

Company number: 07973952

ELEMENT14 FINANCE UK LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR
ENDED 1 JULY 2018**



ELEMENT14 FINANCE UK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 1 JULY 2018

The directors present their strategic report for the year ended 1 July 2018.

Business review

During the period the principal activity of the company has been that of an investment company.

The directors do not consider there to be any material risks or uncertainties which require disclosure. The principal risks and uncertainties of Avnet Inc. are disclosed in that company's financial statements.

Key performance indicators

Due to the nature of the business, disclosure of the company's key performance indicators is not considered to be necessary.

On behalf of the Board



L Heffernan
Director

11 February 2019

150 Armley Road
Leeds
West Yorkshire
LS12 2QQ

ELEMENT14 FINANCE UK LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 1 JULY 2018

The directors present their annual report together with the audited financial statements of the company for the year ended 1 July 2018.

Directors

The directors who held office during the period and up to the date of this report were:

L Heffernan	(appointed 3 April 2018)
H Woodford	(appointed 3 April 2018)
M McCoy	(resigned 4 May 2018)
W Crowell	(resigned 30 March 2018)

Result for the period

The profit for the financial period amounted to \$3,411,000 (Period ended 31 January 2017: \$11,748,000).

Dividends

An interim dividend of \$138,773,000 was paid during the year (2017: \$209,219,000). The directors do not propose to pay a final dividend (2017: \$nil).

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 the group 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.

ELEMENT14 FINANCE UK LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 1 JULY 2018 (CONTINUED)

Disclosure of information to auditors

The directors confirm that so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and that each director 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 auditors are aware of that information.

By Order of the Board



L Heffernan
Director
11 February 2019

150 Armley Road
Leeds
United Kingdom
LS12 2QQ

ELEMENT14 FINANCE UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ELEMENT14 FINANCE UK LIMITED

Opinion

We have audited the financial statements of Element 14 Finance UK Limited ("the company") for the year ended 1 July 2018 which comprise the Profit and loss account and other comprehensive income, Balance Sheet, Statement of changes in equity and related notes, including the accounting policies.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 1 July 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to Britain exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

ELEMENT14 FINANCE UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ELEMENT14 FINANCE UK LIMITED (continued)

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 2, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

ELEMENT14 FINANCE UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ELEMENT14 FINANCE UK LIMITED (continued)

The purpose of our audit work and to whom we owe our responsibilities

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.

David Morritt (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Sovereign Square
Sovereign Street
Leeds
LS1 4DA

14 February 2019

ELEMENT14 FINANCE UK LIMITED

PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 1 JULY 2018

	Note	Year ended 1 July 2018 \$'000	17 month period ended 2 July 2017 \$'000
Operating loss	2	(2)	(3)
Interest receivable and similar income	3	<u>4,213</u>	<u>14,656</u>
Profit on ordinary activities before taxation		4,211	14,653
Tax on profit on ordinary activities	4	<u>(800)</u>	<u>(2,905)</u>
Profit for the financial period		<u>3,411</u>	<u>11,748</u>

All of the operating results relate to continuing operations.

The company had no other comprehensive income during the period.

ELEMENT14 FINANCE UK LIMITED

BALANCE SHEET AS AT 1 JULY 2018

	Note	As at 1 July 2018 \$'000	As at 2 July 2017 \$'000
Current assets			
Debtors	5	17,535	152,097
Cash at bank and in hand		86	86
		<u>17,621</u>	<u>152,183</u>
Creditors: amounts falling due within one year	6	<u>(14,210)</u>	<u>(13,410)</u>
Net current assets		<u>3,411</u>	<u>138,773</u>
Net assets		<u>3,411</u>	<u>138,773</u>
Capital and reserves			
Called-up share capital	7	-	-
Share premium account		-	-
Profit and loss account		3,411	138,773
Total shareholders' funds		<u>3,411</u>	<u>138,773</u>

The financial statements on pages 7 to 13 were approved by the Board of Directors on 11 February 2019 and were signed on its behalf by:



L Heffernan
Director

Company number: 07973952

ELEMENT14 FINANCE UK LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 1 JULY 2018

	Called up share capital \$'000	Share premium account \$'000	Profit and loss account \$'000	Total equity \$'000
Balance at 2 July 2017	-	-	138,773	138,773
Profit for the financial period	-	-	3,411	3,411
Total comprehensive income for the period	-	-	3,411	3,411
Dividends paid	-	-	(138,773)	(138,773)
Total transactions with owners	-	-	(138,773)	(138,773)
Balance at 1 July 2018	-	-	3,411	3,411

	Called up share capital \$'000	Share premium account \$'000	Profit and loss account \$'000	Total equity \$'000
Balance at 1 February 2016	-	295,602	40,642	336,244
Profit for the financial period	-	-	11,748	11,748
Total comprehensive income for the period	-	-	11,748	11,748
Capital reduction	-	(295,602)	295,602	-
Dividends paid	-	-	(209,219)	(209,219)
Total transactions with owners	-	(295,602)	86,383	(209,219)
Balance at 2 July 2017	-	-	138,773	138,773

ELEMENT14 FINANCE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 1 JULY 2018

1. Accounting policies

Element14 Finance UK Limited (the "Company") is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken. These financial statements are prepared on the going concern basis and under the historical cost convention.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel.

The principal accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Key sources of estimation and uncertainty

The preparation of financial statements with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. There were no such areas of judgement or uncertainty deemed significant in these financial statements.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

The principal exchange rate prevailing at the balance sheet date was USD 1.31 (2017: USD 1.30).

ELEMENT14 FINANCE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 1 JULY 2018 (CONTINUED)

1. Accounting policies (continued)

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive loss, in which case it is recognised directly in equity or other comprehensive loss.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

2. Operating loss

Operating loss is stated after charging:

	Year ended 1 July 2018 \$'000	17 month Period ended 2 July 2017 \$'000
Bank charges	<u>2</u>	<u>3</u>

No director received any emoluments in respect of their services to the company (2017: \$nil).
The company had no employees during the period (2017: nil).

Audit fees of \$3,000 (2017: \$3,000) are borne by Premier Farnell Limited.

ELEMENT14 FINANCE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 1 JULY 2018 (CONTINUED)

3. Other interest receivable and similar income

	Year 2018 \$'000	Period 2017 \$'000
Interest receivable from group undertakings	4,211	14,631
Bank interest	2	25
	<u>4,213</u>	<u>14,656</u>

4. Tax on profit on ordinary activities

	Year 2018 \$'000	Period 2017 \$'000
Group relief payable at 19.0% (2017: 19.8%)	800	2,905
Tax charge for the year/period	<u>800</u>	<u>2,905</u>

The current tax charge for the year reconciles to the standard rate of UK corporation tax of 19.0% (2017: 19.8%) as follows:

	Period 2018 \$'000	Period 2017 \$'000
Profit before tax	4,211	14,653
Tax on profit on ordinary activities at standard rate	800	2,905
Total tax charge for the year/ period	<u>800</u>	<u>2,905</u>

Factors affecting current and future tax charges

During the period, the UK main corporation tax rate remained 19%. A reduction to 17% is to take effect from 1 April 2020.

5. Debtors

	2018 \$'000	2017 \$'000
Amounts owed by group undertakings	<u>17,535</u>	<u>152,097</u>

Amounts due from group undertakings are unsecured, repayable on demand and interest bearing at a rate of LIBOR plus 1.875% per annum.

ELEMENT14 FINANCE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 1 JULY 2018 (CONTINUED)

6. Creditors: amounts falling due within one year

	2018 \$'000	2017 \$'000
Group relief payable	3,472	2,905
Amounts owed to group undertaking	10,738	10,505
	<u>14,210</u>	<u>13,410</u>

The amounts owed to group undertaking are unsecured, interest free and are repayable on demand.

7. Called-up share capital

	2018 \$	2017 \$
Allotted and fully paid		
11 (2017: 11) Ordinary Shares of £1 each	<u>17</u>	<u>17</u>

8. Parent Undertaking

The immediate parent undertaking is InOne Holdings Limited, which is incorporated in England.

The ultimate parent company and ultimate controlling party of Element 14 Finance UK Limited is Avnet Inc., a company incorporated in the United States of America.

The largest and the smallest group in which the results of Element 14 Finance UK 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.