Registered number: 03944613

BOURNS (UK) ACQUISITION LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

BOURNS (UK) ACQUISITION LIMITED

COMPANY INFORMATION

Directors	Gordon L Bourns L. Erik G. Meijer
Company secretary	Ana Laura Rojo Del La Vega Reyes
Registered number	03944613
Registered office	Manton Lane Bedford MK41 7BJ
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Victoria House 199 Avebury Boulevard Milton Keynes MK9 1AU
Bankers	Royal Bank of Scotland Unit 9 Bay Centre Regents Way Dalgety Bay Fife KY11 5YD
Solicitors	Herbert Smith Exchange House Primrose Street London EC2A 2HS

BOURNS (UK) ACQUISITION LIMITED

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GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction

The directors present their report for the year ended 31 December 2019.

Business review

The group is principally engaged in the provision of power semiconductor products to support the telephone system protection, electronic lighting and general purpose power markets, in particular the manufacture and supply of voltage protection components.

On a consolidated basis, group turnover was £45.9m *(2018: £49.4m)* and profit for the financial year was £0.7m *(2018: £5.9m)*. The company declared and paid a dividend of £Nil *(2018: £Nil)*.

Profit after tax has been impacted by reduced sales to significant Chinese customers as a result of international trade embargos between China and the United States, a reduction in gross margin due to increased cost of raw materials and increased administrative expenses due to higher depreciation and amortisation charges.

On 12 July 2019, the group acquired 100% of the shares of Keko Varicon, d.o.o. for £18.84m. Keko Varicon, located in Slovenia, manufactures overvoltage protection components used in automotive, telecommunication, and industrial equipment application. The acquisition represents a new product line for the Company generating outside sales and internal component sales. Acquisition cost were expensed as incurred and not significant.

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections. Measures taken by various governments to contain the virus have affected economic activity. We have taken appropriate measures to monitor and prevent the effects of the COVID-19 virus on our employees (like social distancing and working from home) and secured the supply of materials that are essential to our production process.

Supply chains have been challenged during the pandemic which has had a detrimental effect on committed delivery schedules and planned freight costs.

We will continue to follow government advice and do our utmost to continue our operations in the safest way possible without jeopardising the health of our employees.

Principal risks and uncertainties

The group's activities expose it to a number of financial risks including currency risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised as follow.

Currency risk
The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The group's sales and cost of sales are denominated principally in US Dollars which provides a natural hedge.

Credit risk
The company's principal financial assets are bank balances and cash.

Liquidity risk
In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the group uses intra group debt financing as necessary.

As a more general point, the board has considered the broader political and economic uncertainties including Brexit and Covid-19. There was minimal impact from Brexit and Covid-19 in the year to 31 December 2019 but these matters are kept under regular review.

Financial key performance indicators

1. Turnover is a key measure of the group's performance. Sales for the year were £45.9m *(2018: £49.4m)*.

2. Overall profitability is a key indicator of the group's performance. The profit before tax for the financial year was £0.8m *(2018: £6.9m)*.

3. Working capital management is seen as an important target for the business. At year end, the net current asset level was £16.0m *(2018: £14.5m)*.

4. Net worth is seen as an important target for the business. At year end the level of shareholders' funds was £40.5m *(2018: £21.4m)*.

Other key performance indicators

Through its trading subsidiary Bourns Limited. the group has continued to develop new products Into production processes at the Wafer Fab in Bedford and its subcontractor partners.

Product lead times have remained at an average of just over 9.17 weeks through 2019 (2018: 9.2 weeks), and on time delivery, one of the group's KPI's has an average of 96% *(2018: 91%)* of Shipments plan and 117% of operating profit Plan, wafer fab yields and cost reductions activities remain a key focus with both yield and productivity showing some modest improvements through the year, cooperating activities continue at subcontractor locations to improve overall yields and drive down cost in the face of significant inflationary pressures

Directors' statement of compliance with duty to promote the success of the group

As required by Section 172 of the Companies Act, a director of a company must act in the way he or she considers, in good faith, would likely promote the success of the company for the benefit of the shareholders.

In doing so, the directors must have regards, amongst other matters, to the following issues:

- Likely consequences of any decision in the long-term;
- Interests of the group's employees;
- Need to foster the group's business relationships with suppliers/customers and others;
- Impact of the group's operations on the community and environment;
- The group's reputation for high standards of business conduct;
- Need to act fairly between members of the group.

The group's ongoing engagement with stakeholders and consideration of their respective interests in its decision-making process is as described below.

Our Culture
The group has always espoused a long-term perspective, from its interaction with a prospective acquisition and thereafter shareholder meetings held alongside the publication of the group's financial results for full year.

Customers and suppliers
Our companies operate in global niche markets and hence reputation is key to our ongoing success. Maintaining a strong reputation with our customer base by providing products and service of the highest quality is therefore of paramount importance. Likewise, we have long standing close relationships with our suppliers.

Employees

A key to the group's success has been its engaged workforce. The group's directors, alongside our management team, work hard to provide a positive work environment with opportunities for all our staff to grow and achieve their potential with a strong culture of reward & recognition, employee development and regular proactive communications.

Community and environment

Bourns Limited is actively engaged with local secondary schools and Colleges of further education promoting careers in engineering with presentations to students and providing opportunities for short and permanent placements . Bourns Limited is a contributor to the 2019 U.N. Global Compact Communication on Progress (COP)through activities to reuse water and waste heat combined with safe recycling of packaging.

Going Concern

In preparing these financial statements, the directors have assessed the ability of the group to continue to operate for the period of at least twelve months from the date of signing the financial statements.

In December 2019 the Covid-19 virus broke out in China and reached Northern European countries in the second half of February 2020 with a pandemic impact on people's health, daily life and businesses. As in many other countries worldwide, the UK government implemented during March 2020 measures to limit further spreading of the virus as much as possible.

In response to the Covid-19 pandemic, group management undertook a risk assessment and forecasting exercise to assess the group and parent company's liquidity position. The assessment included performing cashflow sensitivity analysis focusing on sales and costs levels. In addition, reverse stress testing was performed to assess the levels of performance where cash availability would breach. The results of this sensitivity analysis demonstrated that there was sufficient cash availability.

The impact of Covid-19 on the group and parent company has been in relation to its supply chain which has been challenged, this has had a detrimental effect on committed delivery schedules and planned freight costs. By the end of October 2020, cumulative revenue and profit before tax for the year was in line with the prior year.

Based on current trading performance, the actions that have been taken and the sensitivity and reverse stress testing performed, the directors have a reasonable expectation that the group and parent company has adequate resources to continue in operational existence for a period of at least twelve months from the date of signing these financial statements and accordingly, they continue to adopt the going concern basis in preparing these financial statements.

This report was approved by the board on 16/12/2020 and signed on its behalf.

L. Erik G. Meijer

L. Erik G. Meijer
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Results and dividends

The profit for the year, after taxation, amounted to £0.7m (2018: £5.9m).

The group did not recommend a dividend for the year *(2018: £Nil)*.

Directors

The directors who served during the year were:

Gordon L Bourns
L. Erik G. Meijer

Directors' responsibilities statement

The directors are responsible for preparing the Group 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 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 and profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and group 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 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Future developments

The group's businesses are committed to the development of innovative products whilst continually seeking the opportunity to grow in new and existing markets.

Qualifying third party indemnity provisions

The group has not provided qualifying third party indemnity provisions in respect of the directors which were in force during the year.

Financial and risk management objectives and policies

In accordance with S414c(11) of the Companies Act 2006, the directors have presented this information in the Strategic Report.

Post balance sheet events

Since 31 December 2019, the COVID-19 pandemic has severely impact many local economies around the globe. The Group has determined that this event is a non-adjusting post balance sheet event. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2019 have not been adjusted to reflect their impact. The Group is unable to make a reasonable estimate of the financial impact of the non-adjusting event.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

Research and development

The group continues to engage in the development of new products into productions at the Wafer Fab in Bedford and its subcontractor partners. Research and development costs incurred in the year were written off to the profit and loss account, these amounted to £0.9m *(2018: £1.2m).*

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 16/12/2020 and signed on its behalf.

L. Erik G. Meijer

L. Erik G. Meijer
Director

Grant Thornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOURNS (UK) ACQUISITION LIMITED

Opinion

We have audited the financial statements of Bourns (UK) Acquisition Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, 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 group's and of the parent company's affairs as at 31 December 2019 and of the group's 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. We are independent of the group and the parent 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the 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.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties 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 associated with these particular events.

GrantThornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOURNS (UK) ACQUISITION LIMITED (CONTINUED)

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 group or the parent 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.

In our evaluation of the directors' conclusions, we considered the risks associated with the group's and the parent company's business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the group and the parent company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, 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 group and the parent company will continue in operation.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's 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 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.

GrantThornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOURNS (UK) ACQUISITION LIMITED (CONTINUED)

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 Group 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 Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the group Strategic Report and the Directors' Report..

Matters on which we are required to report by exception

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Grant Thornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOURNS (UK) ACQUISITION LIMITED (CONTINUED)

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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

Grant Thornton UK LLP

Tim Broadway
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Milton Keynes
Date: 16/12/2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £000	*Restated 2018 £000*
Turnover	4	**45,898**	*49,362*
Cost of sales		**(30,655)**	*(29,214)*
Gross profit		**15,243**	*20,148*
Administrative expenses		**(20,851)**	*(18,763)*
Exceptional administrative expenses		**-**	*(21)*
Other operating income	5	**6,289**	*5,449*
Operating profit	6	**681**	*6,813*
Interest receivable and similar income	10	**303**	*185*
Interest payable and expenses	11	**(153)**	*(66)*
Profit before taxation		**831**	*6,932*
Tax on profit	12	**(88)**	*(1,021)*
Profit for the financial year		**743**	*5,911*
Currency translation differences		**(1,231)**	*482*
Actuarial losses on defined benefit pension scheme		**(29)**	*(180)*
Movement on deferred tax related to pension scheme		**5**	*-*
Other comprehensive income for the year		**(1,255)**	*302*
Total comprehensive (expense) / income for the year		**(512)**	*6,213*

The results above relate to continuing activities.

The notes on pages 20 to 48 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note		2019 £000		*Restated 2018 £000*
Fixed assets					
Intangible assets	15		**15,655**		-
Tangible assets	16		**12,675**		*11,018*
			28,330		*11,018*
Current assets					
Stocks	18	**7,834**		*7,847*	
Debtors: amounts falling due after more than one year	20	-		*4,011*	
Debtors: amounts falling due within one year	20	**11,529**		*5,208*	
Cash at bank and in hand		**3,511**		*4,216*	
		22,874		*21,282*	
Creditors: amounts falling due within one year	20	**(6,906)**		*(6,762)*	
Net current assets			**15,968**		*14,520*
Total assets less current liabilities			**44,298**		*25,538*
Creditors: amounts falling due after more than one year	21		-		*(1,090)*
Provisions for liabilities					
Deferred taxation	23		**(2,160)**		*(526)*
Pension liability	26		**(1,624)**		*(2,525)*
Net assets			**40,514**		*21,397*

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2019

	Note	2019 £000	*Restated* *2018* *£000*
Capital and reserves			
Called up share capital	24	**10,000**	*10,000*
Share premium account	25	**65,260**	*45,631*
Merger reserve	25	**(48,479)**	*(48,479)*
Profit and loss account	25	**13,733**	*14,245*
Equity attributable to owners of the parent company		**40,514**	*21,397*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16/12/2020

L. Erik G. Meijer

L. Erik G. Meijer
Director

The notes on pages 20 to 48 form part of these financial statements.

BOURNS (UK) ACQUISITION LIMITED
REGISTERED NUMBER: 03944613

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note		2019 £000		2018 £000
Fixed assets					
Investments	17		**85,589**		*65,960*
			85,589		*65,960*
Current assets					
Cash at bank and in hand		**129**		*132*	
		129		*132*	
Creditors: amounts falling due within one year	20	**(46)**		*(39)*	
Net current assets			**83**		*93*
Total assets less current liabilities			**85,672**		*66,053*
Net assets			**85,672**		*66,053*
Capital and reserves					
Called up share capital	24		**10,000**		*10,000*
Share premium account	25		**65,260**		*45,631*
Profit and loss account brought forward		**10,422**		*10,418*	
(Loss)/profit for the year		**(10)**		*4*	
Profit and loss account carried forward			**10,412**		*10,422*
			85,672		*66,053*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
16/12/2020

L. Erik G. Meijer

L. Erik G. Meijer
Director

The notes on pages 20 to 48 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Share premium account	Merger reserve	Retained Earnings	Restated Total equity
	£000	£000	£000	£000	£000
At 1 January 2019	10,000	45,631	(48,479)	14,245	21,397
Comprehensive income for the year					
Profit for the year	-	-	-	743	743
Other comprehensive income	-	-	-	(1,255)	(1,255)
Total comprehensive income for the year	-	-	-	(512)	(512)
Shares issued during the year	-	19,629	-	-	19,629
At 31 December 2019	10,000	65,260	(48,479)	13,733	40,514

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital	Share premium account	Foreign exchange reserve	Other reserves	Merger reserve	Retained Earnings	Restated Total equity
	£000	£000	£000	£000	£000	£000	£000
At 1 January 2018	10,000	-	(2,301)	1,381	(2,844)	13,014	19,250
Prior year adjustment	-	-	2,301	(1,381)	-	(920)	-
At 1 January 2018	10,000	-	-	-	(2,844)	12,094	19,250
Comprehensive income for the year							
Profit for the year	-	-	-	-	-	5,911	5,911
Other comprehensive income	-	-	-	-	-	302	302
Total comprehensive income for the year	-	-	-	-	-	6,213	6,213
Dividends	-	-	-	-	-	(4,062)	(4,062)
Shares issued during the year	-	45,631	-	-	-	-	45,631
Merger on reserve	-	-	-	-	(45,635)	-	(45,635)
At 31 December 2018	10,000	45,631	-	-	(48,479)	14,245	21,397

The notes on pages 20 to 48 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Share premium account	Retained Earnings	Total equity
	£000	£000	£000	£000
At 1 January 2019	10,000	45,631	10,422	66,053
Comprehensive income for the year				
Loss for the year	-	-	(10)	(10)
Total comprehensive income for the year	-	-	(10)	(10)
Shares issued during the year	-	19,629	-	19,629
At 31 December 2019	10,000	65,260	10,412	85,672

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital	Share premium account	Retained Earnings	Total equity
	£000	£000	£000	£000
At 1 January 2018	10,000	-	10,418	20,418
Comprehensive income for the year				
Profit for the year	-	-	4	4
Total comprehensive income for the year	-	-	4	4
Shares issued during the year	-	45,631	-	45,631
At 31 December 2018	10,000	45,631	10,422	66,053

The notes on pages 20 to 48 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £000	Restated 2018 £000
Cash flows from operating activities		
Profit for the financial year	743	5,911
Adjustments for:		
Amortisation of intangible assets	1,165	-
Depreciation of tangible assets	2,078	1,507
Loss on disposal of tangible assets	549	14
Interest paid	153	66
Interest received	(303)	(73)
Tax on profit	88	(541)
Decrease/(increase) in stocks	13	(18)
(Increase)/decrease in debtors	(2,088)	445
(Decrease) in creditors	(951)	(2,563)
Corporation tax (paid)/received	(285)	688
FRS 102 pension scheme adjustment	(901)	(1,768)
Actuarial losses on defined benefit pension scheme	(29)	(180)
Foreign exchange movements	40	427
Net cash generated from operating activities	272	3,915
Cash flows from investing activities		
Purchase of tangible assets	(2,021)	(2,707)
Sale of tangible assets	-	140
Interest received	303	73
Purchase of subsidiary (net of cash acquired)	(18,725)	(45,635)
Net cash from investing activities	(20,443)	(48,129)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	19,629	45,631
Dividends paid to owners of the parent	-	(4,062)
Interest paid	(146)	(66)
Net cash used in financing activities	19,483	41,503

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £000	*2018* *£000*
Net (decrease) in cash and cash equivalents	**(688)**	*(2,711)*
Cash and cash equivalents at beginning of year	**4,216**	*6,927*
Exchange losses on cash and cash equivalents	**(17)**	*-*
Cash and cash equivalents at the end of year	**3,511**	*4,216*
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**3,511**	*4,216*
	3,511	*4,216*

The notes on pages 20 to 48 form part of these financial statements.

BOURNS (UK) ACQUISITION LIMITED

CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2019

	At 1 January 2019 £000	Cash flows £000	Acquired £000	Exchange differences £000	At 31 December 2019 £000
Cash at bank and in hand	**4,216**	**(807)**	**119**	**(17)**	**3,511**
	4,216	**(807)**	**119**	**(17)**	**3,511**

The notes on pages 20 to 48 form part of these financial statements.

1. General information

Bourns (UK) Acquisition Limited is a company limited by shares and incorporated in England and Wales. Registration number 03944613. Its registered head office is located at Manton Lane, Bedford, MK41 7BJ.

The company is principally engaged in the provision of power semiconductor products to support the telephone system protection, electronic lighting and general purpose power markets, in particular the manufacture and supply of voltage protection components.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis and 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 financial statement are presented in Sterling (£) and in round thousands.

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

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2. Accounting policies (continued)

2.2 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

Except as below, the consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Where acquisitions meet the criteria for merger accounting in accordance with section 19.27 of FRS 102, the consolidated financial statements incorporate the results of business combinations using the merger accounting method. Consequently, such acquisitions are consolidated as if the group had always owned the subsidiary, including financial results and the financial position for both current and comparative accounting periods.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2014.

The Company has taken advantage of the disclosure exemptions permitted by section 1.11 of FRS 102 from the requirement to prepare a Company Statement of Cash Flows, by virtue of the fact that consolidated financial statements are prepared.

2. Accounting policies (continued)

2.3 Going concern

In preparing these financial statements, the directors have assessed the ability of the group to continue to operate for the period of at least twelve months from the date of signing the financial statements.

In December 2019 the Covid-19 virus broke out in China and reached Northern European countries in the second half of February 2020 with a pandemic impact on people's health, daily life and businesses. As in many other countries worldwide, the UK government implemented during March 2020 measures to limit further spreading of the virus as much as possible.

In response to the Covid-19 pandemic, group management undertook a risk assessment and forecasting exercise to assess the group and parent company's liquidity position. The assessment included performing cashflow sensitivity analysis focusing on sales and costs levels. In addition, reverse stress testing was performed to assess the levels of performance where cash availability would breach. The results of this sensitivity analysis demonstrated that there was sufficient cash availability.

The impact of Covid-19 on the group and parent company has been in relation to its supply chain which has been challenged, this has had a detrimental effect on committed delivery schedules and planned freight costs. By the end of October 2020, cumulative revenue and profit before tax for the year was in line with the prior year.

Based on current trading performance, the actions that have been taken and the sensitivity and and reverse stress testing performed, the directors have a reasonable expectation that the group and parent company has adequate resources to continue in operational existence for a period of at least twelve months from the date of signing these financial statements and accordingly, they continue to adopt the going concern basis in preparing these financial statements.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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 Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group 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 measured reliably;
- it is probable that the Group 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.

Sale of goods are recognised on sale to the customer, which is considered to be the point of delivery. At the point of delivery an invoice is raised and the revenue recognised.

2. Accounting policies (continued)

2.5 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life, which was estimated as 10 years.

Other Intangibles

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

Developed technology	- 5 years
Customer relationships	- 10 years
Trademarks	- 10 years

Amortisation is included in 'Administrative expenses' in the profit and loss account.

Where there are factors that indicate residual values or useful lives have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment where there are indicators that the carrying amount may be impaired.

2.6 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.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

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.

The estimated useful lives range as follows:

Land	- not depreciated
Buildings	- up to 50 years
Leasehold Improvements	- over 10 years
Plant & Machinery	- over 3-15 years
Motor Vehicles	- up to 4 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.

Assets under construction are held at cost and are not depreciated until the point at which they are available for use. They are then transferred to an appropriate asset class and depreciated over the useful economic life.

2.7 Operating leases: Lessee

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

2.8 Research and development costs

Research and development expenditure is written off as incurred.

2.9 Valuation of Investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

2.10 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. Work in progress and finished goods include labour and attributable overheads.

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 Statement of Comprehensive Income.

2. Accounting policies (continued)

2.11 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.

2.12 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.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.13 Financial instruments

The Group 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 Consolidated 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 Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet 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.

2. Accounting policies (continued)

2.14 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.

2.15 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'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.16 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.

2.17 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2. Accounting policies (continued)

2.18 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group 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 Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

Defined benefit pension plan

The Group operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Balance Sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

a) the increase in net pension benefit liability arising from employee service during the period; and

b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest income/cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

2.19 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2. Accounting policies (continued)

2.20 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2.21 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group 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 the Consolidated Statement of Comprehensive Income in the year that the Group 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.

2.22 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 the countries where the company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet 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 balance sheet date.

Deferred tax is measured in a non-discounted basis.

2.23 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

2. Accounting policies (continued)

2.24 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

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

Preparation of the financial statements requires management to make significant judgements and estimates.

Critical judgements in applying the company's accounting policies

Management do not consider there to be any areas of critical judgement.

Critical accounting estimates and assumptions:

Defined benefit pension scheme (note 26)

The group has obligations to pay benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and discount rates. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. For details of assumptions adopted, see note 26.

Tangible assets (see note 16)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

4. Turnover

An analysis of turnover by class of business is as follows:

	2019 £000	2018 £000
Sale of goods	45,514	48,919
Commission	384	443
	45,898	49,362

Analysis of turnover by country of destination:

	2019 £000	Restated 2018 £000
United States	28,597	31,370
Europe	11,221	9,063
Asia	5,995	8,869
Rest of world	85	60
	45,898	49,362

5. Other operating income

	2019 £000	2018 £000
Other operating income	6,289	5,449

6. Operating profit

The operating profit is stated after charging:

	2019 £000	2018 £000
Research & development charged as an expense	860	1,190
Depreciation of tangible fixed assets	2,078	1,507
Amortisation of intangible assets	1,165	-
Exchange differences	537	(63)
Other operating lease rentals	836	770

7. Auditor's remuneration

	2019 £000	2018 £000
Fees payable to the company's auditor for the audit of the parent company	34	22
Audit of the financial statements of the company's subsidiaries	48	44
	82	66

Fees payable to the company's auditor and its associates in respect of:

	2019 £000	2018 £000
Taxation compliance services	18	17
Other non-audit services	3	-

8. Employees

Staff costs were as follows:

	Group 2019 £000	Group 2018 £000
Wages and salaries	13,970	12,163
Social security costs	658	471
Cost of defined benefit scheme	945	107
Cost of defined contribution scheme	520	922
	16,093	13,663

8. Employees (continued)

The company had no employees during 2019 or 2018.

Key management personnel do not receive any remuneration from the group *(2018: £Nil)*.

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

	2019 No.	*Restated 2018 No.*
Manufacturing	**490**	*357*
Administration	**55**	*55*
	545	*412*

9. Directors remuneration

No directors *(2018: Nil)* received any emoluments during the year as their services to the group were merely incidental to their services to other group companies within the Bourns Inc. group.

10. Interest receivable and similar income

	2019 £000	*Restated 2018 £000*
Bank interest receivable	**86**	*73*
Net interest on net defined benefit liability	**217**	*112*
	303	*185*

11. Interest payable and similar expenses

	2019 £000	*2018 £000*
Bank interest payable	**153**	*66*

12. Tax on profit

	2019 £000	*2018 £000*
Corporation tax		
UK corporation tax on profits for the year	**34**	*276*
Adjustments in respect of previous periods	**(1)**	*(9)*
	33	*267*
Foreign tax		
Foreign corporation tax on profits for the year	**236**	*716*
	236	*716*
Total current tax	**269**	*983*
Deferred tax		
Origination and reversal of timing differences	**(181)**	*38*
Total deferred tax	**(181)**	*38*
Tax on profit	**88**	*1,021*

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2018 - lower than)* the standard rate of corporation tax in the UK of 19% *(2018 - 19%)*. The differences are explained below:

	2019 £000	*2018 £000*
Profit on ordinary activities before tax	**831**	*6,932*
Profit multiplied by standard rate of corporation tax in the UK of 19% *(2018: 19%)*	**158**	*1,317*
Effects of:		
Expenses not deductible for tax purposes	**(149)**	*(299)*
Adjustments to tax charge in respect of prior periods	**(1)**	*(7)*
Other timing differences	**80**	*10*
Total tax charge for the year	**88**	*1,021*

12. Tax on profit (continued)

Factors that may affect future tax charges

The closing deferred tax assets and liabilities have been calculated at 17%, being the substantively enacted rate as at the balance sheet date, on the basis that this is the rate at which those assets and liabilities are expected to unwind.

However, the UK government announced, in their budget held on 11 March 2020, that the corporation tax rate applicable from 1 April 2020 is now to remain at 19%. This change was substantively enacted on 17 March 2020. This change in the corporation tax rate should not have a material future effect on the deferred tax balances recognised in these financial statements.

13. Dividends

	2019	*2018*
	£000	*£000*
Dividends	-	*4,062*

14. Parent company profit for the year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the parent company for the year was £10,000 *(2018 - profit £4,000)*.

15. Intangible assets

Group

	Customer relationships £000	Developed technology £000	Trademarks £000	Goodwill £000	Total £000
Cost					
At 1 January 2019	-	-	-	16,539	16,539
On acquisition of subsidiaries	4,793	5,242	719	7,135	17,889
Foreign exchange movement	(285)	(311)	(43)	(430)	(1,069)
At 31 December 2019	4,508	4,931	676	23,244	33,359
Amortisation					
At 1 January 2019	-	-	-	16,539	16,539
Charge for the year	240	528	36	361	1,165
At 31 December 2019	240	528	36	16,900	17,704
Net book value					
At 31 December 2019	4,268	4,403	640	6,344	15,655
At 31 December 2018	-	-	-	-	-

The company had no intangible assets as at 31 December 2019 *(2018: £Nil)*.

16. Tangible assets

Group

	Assets under construction £000	Land & Buildings £000	Leasehold Improvements £000	Plant and machinery £000	Motor vehicles £000	Restated Total £000
Cost						
At 1 January 2019	2,367	4,999	531	33,397	128	41,422
Additions	1,848	63	-	53	57	2,021
On acquisition of subsidiary	225	338	-	1,906	-	2,469
Disposals	(536)	-	-	(988)	-	(1,524)
Transfers between classes	(2,439)	-	59	2,380	-	-
Exchange adjustments	(52)	(54)	-	(207)	(1)	(314)
At 31 December 2019	1,413	5,346	590	36,541	184	44,074
Depreciation						
At 1 January 2019	-	2,892	118	27,288	106	30,404
Charge for the year	-	113	22	1,922	21	2,078
Disposals	-	-	-	(975)	-	(975)
Exchange adjustments	-	(21)	-	(87)	-	(108)
At 31 December 2019	-	2,984	140	28,148	127	31,399
Net book value						
At 31 December 2019	1,413	2,362	450	8,393	57	12,675
At 31 December 2018	*2,367*	*2,107*	*413*	*6,109*	*22*	*11,018*

The company had no tangible assets as at 31 December 2019 *(2018: £Nil)*.

17. Investments

Company

	Investments in subsidiary companies £000
Cost	
At 1 January 2019	**65,960**
Additions	**19,629**
At 31 December 2019	**85,589**
Net book value	
At 31 December 2019	**85,589**
At 31 December 2018	*65,960*

On 15 October 2019, the company issued one ordinary £1 share for a consideration of £19,629k in relation to the consideration of the contribution of a receivable owing from Bourns Limited.

Subsidiary undertakings

On 12 July 2019 Bourns Limited, the group acquired 100% of the shares of Keko Varicon d.o.o. and therefore all of the business assets of Keko Varicon d.o.o. for £18,844k.

The following were subsidiary undertakings of the company:

Name	Registered office	Principal activity	Class of shares	Holding
Bourns Limited	Manton Lane, Bedford, Bedfordshire, MK41 7BJ	Provision of power semiconductor products	Ordinary	100%
Bourns Electronics Limited	Manton Lane, Bedford, Bedfordshire, MK41 7BJ	Agent for distribution of passive electronic components	Ordinary	100%
Power Innovations Limited	Bourns Limited, Manton Lane, Bedford, England, MK41 7BJ	Dormant	Ordinary	100%
Bourns Electronics (Taiwan) Ltd	1, Kung 6th Road, The 2nd Industrial Zone, Lin-Kou District, New Taipei City, Taiwan, R.O.C	Provision of power semiconductor products	Ordinary	100%
Keko Varicon d.o.o.	Grajski trg 15, 8360 Žužemberk, Slovenia	Provision of power semiconductor products	Ordinary	100%

18. Stocks

	Group 2019 £000	*Group 2018 £000*
Raw materials and consumables	**3,433**	*3,013*
Work in progress	**1,025**	*1,281*
Finished goods and goods for resale	**3,376**	*3,553*
	7,834	*7,847*

The difference between purchase price or production cost of stocks and their replacement cost is not material.

The company had no stock as at 31 December 2019 *(2018: £Nil)*.

19. Debtors

	Group 2019 £000	*Restated Group 2018 £000*
Due after more than one year		
Amounts owed by group undertakings	**-**	*4,011*

The amount due from group undertakings in more than 1 year incurs interest at 1% per annum which is payable quarterly. Repayment of the debtor is due in April 2020.

Amounts owed by group undertakings relate to balances due from group undertakings of the wider Bourns Inc. group.

	Group 2019 £000	*Restated Group 2018 £000*
Due within one year		
Trade debtors	**1,939**	*664*
Amounts owed by group undertakings	**6,465**	*2,136*
Other debtors	**455**	*477*
Prepayments and accrued income	**2,273**	*1,816*
Tax recoverable	**397**	*115*
	11,529	*5,208*

20. Debtors (continued)

The company had no debtors as at 31 December 2019 *(2018: £Nil)*.

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Amounts owed by group undertakings relate to balances due from group undertakings of the wider Bourns Inc. group.

20. Creditors: amounts falling due within one year

	Group 2019 £000	*Group 2018 £000*	**Company 2019 £000**	*Company 2018 £000*
Trade creditors	**2,155**	*2,225*	**-**	*-*
Amounts owed to group undertakings	**1,329**	*1,249*	**42**	*36*
Corporation tax	**56**	*51*	**-**	*-*
Other taxation and social security	**-**	*26*	**-**	*-*
Other creditors	**819**	*134*	**-**	*-*
Accruals and deferred income	**2,547**	*3,077*	**4**	*3*
	6,906	*6,762*	**46**	*39*

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

Amounts owed to group undertakings in the group columns relate to balances due to group undertakings of the wider Bourns Inc. group.

21. Creditors: amounts falling due after more than one year

	Group 2019 £000	*Group 2018 £000*
Amounts owed to group undertakings	**-**	*1,090*

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

Amounts owed to group undertakings relate to balances due to group undertakings of the wider Bourns Inc. group.

22. Financial instruments

	Group 2019 £000	*Group 2018 £000*	Company 2019 £000	*Company 2018 £000*
Financial assets				
Financial assets measured at fair value through profit or loss	3,511	*4,216*	129	*132*
Financial assets measured at amortised cost	8,858	*7,288*	-	-
	12,369	*11,504*	129	*132*
Financial liabilities				
Financial liabilities measured at amortised cost	(4,303)	*(4,698)*	(42)	*(36)*

Financial assets measured at amortised cost comprise of amounts owed by trade, group and other debtors.

Financial assets measured at fair value through the profit and loss comprise of cash and cash equivalents.

Financial liabilities measured at amortised cost comprise of trade, group and other creditors.

23. Deferred taxation

Group

	2019 £000
At beginning of year	(526)
Credited to profit or loss	181
Credited to other comprehensive income	5
Recognised on acquisition	(1,820)
At end of year	(2,160)

23. Deferred taxation (continued)

	Group 2019 £000	*Group 2018 £000*
Accelerated capital allowances	(707)	*(526)*
Acquired intangible assets	(1,729)	-
Deferred tax on defined benefit deficit	276	-
	(2,160)	*(526)*

24. Called up share capital

	2019 £000	*2018 £000*
Allotted, called up and fully paid		
10,000,002 *(2018 - 10,000,001)* Ordinary shares of £1.00 each	10,000	*10,000*

The ordinary shares hold full voting, dividend and capital distribution rights.

On 15 October 2019, the company issued one ordinary £1 share for a consideration of £19,629,155.

25. Reserves

Share premium account

This reserve represents the premium arising on the ordinary shares issued. Any transaction costs associates with the issuing of shares are deducted from share premium.

Foreign exchange reserve

This represents foreign exchange differences arising from the translation of financial statements of the Group's foreign entities into GBP on consolidation.

Merger Reserve

Represents the premium arising on the ordinary shares issued as consideration for the acquisition of shares in another group company.

Profit and loss account

This reserve includes all current and prior period retained profits and losses.

26. Pension commitments

Defined benefit scheme

The Group operates a Defined Benefit Pension Scheme for employees in Bourns Electronics (Taiwan), Ltd. The scheme is a closed scheme with only full time employees who joined the Company before 1 July 2005 eligible to enter the scheme.

The most recent valuation by a qualified actuary was at 31 December 2019.

The assets of the scheme are held separately from those of the Company.

Reconciliation of present value of plan liabilities:

	2019	*2018*
	£000	*£000*
At the beginning of the year	**9,926**	*9,215*
Interest cost	**84**	*91*
Actuarial losses	**29**	*180*
Benefits paid	**(1,540)**	*(125)*
Past service cost	**96**	*107*
Foreign exchange movement	**13**	*458*
At the end of the year	**8,608**	*9,926*

Reconciliation of present value of plan assets:

	2019	*2018*
	£000	*£000*
At the beginning of the year	**7,401**	*4,922*
Interest income	**301**	*203*
Employer contributions	**808**	*2,323*
Benefits paid	**(1,540)**	*(125)*
Foreign exchange movement	**14**	*78*
At the end of the year	**6,984**	*7,401*

	2019	*2018*
	£000	*£000*
Fair value of plan assets	**6,984**	*7,401*
Present value of plan liabilities	**(8,608)**	*(9,926)*
Net pension scheme liability	**(1,624)**	*(2,525)*

26. Pension commitments (continued)

The amounts recognised in profit or loss are as follows:

	2019 **£000**	*2018* *£000*
Current service cost	**(96)**	*(107)*
Past service cost	**218**	*112*
Total	**122**	*5*

The Group expects to contribute £585k to its Defined Benefit Pension Scheme in 2020.

The scheme assets are held for general investments at the Bank of Taiwan Retirement Fund, this is operated by the Taiwanese government with a minimum guaranteed return and individual companies have no discretion on the investment strategy.

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2019 **%**	*2018* *%*
Discount rate	**0.7**	*0.9*
Future salary increases	**2.5**	*2.5*
Inflation assumption	**1.5**	*1.5*

No employees of the parent company were members of the defined benefit scheme.

Defined contribution scheme

The group operates a number of defined pension schemes. The assets of the scheme are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group to the funds and amounted to £520,000 *(2018: £472,000)*. Contributions totalling £65,273 *(2018: £8,071)* were payable to the funds at the reporting date and are included in creditors.

27. Commitments under operating leases

At 31 December 2019 the group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2019 £000	*Group 2018 £000*
Land and buildings		
Not later than 1 year	**414**	*408*
Later than 1 year but not later than 5 years	**1,658**	*1,632*
Later than 5 years	**4,870**	*5,202*
	6,942	*7,242*

	Group 2019 £000	*Group 2018 £000*
Other		
Not later than 1 year	**158**	*118*
Later than 1 year but not later than 5 years	**36**	*131*
	194	*249*

At 31 December 2019 and 31 December 2018 the company had no future minimum lease payments under non cancellable operating leases.

28. Business combinations

On 12 July 2019, the group acquired 100% of the shares of Keko Varicon d.o.o. and therefore all of the business assets of Keko Varicon d.o.o for a consideration of £18,844k.

Keko Varicon d.o.o are a manufacturer of overvoltage protective and electromagnetic interference (EMI) suppression components. The acquisition will provide the group with the ability to leverage Keko's strong employee base as well as provide an expansion to research and development capabilities and production facilities. It will bulster the ability of the group to meet both complex technology and on-time delivery need with a stronger global organisation.

The following tables summarises the consideration paid by the group, the fair value of assets acquired and liabilities assumed at the acquisition date.

Consideration at 12 July 2019

	£000
Cash	18,844
Total consideration	18,844

For cash flow disclosure purposes the amounts are disclosed as follows:

	£000
Cash consideration	18,844
Less	
Cash and cash equivalents acquired	(119)
Net cash outflow	18,725

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book values £000	Adjustments £000	Fair value £000
Tangible assets	2,469		2,469
Intangible assets	-	10,754	10,754
Cash and cash equivalents	119	-	119
Stocks	1,150	-	1,150
Debtors	2,140		2,140
Creditors	(2,313)	-	(2,313)
Borrowings	(790)	-	(790)
Deferred tax liability	-	(1,820)	(1,820)
Total identifiable net assets	2,775	8,934	11,709
Goodwill			7,135
Total			18,844

Upon acquisition, intangible assets were identified and their fair value was measured at £10,705k. These were in relation to customer relationships, developed technology and trademarks, the fair values were £4,793k, £5,242k and £719k respectively. A deferred tax liability of £1,820k has been recognised on the intangible assets which has been added to goodwill.

The customer relationships and trademarks have been attributed a useful life of 10 years and the developed technology has been attributed a useful life of 5 years.

Management have estimated the useful life of goodwill to be 10 years.

The revenue from Keko Varicon d.o.o included in the consolidated income statement for 2019 was £4,506,773. Keko Varicon d.o.o also contributed profit of £14,601 for the same period.

29. Related party transactions

The company has taken advantage of the exemptions under FRS 102 and has not disclosed transactions with other members of the group headed by Bourns, Inc.

30. Post balance sheet events

Since 31 December 2019, the COVID-19 pandemic has severely impact many local economies around the globe. The Group has determined that this event is a non-adjusting post balance sheet event. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2019 have not been adjusted to reflect their impact. The Group is unable to make a reasonable estimate of the financial impact of the non-adjusting event.

31. Prior year adjustments

The year ending 31 December 2018 has been restated to correct a number of items that had been incorrectly accounted for or disclosed. The adjustments affect the group only and not the parent company:

Staff numbers (note 8)
The average monthly number of employees was overstated in error. Reductions of 1,893 employees for manufacturing and 1,953 employees for administration have been made to reduce the employees to their correct levels.

Analysis of turnover by country (note 4)
The analysis of turnover by country was incorrectly stated, firstly as Asia had been excluded in error and secondly the allocations for all countries were incorrect

Classification of net interest on net defined benefit liability (consolidated statement of comprehensive income)
Net interest on net defined benefit liability has been correctly classified within interest receivable and similar income in the year ending 31 December 2019. In order to have consistent disclosure within the statement of comprehensive income, the amount for the year ending 31 December 2018 of £112,000 has been reclassified from other finance income to interest receivable and similar income. There has been no impact on total comprehensive income generated in the prior financial year.

Tangible assets (note 16)
Land and buildings with a cost of £4,999,000 and accumulated depreciation of £2,892,000 was incorrectly disclosed as plant and machinery in error following the accounting for the business combination that took place in 2018. There has been no impact on the depreciation charge for the year ending 31 December 2018.

Amounts owed by group undertakings (notes 18 and 19)
Amounts owed by group undertakings were all disclosed as being due within one year however there was a loan balance of £4,011,000 that was due after more than one year and attracted interest payments. The amount of £4,011,000 has therefore been reclassified from debtors within one year to debtors after more than one year. There has been no impact on interest income for the year ending 31 December 2018.

Reserves movements (consolidated statement of change in equity)
A business combination arose in 2018 that was correctly accounted for under merger accounting. As part of the accounting entries, adjustments needed to be made to the reserves in 2017 that then made up the reserves balances as at 1 January 2018. There were formula errors in the consolidation workings for those entries and, as a result, entries of £2,301,001 were made to the foreign exchange reserve and £1,381,000 to an other reserve. These were erroneous errors and should have remained within retained earnings. These amounts have been adjusted back to retained earnings as part of the prior period adjustment. These adjustments are only reclassifications within reserves and do not impact the total reserves either at 1 January 2018 or 1 January 2019.

31. Prior year adjustments (continued)

There was a foreign exchange amount of £3,580,000 posted to the foreign exchange reserve in the year ended 31 December 2018. This erroneously included a dividend to the ultimate parent undertaking of £4,062,000 and foreign exchange gains relating to the re-translation of foreign subsidiaries of £482,000. These items have been corrected by separately disclosing the dividend payment and then disclosing the foreign exchange gains separately (as part of the amounts included in other comprehensive income. As a result, other comprehensive income in the consolidated statement of comprehensive income has been adjusted to include the foreign exchange gains of £482,000 and the cashflow statement has been adjusted to disclose the dividend payment.

For both 2018 and 2019, amounts relating to foreign exchange differences on the re-translation of foreign subsidiaries no longer go to a separate foreign exchange reserve but go through the profit and loss reserve.

32. Ultimate parent undertaking and Controlling party

The ultimate parent undertaking is Bourns, Inc. a company incorporated in the USA.

The ultimate controlling related parties of the company are the directors of Bourns, Inc. by virtue of their directorships.

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by Bourns, Inc.