	326	378
Adjustments in respect of prior years	-	(4,406)
	<u>13,908</u>	<u>6,528</u>
Taxation for the year	<u>13,908</u>	<u>6,528</u>

Factors that may affect future tax charges:

The main rate of UK corporation tax will decrease from 20% to 19% from April 2017. This reduction will affect both the future current and deferred tax charge of the Company. It is also intended that the rate will decrease to 17% from April 2020.

At the balance sheet date of 31 December 2016, the tax changes announced in the Budget were 'substantively enacted' and as such, in accordance with accounting standards, the changes have been reflected in the deferred tax calculation in the Company's financial statements as at 31 December 2016.

NIC COMPONENTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

10 Tangible fixed assets

	Leasehold improvements \$	Plant and equipment \$	Total \$
Cost			
At 1 January 2016	17,096	240,017	257,113
Disposals	-	(50,740)	(50,740)
At 31 December 2016	17,096	189,277	206,373
Depreciation and impairment			
At 1 January 2016	14,991	238,311	253,302
Depreciation charged in the year	1,710	350	2,060
Eliminated in respect of disposals	-	(49,851)	(49,851)
At 31 December 2016	16,701	188,810	205,511
Carrying amount			
At 31 December 2016	395	467	862
At 31 December 2015	2,105	1,716	3,821

11 Financial instruments

	2016 \$	2015 \$
Carrying amount of financial assets		
Debt instruments measured at amortised cost	4,873,300	3,983,089
Carrying amount of financial liabilities		
Measured at amortised cost	3,159,455	2,133,027

12 Stocks

	2016 \$	2015 \$
Finished goods and goods for resale	690,197	722,690

NIC COMPONENTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

(Continued)

13 Debtors

	2016	2015
	\$	\$
Amounts falling due within one year:		
Trade debtors	811,823	676,957
Corporation tax recoverable	3,697	-
Amounts due from fellow group undertakings	60,076	14,819
Other debtors	177,823	68,418
Prepayments and accrued income	18,801	26,495
	<u>1,072,220</u>	<u>786,689</u>
Deferred tax asset (note 16)	3,172	5,898
	<u>1,075,392</u>	<u>792,587</u>

14 Creditors: amounts falling due within one year

	Notes	2016	2015
		\$	\$
Bank loans and overdrafts	15	160,094	-
Trade creditors		166,253	187,300
Amounts due to group undertakings		2,722,979	1,868,326
Corporation tax		-	8,827
Other taxation and social security		-	23,806
Other creditors		57,782	44,460
Accruals and deferred income		52,347	32,941
		<u>3,159,455</u>	<u>2,165,660</u>

15 Loans and overdrafts

	2016	2015
	\$	\$
Bank overdrafts	<u>160,094</u>	<u>-</u>
Payable within one year	<u>160,094</u>	<u>-</u>

The wider Arrow Electronics Group have agreed group cash treasury with BMG bank. Although the company has an overdraft outstanding, the wider group has a net positive cash balance with BMG bank.

NIC COMPONENTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

16 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets 2016 \$	Assets 2015 \$
Balances:		
ACAs	3,172	5,318
Retirement benefit obligations	-	580
	<u>3,172</u>	<u>5,898</u>
Movements in the year:		2016 \$
Liability/(Asset) at 1 January 2016		(5,898)
Charge to profit or loss		2,726
Liability/(Asset) at 31 December 2016		<u>(3,172)</u>

The deferred tax asset set out above is expected to reverse within 48 months. This relates to capital allowances in excess of depreciation.

17 Retirement benefit schemes

	2016 \$	2015 \$
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>28,715</u>	<u>36,626</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

18 Share capital

	2016 \$	2015 \$
Ordinary share capital		
Issued and fully paid		
1,000 Ordinary of £1 each	<u>1,633</u>	<u>1,633</u>

The company has one class of ordinary shares which carries no right to fixed income.

NIC COMPONENTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

19 Financial commitments, guarantees and contingent liabilities

Wachovia Capital Finance Corporation (New England) has a fixed and floating charge over the undertaking and all property and assets present and future for all monies due or to become due from each UK loan party to the finance parties on any account whatsoever under the terms of the aforementioned instrument creating or evidencing the charge.

20 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 \$	2015 \$
Within one year	44,616	53,562
Between two and five years	25,202	82,484
	<u>69,818</u>	<u>136,046</u>

21 Capital commitments

At 31 December 2016 the company had no capital commitments.

22 Related party transactions

Transactions with related parties

The following amounts were outstanding at the reporting end date:

NIC COMPONENTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

22 Related party transactions

(Continued)

The company entered into the following related party transactions during the year:

	2016 \$	2015 \$
NIC Inc		
Fellow Subsidiary		
Sales made to the related party	65,137	64,842
Purchases from the related party	218,466	142,170
Amount owed (to) / from the related party at the balance sheet date	(1,808,288)	(694,017)
NIC Asia		
Fellow Subsidiary		
Sales made to the related party	11,473	20,862
Purchases from the related party	300	9,903
Amount owed (to) / from the related party at the balance sheet date	7,591	(3,261)
Titan Supply Chain Services Limited		
Fellow Subsidiary		
Foreign exchange difference on the loan	(2,475)	(740)
Amount owed (to) / from the related party at the balance sheet date	12,344	14,819
Arrow Electronics Inc		
Parent company		
Purchases from the related party	252,585	253,370
Amount owed (to) / from the related party at the balance sheet date	40,141	(995,889)
Nippon Industries Co. Limited		
Minority Shareholder		
Sales rebates to the related party	27,108	16,626
Purchases from the related party	1,845,564	1,616,309
Amount owed (to) / from the related party at the balance sheet date	(220,401)	(175,159)
BV Arrow Electronics DLC		
Fellow Subsidiary		
Amount owed (to) / from the related party at the balance sheet date	(222,403)	-
Arrow Electronics Limited		
Fellow Subsidiary		
Amount owed (to) / from the related party at the balance sheet date	(471,887)	-

No guarantees have been given or received.

23 Controlling party

During the year the ultimate controlling party was Arrow Electronics Inc. by virtue of their 80% shareholding.

Arrow Electronics Inc. is a company registered in the U.S.A. Consolidated accounts can be obtained from the following address: 9201 East Dry Creek Road, Centennial, CO 80112.