Registered Number: 07880340

A. E. Petsche UK Limited

Report and Financial Statements

31 December 2017

Contents

Registered No: 07880340

Directors
C D Stansbury
G P Tarpinian

Auditors
Ernst & Young LLP
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Strategic report

Introduction

The principal activity of the company during the year was the franchised distribution and valued added sales of interconnect products. The company previously conducted business as A E Petsche Company, Inc in the form of an established UK branch. As of December 2011, the company incorporated as A.E. Petsche UK Limited to conduct business in the UK.

Business review

In the current year, turnover increased by 7.3% primarily due to challenging market conditions. Gross profit margin rates decreased by 0.2% from 16% to 15.8% due to changed mix of customers and suppliers. Administrative expenses decreased by 12.2% due to multiple factors including one-off costs of $233k in the current year and $144k in the prior year to correct VAT.

Principal risks and uncertainties

The key business risk and uncertainties affecting the company are considered to relate to competition, suppliers, the economic environment, exchange rates and staff retention. The US-based Directors manage these risks at Arrow Electronics, Inc Corporate board level in conjunction with the Europe and UK based directors. Exposure to risk on cash flows is managed through a cash funding facility with Bank Mendes Gans Bank.

Key performance indicators

A.E. Petsche UK Limited operates under a limited risk distribution agreement with its affiliates. Therefore, UK key performance indicators relate primarily to the turnover generated in the year being the controllable element of the UK operations. These are compared to prior annual results and reviewed to monitor performance of the organisation. In 2017, A. E. Petsche UK Limited has turnover for the full year of $20.4m compared to the turnover of $18.9m in 2016. Due to improved market conditions, the turnover has increased and is consistent with the expectation of management. The business is working on new or existing initiatives to help improve growth for the business.

This report was approved by the board on 26/11/18 and signed on its behalf.

C Stansbury
Director

Directors' report

The directors present their report and the financial statements for the year ended 31 December 2017.

Results and dividends

The profit for the year, after taxation, amount to $116,805 (2016: loss of $297,310).

No dividends have been paid or declared in the year (2016: $nil).

Directors

The directors who served during the year were:

C D Stansbury
G P Tarpinian
G H Resch (resigned 27 June 2017)
P A Carey (appointed 27 June 2017, resigned 8 January 2018)

Going concern

The company is a subsidiary of a large global corporation and both individually and as part of the global group it has significant long term trading relationship with a number of customers and suppliers across different geographic areas and technologies. The company has cash and financials resources and as a consequence the directors believe that the company is well placed to manage its business risk successfully.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the concern basis in preparing the annual reports and accounts.

Future developments

The director's aims to maintain the successful management policies implemented by A.E. Petsche Inc, an Arrow Electronics company and to future grow and develop the business to become the market leader in the distribution of interconnect products. Trading in 2018 will continue to be challenging due to potential for volatility in trading and Brexit. The company is financially secure, has experienced and skilled staff and its therefore well placed to both consider further acquisitions and to exploit new trading opportunities.

Disabled employees

It is the company's policies that disabled persons are treated fairly and consistently in terms of recruitment, training, career development and promotion and that their employment opportunities should be based on realistic assessment of their aptitudes and abilities.

Wherever possible the company will continue the employment of persons who become disabled during the course of their employment with the company through retraining, acquisition of special aids and equipment or the provision of suitable alternative employment.

Disclosures 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.

Directors' report

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Disclosure requirements

In accordance with the Companies Act 2006 section 414C (ii), the company's Strategic Report contains certain disclosures required in the Director's Report. The requirements are included within the 'Business Review' and 'Principal risks and uncertainties' section of the Strategic Report.

Auditors

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 26/11/18 and signed on its behalf.

C Stansbury
Director

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, 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 101 'Reduced Disclosure Framework'. Under company law the directors much 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 and loss of the company for that period.

In preparing these financial statements, the directors are require to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper 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.

Independent auditors' report

to the members of A. E. Petsche UK Limited

Opinion

We have audited the financial statements of A.E. Petsche UK Limited for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Balance Sheet and the Statement of Changes in Equity and the related notes 1 to 22, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2017 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.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Independent auditors' report

to the members of A. E. Petsche UK Limited (continued)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Juliet Thomas (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Luton

29th November 2018

Statement of Comprehensive Income

for the year ended 31 December 2017

	Notes	*2017* *$*	*2016* *$*
Turnover	4	20.351.389	18.970.554
Cost of sales		(17.137.805)	(15.928,451)
Gross profit		3.213.584	3,042.103
Administrative expenses		(2,980.876)	(3,393,425)
Operating profit/(loss)	5	232,708	(351.322)
Interest payable and similar charges	9	(17,050)	(24.618)
Profit/(loss) before tax		215,658	(375,940)
Tax on profit/(loss)	10	(98.853)	78.630
Profit/(loss) for the financial year		116,805	(297,310)

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of comprehensive income.3

There was no other comprehensive income for 2017 (2016: $nil).

The notes on page 13 to 24 form part of these financial statements.

Balance Sheet
at 31 December 2017

	Notes	2017 $	2016 $
Fixed assets			
Tangible assets	11	56,212	90,665
Current assets			
Stocks	12	8,483,365	5,541,051
Debtors: amounts falling due within one year	13	18,053,891	7,854,914
Cash at bank and in hand	14	4,824,469	9,628,950
		31,361,725	23,024,915
Creditors: amounts falling due within one year	15	(29,348,145)	(21,162,593)
Net current assets		2,013,580	1,862,322
Total assets less current liabilities		2,069,792	1,952,987
Net assets		2,069,792	1,952,987
Capital and reserves			
Called up share capital	18	1	1
Profit and loss account	19	2,069,791	1,952,986
		2,069,792	1,952,987

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26/11/18.

Chris Stansbury
Director

Statement of Changes in Equity

for the year ended 31 December 2017

	Called up share capital $	*Profit and loss account* $	*Total equity* $
At 1 January 2016	1	2.250.296	2.250.297
Comprehensive income for the year			
Loss for the year	-	(297,310)	(297,310)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	(297,310)	(297,310)
At 1 January 2017	1	1,952.986	1,952,987
Comprehensive income for the year			
Profit for the year	-	116,805	116,805
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	116,805	116,805
At 31 December 2017	1	2,069,791	2,069,792

Notes to the financial statements

at 31 December 2017

1. General information

A.E. Petsche UK Limited ("the Company") is a private limited company domiciled and incorporated in England. The entity is registered at Unit 37 Suttons Business Park, Earley, Reading, Berkshire, RG6 1AZ.

The principal activity of the company continued to be the franchised distribution and value added sale of interconnect products.

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 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied.

2.2 Financial reporting standard 101 – reduced disclosure exemptions

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

(a) the requirements of paragraph 45(b) and 46-52 of IFRS 2 Share based payment;

(b) the requirements of IFRS 7 Financial Instruments: Disclosures,

(c) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement,

(d) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:

- paragraph 79(a)(iv) of IAS 1;
- paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- paragraph 118(e) of IAS 38 Intangible Assets;

(e) the requirements of paragraphs 10(d), 10(f), 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111, and 134-136 of IAS 1 Presentation of Financial Statements;

(f) the requirements of IAS 7 Statement of Cash Flows;

(g) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;

(h) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;

(i) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;

(j) the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

Notes to the financial statements

at 31 December 2017

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent 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:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measure reliably;
- it is possible that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.4 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 intending by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- straight line over 11 years
Plant and machinery	- straight line over 7 years
Fixtures and fittings	- straight line over 7 years
Computer equipment	- straight line over 3 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 the statement of comprehensive income.

Notes to the financial statements

at 31 December 2017

2. Accounting policies (continued)

2.5 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit and loss.

2.6 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.

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.8 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transaction are explained below:

Financial assets

The Company classifies all of its financial assets as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and serves to customers (eg trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issues, and are subsequently carried at amortised cost using the effective interest rate method less provision for impairment.

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

Notes to the financial statements

at 31 December 2017

2. Accounting policies (continued)

2.8 Financial instruments (continued)

Financial liabilities

The Company classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance liability carried into the Balance sheet.

2.9 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.10 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is USD.

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 costing 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 the Statement of comprehensive income 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 the Statement of comprehensive income within 'administrative expenses'.

2.11 *Interest expense*

Finance costs are charged to the Statement of comprehensive income over the terms 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.

Notes to the financial statements

at 31 December 2017

2. Accounting policies (continued)

2.12 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income 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.

2.13 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 future payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.14 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligations 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 the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet 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 Balance sheet.

2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, 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 balance sheet date in countries where the Company operates and generates income.

Notes to the financial statements

at 31 December 2017

2. Accounting policies (continued)

2.15 Current and deferred taxation (continued)

Deferred tax is recognised in respect of all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- Deferred tax assets are recognised only to the extent that the directors consider that is probable that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, which 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 acquire 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 balance sheet date.

2.16 Related party transactions

The company is a wholly owned subsidiary of A. E. Petsche SAS, France. The ultimate parent company is Arrow Electronics Inc., which is incorporated in the USA and the consolidated accounts of which are publicly available.

Accordingly, the company has taken advantage of the exemption in IAS 24 from disclosing transactions with related parties in the Arrow Electronics Inc group.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires judgements, estimations and assumptions to be made that affect the reported values of assets, liabilities, revenues and expenses. The nature of the estimation means that the actual outcomes could differ from those estimates. The judgement that have the most impact on the amounts recognised in the financial statement is:

Stock provision

The company carries stocks in order to meet the requirements of customers. Accordingly, the management considers the recoverability of the cost of the stock and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of the stock as well as the age and the anticipated saleability of those units.

4. Turnover

All turnover arose within the United Kingdom.

Notes to the financial statements
at 31 December 2017

5. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2017	*2016*
	$	*$*
Depreciation of tangible fixed assets	34,453	15,297
Exchange differences	93,841	(117,306)
Defined contribution pension costs	36,845	33,375
VAT correction	233,443	144,689
Cost of stocks recognised as an expense	9,280,902	9,353,160
Including – write down stocks to net realisable value	-	542,760

6. Auditors' remuneration

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company:

	2017	*2016*
	$	*$*
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	10,072	12,950

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2017	*2016*
	$	*$*
Wages and salaries	1,126,817	1,091,092
Social security costs	269,901	196,318
Cost of defined contribution scheme	36,845	33,375
	1,433,563	1,320,785

The average monthly number of employees, including the directors, during the year was as follows:

	2017	*2016*
	No.	*No.*
Employees	19	19
Directors	1	1
	20	20

Notes to the financial statements
at 31 December 2017

8. Directors' remuneration

	2017	2016
	$	$
Directors' emoluments	247,785	153,244

9. Interest payable and similar charges

	2017	2016
	$	$
Bank interest payable	17,050	24,618

10. Taxation

	2017	2016
	$	$
Corporation tax		
Current tax on profits for the year	60,770	-
Adjustments in respect of previous periods	-	(25,400)
Total current tax	60,770	(25,400)
Deferred tax		
Prior period	46,198	235
Current period	(10,222)	(56,279)
Rate change	2,107	2,814
Total current tax	38,083	(53,230)
Taxation on profit/(loss) on ordinary activities	98,853	(78,630)

Notes to the financial statements

at 31 December 2017

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 – lower than) the standard rate of corporation tax in the UK of 19.25% (2016: 20%) as set out below:

	2017	*2016*
	$	*$*
Profit on ordinary activities before tax	215,658	(375,940)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20%)	41,507	(75,188)
Effects of:		
Expenses not deductible for tax purposes	9,041	18,909
Rate differences	2,107	2,814
Adjustments to tax charge in respect of prior periods	46,198	(25,165)
Total tax charge for the year	98,853	(78,630)

11. Tangible fixed assets

	Leasehold improvements	*Plant & machinery*	*Fixtures & fittings*	*Computer equipment*	*Total*
	$	*$*	*$*	*$*	*$*
Cost:					
At 1 January 2017	58,820	38,415	75,391	2,194	174,820
Disposals	-	(3,502)	-	-	(3,502)
At 31 December 2017	58,820	34,913	75,391	2,194	171,318
Depreciation:					
At 1 January 2017	8,384	29,984	43,593	2,194	84,155
Charge for the period on owned assets	18,377	6,957	9,119	-	34,453
Eliminated on disposal	-	(3,502)	-	-	(3,502)
At 31 December 2017	26,761	33,439	52,712	2,194	115,106
Net book value:					
At 31 December 2017	32,059	1,474	22,679	-	56,212
At 31 December 2016	50,436	8,431	31,798	-	90,665

Notes to the financial statements
at 31 December 2017

12. Stocks

	2017	2016
	$	$
Raw materials and consumables	8,483,365	5,541,051

13. Debtors

	2017	2016
	$	$
Trade debtors	2,766,763	2,307,632
Amounts owed to group undertakings	14,949,175	4,949,477
Other debtors	68,055	471,379
Corporation tax debtor	92,293	39,098
Prepayments and accrued income	160,804	32,444
Deferred taxation	16,801	54,884
	18,053,891	7,854,914

14. Cash and cash equivalents

	2017	2016
	$	$
Cash at bank and in hand	4,824,469	9,628,950
Less: bank overdrafts	(4,776,356)	(5,585,212)
	48,113	4,043,738

15. Creditors: amounts falling due within one year

	2017	2016
	$	$
Bank overdrafts	4,776,356	5,585,212
Trade creditors	1,277,356	680,172
Amounts owed to group undertakings	22,904,641	14,617,164
Other taxation and social security	46,305	15,464
Accruals and deferred income	343,487	264,581
	29,348,145	21,162,593

Notes to the financial statements
at 31 December 2017

16. Financial instruments

	2017 $	2016 $
Financial assets		
Financial assets measured at fair value through profit or loss	4,824,469	9,628,950
Financial assets that are debt instruments measured at amortised cost	17,876,286	7,767,586
	22,700,755	17,396,536
Financial liabilities		
Financial liabilities measured at amortised cost	(29,301,840)	(21,147,129)
	(29,301,840)	(21,147,129)

17. Deferred taxation

	2017 $	2016 $
At beginning of year	54,884	1,654
(Charged)/credited to profit and loss	(38,083)	53,230
At end of year	16,801	54,884

The deferred tax asset is made up as follows:

	2017 $	2016 $
Accelerated capital allowances	12,361	3,273
Trading losses	-	51,611
Other timing differences	4,440	-

Factors that may affect future tax charges

The standard rate of Corporation Tax in the UK was 19% for this accounting period and will fall to 17% from 1 April 2020. These rates were substantially enacted during the period and as such any deferred tax balances have been stated at the reduced tax rate of 17%.

18. Share capital

	2017 $	2016 $
Shares classified as equity		
Authorised, allotted, called up and fully paid		
1 Ordinary share of $1	1	1

Notes to the financial statements
at 31 December 2017

19. Reserves
Profit and loss account

Includes all current and prior period retained profits and losses.

20. Pension commitments
The company operates a Group Personal Pension Plan along with a Salary Sacrifice Scheme. The pension cost charge represents payable by the company to the employees' individual policies and amounted to $36,845 (2016: $33,375).

21. Commitments under operating leases
At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017	*2016*
	$	*$*
Not later than 1 year	190,000	183,122
Later than 1 year and not later than 5 years	446,000	625,667
	636,000	808,789

22. Ultimate parent undertaking and controlling party
A. E. Petsche UK Limited is a 100% subsidiary of A.E. Petsche SAS, France.

The parent undertaking of the smallest group of undertakings for which the group accounts are drawn up and of which the company is a member is A.E. Petsche SAS, a company incorporated in France.

The parent undertaking of the largest group is undertakings for which the group accounts are drawn up and of which the company is a member of Arrow Electronics Inc, incorporated in the USA who are regarded as the ultimate parent company and controlling party.

Arrow Electronics Inc has included the company in its group accounts. Copies of the accounts of Arrow Electronics Inc are available from:

Arrow Electronics Inc
9201 E Dry Creek Road
Centennial
Colorado
80112 USA