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AVNET LOGISTICS LIMITED

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DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 27 JUNE 2020

TUESDAY

  
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	COMPANIES HOUSE	

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**AVNET LOGISTICS LIMITED**

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**COMPANY INFORMATION**

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**DIRECTORS**

D Jackson  
M McKrell  
J Schofield  
T Ludaescher

**REGISTERED NUMBER**

05944260

**REGISTERED OFFICE**

Avnet House  
Rutherford Close  
Stevenage  
Hertfordshire  
SG1 2EF

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**AVNET LOGISTICS LIMITED**

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**AVNET LOGISTICS LIMITED**

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**DIRECTORS' REPORT  
FOR THE PERIOD ENDED 27 JUNE 2020**

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The Directors present their report and the financial statements for the period ended 27 June 2020.

**DIRECTORS' RESPONSIBILITIES STATEMENT**

The Directors are responsible for preparing the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.*

**PRINCIPAL ACTIVITY**

The Company's principal activity for the financial period was the provision of distribution services for the Avnet Electronics Marketing EMEA group.

The Company has no branches outside of the United Kingdom.

**DIRECTORS**

The Directors who served during the period were:

D Jackson  
M McKrell  
J Schofield  
T Ludaescher

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**AVNET LOGISTICS LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 27 JUNE 2020**

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**FUTURE DEVELOPMENTS**

The company remains engaged in the provision of distribution services which it continues to operate profitably. The decision has been made to close the warehouse located in Newcastle under Lyme, but despite this the company will continue to provide services to the Avnet EM EMEA operations.

The directors have considered the going concern of the company and have concluded that it remains appropriate to prepare the financial statements on a going concern basis. Avnet Inc., the ultimate parent company in the group that owns this company, has provided to the directors confirmation that Avnet, Inc. undertakes to both provide additional funds as necessary and not to seek repayment, unless adequate funds are available, of existing loans by Avnet Group Companies to the company, so as to enable the company to continue to trade normally and meet its liabilities as they fall due for at least one year from the date of signing of these financial statements.

**DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

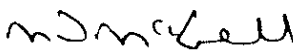
- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**AUDITORS**

The auditors, BDO LLP, statutory auditor, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 9 February 2021 and signed on its behalf.

DocuSigned by:  
  
A7239951F01D41F

M McKrell  
Director

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## **AVNET LOGISTICS LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AVNET LOGISTICS LIMITED**

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#### **OPINION**

We have audited the financial statements of Avnet Logistics Limited (the 'Company') for the 52 week period ended 27 June 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, 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 Financial Reporting Standard 102 '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 state of the Company's affairs as at 27 June 2020 and of its loss for the period 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **OTHER INFORMATION**

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material

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## **AVNET LOGISTICS LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AVNET LOGISTICS LIMITED (CONTINUED)**

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inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **OPINION 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 Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

#### **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 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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

#### **RESPONSIBILITIES OF DIRECTORS**

As explained more fully in the Directors' Responsibilities Statement on page 1, 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.

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AVNET LOGISTICS LIMITED

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AVNET LOGISTICS LIMITED (CONTINUED)

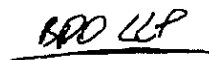
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AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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 Auditors' 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.

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 Auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.



David Butcher (Senior Statutory Auditor)

for and on behalf of

**BDO LLP, statutory auditor**

London  
United Kingdom

Date: 09 February 2021



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**AVNET LOGISTICS LIMITED**


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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 27 JUNE 2020**


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	Note	2020 £000	2019 £000
Turnover		6,335	7,989
<b>GROSS PROFIT</b>		<u>6,335</u>	<u>7,989</u>
Distribution costs		(4,121)	(6,130)
Administrative expenses		(1,496)	(1,561)
Exceptional expenses	7	(602)	-
Other operating income		40	17
Other operating charges		(48)	(25)
<b>OPERATING PROFIT</b>	4	<u>108</u>	<u>290</u>
Interest receivable and similar income		6	-
Interest payable and similar charges		(7)	(8)
<b>PROFIT BEFORE TAX</b>		<u>107</u>	<u>282</u>
Tax on profit	6	(172)	-
<b>(LOSS)/PROFIT FOR THE FINANCIAL PERIOD</b>		<u>(65)</u>	<u>282</u>
<b>TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD</b>		<u>(65)</u>	<u>282</u>

The notes on pages 10 to 22 form part of these financial statements.

**AVNET LOGISTICS LIMITED**  
**REGISTERED NUMBER: 05944260**

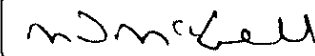
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 27 JUNE 2020**

	Note	27 June 2020 £000	29 June 2019 £000
<b>FIXED ASSETS</b>			
Tangible assets	8	1,732	1,922
		<u>1,732</u>	<u>1,922</u>
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due within one year	9	2,208	1,647
		<u>2,208</u>	<u>1,647</u>
Creditors: amounts falling due within one year	10	(1,157)	(1,190)
		<u>(1,157)</u>	<u>(1,190)</u>
<b>NET CURRENT ASSETS</b>		<b>1,051</b>	<b>457</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,783</b>	<b>2,379</b>
<b>PROVISIONS FOR LIABILITIES</b>			
Other provisions	12	(444)	-
		<u>(444)</u>	<u>-</u>
<b>NET ASSETS</b>		<b>2,339</b>	<b>2,379</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	18,000	18,000
Revaluation reserve	14	278	278
Profit and loss account	14	(15,939)	(15,899)
		<u>2,339</u>	<u>2,379</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 9 February 2021.

DocuSigned by:



A7239951F01D41F

**M McKrell**  
 Director

The notes on pages 10 to 22 form part of these financial statements.

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**AVNET LOGISTICS LIMITED**


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**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 27 JUNE 2020**


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	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 30 June 2019	18,000	278	(15,899)	2,379
<b>COMPREHENSIVE LOSS FOR THE PERIOD</b>				
Loss for the period	-	-	(65)	(65)
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	-	-	-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	-	-	(65)	(65)
<b>CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS</b>				
Share scheme charge	-	-	25	25
<b>TOTAL TRANSACTIONS WITH OWNERS</b>	-	-	25	25
<b>AT 27 JUNE 2020</b>	<u>18,000</u>	<u>278</u>	<u>(15,939)</u>	<u>2,339</u>

The notes on pages 10 to 22 form part of these financial statements.

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**AVNET LOGISTICS LIMITED**


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**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 29 JUNE 2019**


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	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 July 2018	18,000	278	(16,208)	2,070
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>				
Profit for the period	-	-	282	282
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	-	-	282	282
<b>CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS</b>				
Share scheme charge	-	-	27	27
<b>TOTAL TRANSACTIONS WITH OWNERS</b>	-	-	27	27
<b>AT 29 JUNE 2019</b>	<u>18,000</u>	<u>278</u>	<u>(15,899)</u>	<u>2,379</u>

The notes on pages 10 to 22 form part of these financial statements.

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**AVNET LOGISTICS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 27 JUNE 2020**

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**1. GENERAL INFORMATION**

AVNET LOGISTICS LIMITED is a private company limited by share capital, incorporated in the United Kingdom, with its registered office in Stevenage, Hertfordshire and the principal place of business, in Newcastle-under-Lyme, Staffordshire.

Throughout the notes to the Financial Statements references are made to the Income Statement. The Income Statement is included within the Statement of Comprehensive Income.

**2. ACCOUNTING POLICIES**

**2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

In these financial statements, the Company is considered to be a qualifying entity and has applied the exemptions available under FRS 102 Section 1A Small entities in respect of the following disclosures:

- Cash Flow Statement;
- Key Management Personnel compensation;
- Related party transactions. The Company is exempt under the terms of FRS 102.33 Related Party Disclosures from disclosing related party transactions with entities that are part of the Avnet Inc. group provided that any subsidiary which is party to the transaction is wholly owned by the group.

The following principal accounting policies have been applied:

**2.2 GOING CONCERN**

The Directors have considered the going concern of the company and have concluded that it remains appropriate to prepare the financial statements on a going concern basis.

Avnet Inc., the ultimate parent company in the group that owns this company, has provided to the Directors confirmation that Avnet, Inc. undertakes to both provide additional funds as necessary and not to seek repayment, unless adequate funds are available, of existing loans by Avnet Group Companies to the company, so as to enable the Company to continue to trade normally and meet its liabilities as they fall due for at least one year from the date of signing of these financial statements.

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**AVNET LOGISTICS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 27 JUNE 2020**

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**2. ACCOUNTING POLICIES (CONTINUED)**

**2.3 FOREIGN CURRENCY TRANSLATION**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

**2.4 REVENUE**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

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**AVNET LOGISTICS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 27 JUNE 2020**

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**2. ACCOUNTING POLICIES (CONTINUED)**

**2.5 OPERATING LEASES: THE COMPANY AS LESSEE**

*Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.*

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**2.6 INTEREST INCOME**

Interest income is recognised in profit or loss using the effective interest method.

**2.7 FINANCE COSTS**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.8 PENSIONS**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

**2.9 SHARE BASED PAYMENTS**

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

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**AVNET LOGISTICS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 27 JUNE 2020**

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**2. ACCOUNTING POLICIES (CONTINUED)**

**2.10 CURRENT AND DEFERRED TAXATION**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**2.11 TANGIBLE FIXED ASSETS**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Freehold property	- over 30 years
Plant and machinery	- over 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.



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**AVNET LOGISTICS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 27 JUNE 2020**

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**2. ACCOUNTING POLICIES (CONTINUED)**

**2.12 DEBTORS**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.13 CREDITORS**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.14 HOLIDAY PAY ACCRUAL**

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

**2.15 PROVISIONS FOR LIABILITIES**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

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**AVNET LOGISTICS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 27 JUNE 2020**

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**2. ACCOUNTING POLICIES (CONTINUED)**

**2.16 FINANCIAL INSTRUMENTS**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

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**AVNET LOGISTICS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 27 JUNE 2020**


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**3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements and sources of estimation uncertainty have had the most significant effect on amounts recognised in the financial statements.

**Taxation**

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future profits.

**Accruals**

Management estimation is required to determine the probability of economic outflow arising from a legal or constructive obligation as a result of a past event, as well as estimating the magnitude of the outflow.

**4. OPERATING PROFIT**

The operating profit is stated after charging:

	<b>2020</b>	<i>2019</i>
	<b>£000</b>	<i>£000</i>
Exchange differences	9	9
Other operating lease rentals	73	61
Share based payment	25	27
	<u>          </u>	<u>          </u>

**5. EMPLOYEES**

The average monthly number of employees, including the Directors, during the period was as follows:

	<b>2020</b>	<i>2019</i>
	<b>No.</b>	<i>No.</i>
Administration and distribution	63	78
	<u>          </u>	<u>          </u>

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**AVNET LOGISTICS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**6. TAXATION**

	<b>2020</b>	<i>2019</i>
	<b>£000</b>	<i>£000</i>
<b>TOTAL CURRENT TAX</b>	<u>-</u>	<u>-</u>
<b>DEFERRED TAX</b>		
Origination and reversal of timing differences	<u>172</u>	<u>-</u>
<b>TOTAL DEFERRED TAX</b>	<u>172</u>	<u>-</u>
<b>TAXATION ON PROFIT ON ORDINARY ACTIVITIES</b>	<u>172</u>	<u>-</u>

**FACTORS AFFECTING TAX CHARGE FOR THE PERIOD**

The tax assessed for the period is higher than (*2019 - higher than*) the standard rate of corporation tax in the UK of 19.00% (*2019 - 19.00%*). The differences are explained below:

	<b>2020</b>	<i>2019</i>
	<b>£000</b>	<i>£000</i>
Profit on ordinary activities before tax	<u>105</u>	<u>282</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% ( <i>2019 - 19.00%</i> )	20	54
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes	5	7
Capital allowances for period in excess of depreciation	(77)	(87)
Other timing differences leading to an increase in taxation	172	2
Tax deduction arising from exercise of employee share scheme	(5)	(4)
Group relief surrendered but not paid for	<u>57</u>	<u>28</u>
<b>TOTAL TAX CHARGE FOR THE PERIOD</b>	<u>172</u>	<u>-</u>

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**7. EXCEPTIONAL ITEMS**

	2020 £000	2019 £000
Severance costs - December 2019	158	-
Severance costs - June 2020	444	-
	<u>602</u>	<u>-</u>

In December 2019 the contracts for 19 employees were terminated with a cost of £158k following a decision to transfer certain supplier lines to another Avnet warehouse located elsewhere in EMEA.

In June 2020 the proposal to close the warehouse located in Newcastle Under Lyme was announced, with a target date of 31 December 2020, with all inventory transferred to another Avnet warehouse located elsewhere in EMEA. As a result of this announcement a consultation process began for the 47 employees impacted and subsequently that consultation period has ended and severance terms are agreed. A severance provision has been booked amounting to £444k.

**8. TANGIBLE FIXED ASSETS**

	Freehold property £000	Plant and machinery £000	Fixtures and fittings £000	Total £000
<b>COST OR VALUATION</b>				
At 30 June 2019	3,264	1,417	4	4,685
Additions	-	5	-	5
Disposals	-	(5)	-	(5)
At 27 June 2020	<u>3,264</u>	<u>1,417</u>	<u>4</u>	<u>4,685</u>
<b>DEPRECIATION</b>				
At 30 June 2019	1,590	1,172	1	2,763
Charge for the period on owned assets	121	74	-	195
Disposals	-	(5)	-	(5)
At 27 June 2020	<u>1,711</u>	<u>1,241</u>	<u>1</u>	<u>2,953</u>
<b>NET BOOK VALUE</b>				
At 27 June 2020	<u>1,553</u>	<u>176</u>	<u>3</u>	<u>1,732</u>
At 29 June 2019	<u>1,674</u>	<u>245</u>	<u>3</u>	<u>1,922</u>

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**9. DEBTORS**

	<b>27 June 2020 £000</b>	<i>29 June 2019 £000</i>
Amounts owed by group undertakings	1,940	1,026
Other debtors	-	1
Prepayments and accrued income	268	448
Deferred taxation	-	172
	<u>2,208</u>	<u>1,647</u>

The amounts owed to group undertakings includes a balance of £1,035k (2019: £nil) that is due by Avnet Financial Services, a division of Avnet Holding Europe BVBA, under an unsecured current account, which is interest bearing and repayable on demand. Other balances are repayable on demand and non-interest bearing.

**10. CREDITORS: Amounts falling due within one year**

	<b>27 June 2020 £000</b>	<i>29 June 2019 £000</i>
Trade creditors	350	571
Amounts owed to group undertakings	488	383
Other taxation and social security	164	72
Accruals and deferred income	155	164
	<u>1,157</u>	<u>1,190</u>

The amounts owed to group undertakings includes a balance of £431k (2019: £339k) that is due to Avnet Financial Services, a division of Avnet Holding Europe BVBA, under an unsecured current account, which is interest bearing and repayable on demand. Other balances are repayable on demand and non-interest bearing.

**11. DEFERRED TAXATION**

	<b>2020 £000</b>
At beginning of period	172
Credited to the income statement	(172)
<b>At end of period</b>	<u>-</u>

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**11. DEFERRED TAXATION (CONTINUED)**

The deferred tax asset is made up as follows:

	<b>27 June 2020 £000</b>	<i>29 June 2019 £000</i>
Accelerated capital allowances	-	172
	<u>-</u>	<u>172</u>

Tax losses amounting to £1,977k are available to relieve future profits of the Company (2019: £1,977k). There is significant uncertainty over the magnitude of future profits and therefore no deferred tax asset has been recognised relating to losses brought forward (2019: £Nil). There remains an unrecognised deferred tax asset of £376k on losses available (2019: £376k).

During the current period the deferred tax asset relating to capital allowances amounting to £172k has been reversed on the basis that it is not considered likely that sufficient profits will be generated for these allowances to be utilised. There remains £152k (2019: £56k) of accelerated capital allowances which are not expected to generate benefit for the Company and these deferred tax assets have not been recognised.

**12. PROVISIONS**

	<b>Severance costs £000</b>
Charged to profit or loss	444
<b>AT 27 JUNE 2020</b>	<u><u>444</u></u>

In June 2020 it was announced that it was proposed that the warehouse operation located in Newcastle Under Lyme would close with a target date of 31 December 2020, with all inventory transferred to another Avnet warehouse located elsewhere in EMEA. As a result of this announcement a consultation process began for the 47 employees impacted and subsequently that consultation period has ended and severance terms are agreed. A severance provision has been booked amounting to £444k.

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**13. SHARE CAPITAL**

	27 June 2020 £000	29 June 2019 £000
<b>Allotted, called up and fully paid</b>		
18,000,002 (2019 - 18,000,002) Ordinary shares of £1.00 each	18,000	18,000

**14. RESERVES****Revaluation reserve**

The revaluation reserve was created as a result of capital restructuring and a business combination.

**Profit and loss account**

The profit and loss account consists of all current and prior period retained profits and losses.

**15. PENSION COMMITMENTS**

The Company operates defined contribution schemes for its directors and employees. The assets of these schemes are held separately from those of the Company in independently administered funds. The pension charge in the financial statements represents contributions payable by the Company to the funds which amounted to £152,000 (2019: £145,522). There were no outstanding contributions at the period-end (2019: £Nil).

**16. COMMITMENTS UNDER OPERATING LEASES**

At 27 June 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	27 June 2020 £000	29 June 2019 £000
Not later than 1 year	69	73
Later than 1 year and not later than 5 years	264	243
Later than 5 years	48	98
	<u>381</u>	<u>414</u>



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**17. CONTROLLING PARTY**

The ultimate parent company and ultimate controlling party of Avnet Logistics Limited is Avnet Inc., a company incorporated in the United States of America. The Company's immediate parents and controlling parties are Avnet Holdings UK Limited (50%) and Memec Group Holdings Limited (50%), companies registered in England and Wales. The financial statements of these companies are available to the public and may be obtained from Companies House or from the companies registered address: Avnet House, Rutherford Close, Meadway Technology Park, Stevenage, Hertfordshire SG1 2EF.

The largest and the smallest group in which the results of Avnet Logistics Limited are consolidated is that headed by Avnet Inc. The consolidated financial statements of this group are available to the public and may be obtained from Avnet Inc., 2211 South 47th Street, Phoenix, AZ85034, USA or by visiting Avnet Inc.'s Investor Relations website at [www.ir.avnet.com](http://www.ir.avnet.com).