

# **Memec Group Limited**

## **Report and Accounts**

**2 July 2011**

**Registered number  
3985622**

FRIDAY



A49      \*A10XTB8R\*      #22  
20/01/2012  
COMPANIES HOUSE

**Memec Group Limited**  
**Report and accounts**  
**Contents**

	<b>Page</b>
Company information	2
Directors' report	3
Statement of directors' responsibilities	5
Independent auditors' report	6
Profit and loss account	7
Balance sheet	8
Notes to the accounts	9

**Memec Group Limited**  
**Company Information**

**Directors**

DR Birk  
RJ Sadowski

**Secretary**

J Li

**Auditors**

BDO LLP  
55 Baker Street  
London  
W1U 7EU

**Registered office**

Avnet House  
Rutherford Close  
Meadway Technology Park  
Stevenage  
Hertfordshire  
SG1 2EF

**Registered number**

3985622

## **Memec Group Limited**

### **Directors' Report**

The directors present their report and accounts for the period ended 2 July 2011

#### **Principal activities**

The company's principal activity during the period continued to be to act as an intermediate holding and treasury services company for its subsidiaries whose principal activities are the marketing and distribution of advanced semiconductor products

#### **Review of the business**

During the period the company continued to act as a holding company. The group is undertaking an entity reduction program as part of a strategy to simplify reporting. This involves striking off or liquidating inactive subsidiaries.

During the period the investment in the Japanese operations was increased funded by the issuance of new shares as set out below in the key events of the period.

On 5th July 2010 Memec Group Limited issued new shares with a value of \$120m to its immediate parent. This was used in part to finance the acquisition of Unidux Inc. in Japan, with the issue of shares in Avnet EM Holdings (Japan) Godon Kasha with a value of JPY 12,210,537,600 (USD 138,637,579) and the issue of debt with a value of JPY 689,462,400 (USD 7,828,107). These can be seen as an increase in investments on note 8 and in the new intercompany receivables balance in note 9.

On 1st March 2011 the shares in Avnet EM Holdings (Japan) Godon Kasha were exchanged for new shares issued in Avnet Japan Co Ltd, with a value of JPY 12,210,537,600 (USD 138,637,579).

In May 2011 the liquidation of Memec Poland s p z oo completed resulting in a loss on disposal of investment of \$10k.

In April 2011 the liquidation of Memec Belgium Poland NV completed resulting in a profit on disposal of investment of \$5k.

#### **Future developments**

The investment in Japan has resulted in a significant increase in the scale of Avnet group operations in that region. The performance and returns from these operations will be closely monitored.

#### **Results and dividends**

The results of the company for the period are set out on page 7. The profit for the period after taxation amounted to \$688,000 (2010: loss of \$22,718,000).

The directors do not recommend the payment of a dividend (2010: none).

**Memec Group Limited**  
**Directors' Report**

**Principal risks and uncertainties**

The directors consider that the principal risks and uncertainties faced by the company are in the following categories

**Economic risk**

The main economic risks are regarded as being changes in the performance and hence valuation of the company's investments in the form of operating subsidiaries, the adequacy of capital levels of the company if the ongoing financing costs of the company are not covered by returns from investments or additional capital or funding

This risk is managed by the monitoring of the performance and valuation of investments and adjustments to funding and financial arrangement as deemed necessary

**Competition risk**

The directors of the company and subsidiaries manage competition risk through close attention to alternative sources of financing

**Currency exchange risk**

The directors of the company use foreign currency hedges each month to attempt to eliminate any exposure of foreign currency denominated asset and liability balances to changes in foreign currency exchange rates after the balance sheet date

**Financial risk**

The company has budgetary and financial reporting procedures, supported by appropriate key performance indicators, to manage financial risk

**Directors**

The following persons served as directors during the period

DR Birk  
RJ Sadowski

**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 and signed on its behalf on *11 January 2012*



RJ Sadowski  
Director

## **Memec Group Limited**

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

The directors are responsible for preparing the report and accounts in accordance with applicable law and regulations

Company law requires the directors to prepare accounts for each financial period. Under that law the directors have elected to prepare the accounts 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 accounts 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 accounts, 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 accounts,
- prepare the accounts 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 accounts 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.

**Memec Group Limited**  
**Independent auditors' report**  
**to the members of Memec Group Limited**

We have audited the financial statements of Memec Group Limited for the period ended 2 July 2011 which comprise the profit and loss account, the balance sheet 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

As explained more fully in the 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 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 (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

**Opinion on the financial statements**

In our opinion the accounts

- give a true and fair view of the state of the company's affairs as at 2 July 2011 and of its profit for the period then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- 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 period for which the financial statements are prepared is consistent with the financial statements.

**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



*Iain Henderson (senior statutory auditor)*  
*For and on behalf of BDO LLP, statutory auditor*  
*London*

*17 January 2012*

*BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)*

**Memec Group Limited**  
**Profit and Loss Account**  
**for the period from 4 July 2010 to 2 July 2011**

	Notes	2011 \$'000	2010 \$'000
Administrative expenses		(300)	(817)
Other operating income		222	604
Onerous lease provision		-	(690)
<b>Operating loss</b>	<b>2</b>	<b>(78)</b>	<b>(903)</b>
Exceptional items			
Loss on the disposal of investments	3	(5)	-
		<b>(83)</b>	<b>(903)</b>
Interest receivable and similar income	4	930	59
Interest payable and similar charges	6	(159)	(26)
Impairment of fixed asset investments		-	(21,848)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>688</b>	<b>(22,718)</b>
Tax on profit/(loss) on ordinary activities	7	-	-
<b>Profit/(loss) for the period</b>		<b>688</b>	<b>(22,718)</b>

**Continuing operations**

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

**Statement of total recognised gains and losses**

The company has no recognised gains or losses other than the profit/(loss) for the above two periods



**Memec Group Limited****Registered number: 3985622****Balance Sheet  
as at 2 July 2011**

	Notes	2011 \$'000	2010 \$'000
<b>Fixed assets</b>			
Investments	8	139,497	869
<b>Current assets</b>			
Debtors	9	8,623	26,912
<b>Creditors' amounts falling due within one year</b>	10	(443)	(622)
<b>Net current assets</b>		8,180	26,290
<b>Total assets less current liabilities</b>		147,677	27,159
<b>Provisions for liabilities</b>			
Other provisions	11	(648)	(818)
<b>Net assets</b>		147,029	26,341
<b>Capital and reserves</b>			
Called up share capital	12	159,200	39,200
Profit and loss account	13	(12,171)	(12,859)
<b>Shareholders' funds</b>	14	147,029	26,341

RJ Sadowski  
Director

Approved by the board on 11 JANUARY 2012

**Memec Group Limited**  
**Notes to the Accounts**  
**for the period from 4 July 2010 to 2 July 2011**

**1 Accounting policies**

***Basis of preparation***

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

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group accounts. Under FRS 1 Cash Flow Statements (revised), the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

As over 100% of the voting rights of the company are controlled within the Avnet Inc group, the company has taken advantage under the exemptions permitted by FRS 8 Related Party Disclosures to not disclose details of balances held with other companies within that group

***Investments***

In the company's accounts, investments in subsidiary undertakings are stated at cost less provisions for impairment, if any

***Taxation***

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19 Deferred Tax

***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

<b>2 Operating loss</b>	<b>2011</b>	<b>2010</b>
	<b>\$'000</b>	<b>\$'000</b>
This is stated after charging		
Auditors' remuneration for audit services	<u>2</u>	<u>2</u>

**Memec Group Limited**  
**Notes to the Accounts**  
**for the period from 4 July 2010 to 2 July 2011**

<b>3 Exceptional items</b>	<b>2011 \$'000</b>	<b>2010 \$'000</b>
Loss on disposal of investments	<u>(5)</u>	<u>-</u>

<b>4 Interest receivable and similar income</b>	<b>2011 \$'000</b>	<b>2010 \$'000</b>
Foreign exchange gain	915	59
Interest receivable from other group company	15	-
	<u>930</u>	<u>59</u>

**5 Directors' emoluments**

The directors of the company receive their remuneration from a fellow group company

<b>6 Interest payable and similar charges</b>	<b>2011 \$'000</b>	<b>2010 \$'000</b>
Bank loans and overdrafts	2	-
Foreign exchange loss	157	26
	<u>159</u>	<u>26</u>

**Memec Group Limited**  
**Notes to the Accounts**  
**for the period from 4 July 2010 to 2 July 2011**

<b>7 Taxation</b>	<b>2011 \$'000</b>	<b>2010 \$'000</b>
<b>Analysis of charge in period</b>		
Tax on profit on ordinary activities	-	-
	<b>2011 \$'000</b>	<b>2010 \$'000</b>
Profit/(loss) on ordinary activities before tax	688	(22,718)
Standard rate of corporation tax in the UK	27.5%	28%
	<b>\$'000</b>	<b>\$'000</b>
Profit on ordinary activities multiplied by the standard rate of corporation tax	190	(6,361)
Effects of		
Expenses not deductible for tax purposes	19	(47)
Losses surrendered by group undertakings	(209)	-
Utilisation of tax losses	-	290
Impairment provision not tax deductible	-	6,118
Current tax charge for period	-	-

Tax losses of \$11,588,000 (2010 \$11,588,000) are available for future periods with an unrecognised deferred tax asset of \$3,187,000 (2010 \$3,938,000)

Deferred tax assets have not been recognised in respect of these losses as there is insufficient certainty over the timing and extent of future profits

**Memec Group Limited**  
**Notes to the Accounts**  
**for the period from 4 July 2010 to 2 July 2011**

**8 Fixed asset investments**

	<b>Investments in subsidiary undertakings \$'000</b>
<b>Cost</b>	
At 4 July 2010	31,070
Additions	277,275
Disposals	(139,933)
At 2 July 2011	<u>168,412</u>
<b>Impairment provision</b>	
At 4 July 2010	(30,201)
Additions	-
Disposals	1,286
At 2 July 2011	<u>(28,915)</u>
<b>Net Book Value</b>	
At 2 July 2011	<u>139,497</u>
At 3 July 2010	<u>869</u>

The company has an investment in the following principal subsidiary undertakings

<b>Principal subsidiary undertakings</b>	<b>Country of incorporation and operation</b>	<b>Principal activity</b>	<b>Proportion of ordinary shares held by the company</b>
Memec New Zealand Pty Limited	New Zealand	Distribution	100%
Avnet Japan Co Limited	Japan	Distribution	100%
Avnet EM Holdings (Japan) KG (1)	Japan	Holding company	100%
Unidux Inc (1)	Japan	Distribution	100%
Memec Poland s p z oo	Poland	In liquidation	100%
Memec Belgium NV	Belgium	In liquidation	99.6%

(1) Held by Avnet Japan Co Limited

**Memec Group Limited**  
**Notes to the Accounts**  
**for the period from 4 July 2010 to 2 July 2011**

The additions to investments in the period resulted from new subscription shares issued by Avnet EM Holdings (Japan) Godon Kasha and shares acquired in Avnet Japan Co Ltd following a share exchange

The subscription shares in Avnet EM Holdings (Japan) Godon Kasha were issued in conjunction with an issue of debt. The value of the consideration for the shares was JPY 12,210,537,600 (USD 138,637,579) and the value of the debt issued was JPY 689,462,400 (USD 7,828,107). This debt is included in intercompany receivables in note 9. This investment in shares and debt was used by Avnet EM Holdings (Japan) Godon Kasha to finance the acquisition of Unidux Inc in Japan.

The increased investment in Avnet Japan Co Ltd was a result of a share exchange on 1st March 2011, in which the shares in Avnet Japan Co Ltd, with a value of JPY 12,210,537,600 (USD 138,637,579), were exchanged for the same value for shares in Avnet EM Holdings (Japan) Godon Kasha.

Disposals in the period resulted from the share exchange referred to above and also the completion of the liquidation of Memec Poland s p z oo and Memec Belgium NV. The liquidation of Memec Poland s p z oo concluded in May 2011 resulting in a loss on disposal of \$10k. The liquidation of Memec Belgium NV concluded in April 2011 resulting in a profit on disposal of \$5k.

<b>9 Debtors</b>	<b>2011 \$'000</b>	<b>2010 \$'000</b>
Amounts owed by group undertakings and undertakings in which the company has a participating interest	8,587	26,800
Other debtors	36	112
	<u>8,623</u>	<u>26,912</u>

A loan of JPY 689,462,400 (USD 7,828,107) was made to fellow group company on 16 July 2010. This is repayable on demand and accrues interest at a rate of 3 month JPY LIBOR plus a margin of 1%.

<b>10 Creditors: amounts falling due within one year</b>	<b>2011 \$'000</b>	<b>2010 \$'000</b>
Trade creditors	41	-
Amounts owed to group undertakings and undertakings in which the company has a participating interest	399	618
Accruals and deferred income	3	4
	<u>443</u>	<u>622</u>

**Memec Group Limited**  
**Notes to the Accounts**  
**for the period from 4 July 2010 to 2 July 2011**

<b>11 Provisions for liabilities and charges</b>	<b>2011 \$'000</b>	<b>2010 \$'000</b>
As at 4 July 2010	818	-
Transfer from other creditors	-	128
New provision in the period	-	690
Utilised in the period	(326)	-
Contribution received from tenant	156	-
<b>At 2 July 2011</b>	<b>648</b>	<b>818</b>

This is an onerous lease provision relating to a vacant site

<b>12 Share capital</b>	<b>Nominal value</b>	<b>2011 Number</b>	<b>2011 \$'000</b>	<b>2010 \$'000</b>
Allotted, called up and fully paid Ordinary shares	\$1 each	159,200,002	159,200	39,200
	<b>Nominal value</b>	<b>Number</b>	<b>Amount \$'000</b>	
Shares issued during the period Ordinary shares	\$1 each	120,000,000	120,000	

On 5th July 2010 the share capital of Memec Group Ltd was increased by \$120m

<b>13 Profit and loss account</b>	<b>2011 \$'000</b>	<b>2010 \$'000</b>
At 4 July 2010	(12,859)	9,859
Profit/(loss) for the period	688	(22,718)
<b>At 2 July 2011</b>	<b>(12,171)</b>	<b>(12,859)</b>

**Memec Group Limited**  
**Notes to the Accounts**  
**for the period from 4 July 2010 to 2 July 2011**

<b>14 Reconciliation of movement in shareholders' funds</b>	<b>2011 \$'000</b>	<b>2010 \$'000</b>
As at 4 July 2010	26,341	49,059
Profit/(loss) for the financial period	688	(22,718)
Shares issued	120,000	-
At 2 July 2011	<u>147,029</u>	<u>26,341</u>

**15 Ultimate controlling party**

The ultimate parent company and the largest group in which the results of the company are consolidated is Avnet Inc , a company incorporated in the United States of America. The consolidated accounts of this group are available to the public and may be obtained from Avnet Inc , Investor Relations, 2211 South 47th Street, Phoenix, Arizona, USA or by visiting Avnet Inc 's Investor Relations website at [www.ir.avnet.com](http://www.ir.avnet.com)