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**BOURNS (UK) ACQUISITION LIMITED AND ITS SUBSIDIARY  
UNDERTAKINGS**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**



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**BOURNS (UK) ACQUISITION LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

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**COMPANY INFORMATION**

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<b>Directors</b>	Gordon L Bourns Lars E G Meijer
<b>Company secretary</b>	Ana Laura Rojo Del La Vega Reyes (appointed on 4 December 2018)
<b>Registered number</b>	03944613
<b>Registered office</b>	Manton Lane Bedford MK41 7BJ
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Victoria House 199 Avebury Boulevard Milton Keynes MK9 1AU
<b>Bankers</b>	Royal Bank of Scotland Unit 9 Bay Centre Regents Way Dalgety Bay Fife KY11 5YD
<b>Solicitors</b>	Herbert Smith Exchange House Primrose Street London EC2A 2HS

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**BOURNS (UK) ACQUISITION LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

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## BOURNS (UK) ACQUISITION LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

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### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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#### Introduction

The directors present their report for the year ended 31 December 2018.

#### 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 £49.4m (2017: £48.5m) and profit after tax was £5.9m (2017: £4.6m). The company declared and paid a dividend of £Nil (2017: £Nil).

In December 2018, the company acquired 100% of the common stock equity interest of Bourns Electronics (Taiwan), Ltd. for £45,634k. The following table summarises the estimated fair value of the assets acquired at the date of acquisition:

	£000
Cash	2,620
Trade receivables	6,290
Inventory	1,081
Other current assets	30
Property, plant and equipment	35,894
Other assets	1,650
Liabilities	(5,565)
Goodwill	3,634
<b>Total assets</b>	<b>45,634</b>

#### 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 follows.

##### 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. The group also uses forward contracts to hedge its US Dollar exposure.

##### 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.

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BOURNS (UK) ACQUISITION LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

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GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018

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**Financial key performance indicators**

1. Turnover is a key measure of the group's performance. Sales for the year were £49.4m (2017: £48.5m).
2. Overall profitability is a key indicator of the groups performance. The profit before tax for the financial year was £6.9m (2017: £5.7m).
3. Working capital management is seen as an important target for the business. At the year end, the net current asset level was £14.5m (2017: £14.8m).
4. Net worth is seen as an important target for the business. At the year end the level of shareholders' funds was £21.4m (2017: £19.3m).

**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 9.2 weeks through 2018 (2017: 9.7 weeks), and on time delivery, one of the group's KPIs has averaged around 91%, wafer fab yields and cost reduction 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.

This report was approved by the board on 27/9/2019

and signed on its behalf.

  
L. Erik G. Meijer  
Director

  
Gordon L. Bourns  
Director

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## BOURNS (UK) ACQUISITION LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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The directors present their report and the financial statements for the year ended 31 December 2018.

#### Results and dividends

The profit for the year, after taxation, amounted to £5,911k (2017: £4,563k).

The group has not recommended a dividend for the year (2017: £Nil).

#### Directors

The directors who served during the year were:

Gordon L Bourns  
Lars E G Meijer

#### Directors' Responsibilities Statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 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 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 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### 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.

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**BOURNS (UK) ACQUISITION LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**Qualifying third party indemnity provisions**

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

**Matters covered in the strategic report**

The directors have taken the decision that under s414C(11), information in relation to principal risks and uncertainties has been included within the Strategic report and as such are not required to be stated within the directors' report.

**Post balance sheet events**

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

**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.

**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 27/9/2019

and signed on its behalf.



L. Erik G. Meijer  
Director



Gordon L. Bourns  
Director



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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOURNS (UK) ACQUISITION LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

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### Opinion

We have audited the financial statements of Bourns (UK) Acquisition Limited and (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018, 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 2018 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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's 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.





## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOURNS (UK) ACQUISITION LIMITED AND ITS SUBSIDIARY UNDERTAKINGS (CONTINUED)**

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### **Other information**

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

### **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 or 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.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOURNS (UK) ACQUISITION LIMITED AND ITS SUBSIDIARY UNDERTAKINGS (CONTINUED)**

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### **Responsibilities of directors for the financial statements**

As explained more fully in the Directors' Responsibilities Statement on page 3, 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.

### **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](http://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*

Gareth Norris FCA  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Milton Keynes

Date: *30 SEPTEMBER 2019*

**BOURNS (UK) ACQUISITION LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	<b>Note</b>	<b>2018 £000</b>	<b>2017 £000</b>
Turnover	4	49,362	48,547
Cost of sales		(29,214)	(27,130)
<b>Gross profit</b>		<b>20,148</b>	<b>21,417</b>
Administrative expenses		(18,763)	(20,625)
Exceptional administrative expenses		(21)	(48)
Other operating income	5	5,449	4,954
<b>Operating profit</b>	6	<b>6,813</b>	<b>5,698</b>
Interest receivable and similar income	9	73	94
Interest payable and expenses	10	(66)	(4)
Other finance income		112	(72)
<b>Profit before taxation</b>		<b>6,932</b>	<b>5,716</b>
Tax on profit	12	(1,021)	(1,153)
<b>Profit for the financial year</b>		<b>5,911</b>	<b>4,563</b>
Actuarial losses on defined benefit pension scheme		(180)	(411)
<b>Other comprehensive income for the year</b>		<b>(180)</b>	<b>(411)</b>
<b>Total comprehensive income for the year</b>		<b>5,731</b>	<b>4,152</b>

The results above relate to continuing activities.

The notes on pages 16 to 40 form part of these financial statements.

**BOURNS (UK) ACQUISITION LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**  
**REGISTERED NUMBER: 03944613**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2018**

	Note	2018 £000	2017 £000
<b>Fixed assets</b>			
Intangible assets	14	-	-
Tangible assets	16	11,018	9,917
		<u>11,018</u>	<u>9,917</u>
<b>Current assets</b>			
Stocks	18	7,847	7,829
Debtors: amounts falling due within one year	19	9,219	9,664
Cash at bank and in hand	20	4,216	6,927
		<u>21,282</u>	<u>24,420</u>
Creditors: amounts falling due within one year	21	(6,762)	(9,661)
<b>Net current assets</b>		<u>14,520</u>	<u>14,759</u>
<b>Total assets less current liabilities</b>		<u>25,538</u>	<u>24,676</u>
Creditors: amounts falling due after more than one year		(1,090)	(1,049)
<b>Provisions for liabilities</b>			
Deferred taxation	24	(526)	(84)
Pension liability	27	(2,525)	(4,293)
<b>Net assets</b>		<u><u>21,397</u></u>	<u><u>19,250</u></u>

**BOURNS (UK) ACQUISITION LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**  
**REGISTERED NUMBER: 03944613**

**CONSOLIDATED BALANCE SHEET (CONTINUED)**  
**AS AT 31 DECEMBER 2018**

	Note	2018 £000	2017 £000
<b>Capital and reserves</b>			
Called up share capital	25	10,000	10,000
Share premium account	26	45,631	-
Foreign exchange reserve	26	(5,881)	(2,301)
Other reserves	26	1,381	1,381
Other reserve arising on consolidation	26	(48,479)	(2,844)
Profit and loss account	26	18,745	13,014
<b>Equity attributable to owners of the parent company</b>		<b>21,397</b>	<b>19,250</b>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27/9/2019

  
**Lars Erik G. Meijer**  
 Director

The notes on pages 16 to 40 form part of these financial statements.

**BOURNS (UK) ACQUISITION LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**  
REGISTERED NUMBER: 03944613

**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER 2018**

	Note	2018 £000	2017 £000
<b>Fixed assets</b>			
Investments	17	65,960	20,326
		<u>65,960</u>	<u>20,326</u>
<b>Current assets</b>			
Cash at bank and in hand	20	132	125
		<u>132</u>	<u>125</u>
Creditors: amounts falling due within one year	21	(39)	(33)
		<u>93</u>	<u>92</u>
<b>Net current assets</b>			
		<u>93</u>	<u>92</u>
<b>Total assets less current liabilities</b>		<u>66,053</u>	<u>20,418</u>
<b>Net assets</b>		<u>66,053</u>	<u>20,418</u>
<b>Capital and reserves</b>			
Called up share capital	25	10,000	10,000
Share premium account	26	45,631	-
Profit and loss account brought forward		10,418	10,428
Profit/(loss) for the year	4		(10)
Profit and loss account carried forward		10,422	10,418
		<u>66,053</u>	<u>20,418</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27/09/2019

  
L. Erik G. Meijer  
Director

The notes on pages 16 to 40 form part of these financial statements.

**BOURNS (UK) ACQUISITION LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

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

	Share capital £000	Share premium account £000	Foreign exchange reserve £000	Other reserves £000	Merger reserve £000	Retained Earnings £000	Total equity £000
At 1 January 2018	10,000	-	(2,301)	1,381	(2,844)	13,014	19,250
<b>Comprehensive income for the year</b>							
Profit for the year	-	-	-	-	-	5,911	5,911
Actuarial losses on defined benefit pension scheme	-	-	-	-	-	(180)	(180)
<b>Total comprehensive income for the year</b>	-	-	-	-	-	5,731	5,731
Shares issued during the year	-	45,631	-	-	-	-	45,631
Foreign exchange difference	-	-	(3,580)	-	(45,635)	-	(49,215)
<b>At 31 December 2018</b>	<b>10,000</b>	<b>45,631</b>	<b>(5,881)</b>	<b>1,381</b>	<b>(48,479)</b>	<b>18,745</b>	<b>21,397</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Share capital £000	Foreign exchange reserve £000	Other reserves £000	Merger reserve £000	Retained Earnings £000	Total equity £000
At 1 January 2017	10,000	-	1,381	-	8,862	20,243
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	-	-	4,563	4,563
Actuarial losses on defined benefit pension scheme	-	-	-	-	(411)	(411)
Other movement	-	-	-	(2,844)	-	(2,844)
Foreign exchange difference	-	(2,301)	-	-	-	(2,301)
<b>At 31 December 2017</b>	<b>10,000</b>	<b>(2,301)</b>	<b>1,381</b>	<b>(2,844)</b>	<b>13,014</b>	<b>19,250</b>

The notes on pages 16 to 40 form part of these financial statements.

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**BOURNS (UK) ACQUISITION LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

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

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

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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	Share capital £000	Retained Earnings £000	Total equity £000
At 1 January 2017	10,000	10,428	20,428
<b>Comprehensive income for the year</b>			
Loss for the year	-	(10)	(10)
	-	(10)	(10)
<b>Total comprehensive income for the year</b>			
<b>At 31 December 2017</b>	<b>10,000</b>	<b>10,418</b>	<b>20,418</b>

The notes on pages 16 to 40 form part of these financial statements.



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**BOURNS (UK) ACQUISITION LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

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**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
<b>Cash flows from operating activities</b>		
Profit for the financial year	5,911	4,563
<b>Adjustments for:</b>		
Depreciation of tangible assets	1,507	579
Loss on disposal of tangible assets	14	(8)
Interest paid	66	94
Interest received	(73)	(90)
Taxation charge	(541)	457
(Increase) in stocks	(18)	(2,384)
Decrease/(increase) in debtors	445	(1,158)
(Decrease)/increase in creditors	(2,563)	1,957
Corporation tax received/(paid)	688	(68)
FRS 102 pension scheme adjustment	(1,768)	67
Actuarial losses on defined benefit pension scheme	(180)	411
Foreign exchange movements	(3,635)	2,969
<b>Net cash generated from operating activities</b>	<b>(147)</b>	<b>7,389</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(2,707)	(1,739)
Sale of tangible fixed assets	140	101
Interest received	73	-
Acquisition of new entity	(45,635)	-
<b>Net cash from investing activities</b>	<b>(48,129)</b>	<b>(1,638)</b>

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**BOURNS (UK) ACQUISITION LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

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**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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	<b>2018 £000</b>	<b>2017 £000</b>
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	<b>45,631</b>	-
Interest paid	<b>(66)</b>	<b>(4)</b>
<b>Net cash used in financing activities</b>	<b>45,565</b>	<b>(4)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(2,711)</b>	<b>5,747</b>
Cash and cash equivalents at beginning of year	<b>6,927</b>	<b>1,180</b>
<b>Cash and cash equivalents at the end of year</b>	<b>4,216</b>	<b>6,927</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	<b>4,216</b>	<b>6,927</b>
	<b>4,216</b>	<b>6,927</b>

The notes on pages 16 to 40 form part of these financial statements.

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## **BOURNS (UK) ACQUISITION LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

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#### **1. General information**

Bourns (UK) Acquisition Limited is a company limited by share capital, incorporated in England and Wales, registration number 03944613. Its registered office and principal place of business 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 under the historical cost convention 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:

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## BOURNS (UK) ACQUISITION LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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## 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.

### 2.3 Going concern

After reviewing the Group's forecasts and projections, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing the 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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**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 15 years.

**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.

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:

Leasehold improvements	- over 10 years
Motor vehicles	- over 4 years
Fixtures and fittings	- over 3 years
Di-water effluent plant	- over 15 years
Test equipment	- over 6 years
Fabrication equipment > £40,000	- over 8 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

**2.7 Operating leases: Lessee**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

**2.8 Development costs**

Research and development expenditure is written off as incurred.

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## **BOURNS (UK) ACQUISITION LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

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#### **2. Accounting policies (continued)**

##### **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.

##### **2.11 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**2. Accounting policies (continued)**

**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 non-puttable 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 financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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.

**2.14 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**2. Accounting policies (continued)**

**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 the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

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



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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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 the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the 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 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'.

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## **BOURNS (UK) ACQUISITION LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

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#### **2. Accounting policies (continued)**

##### **2.19 Interest income**

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

##### **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 Consolidated 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.

##### **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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**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. The items in the financial statements where these judgements and estimates have been made include:

- Determine whether leases entered into by the company either as a lessor or a lessee are operating or lease or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash generating unit, the viability and expected future performance of the unit.

Other key sources of estimation uncertainty:

Tangible fixed assets (see note 16)

Tangible fixed assets, other than investment properties, 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.

Stock provision (see note 18)

Due to the nature of the production process, stock is provided for. The provision is calculated by management at the parent company using a formulaic approach.

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**BOURNS (UK) ACQUISITION LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**4. Analysis of turnover**

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

	2018 £000	2017 £000
Sale of goods	48,919	48,135
Commission	443	412
	<u>49,362</u>	<u>48,547</u>

Analysis of turnover by country of destination:

	2018 £000	2017 £000
United States of America	20,555	20,543
Europe	5,072	3,889
Rest of the world	23,735	24,115
	<u>49,362</u>	<u>48,547</u>

**5. Other operating income**

	2018 £000	2017 £000
Other operating income	5,449	4,954

**6. Operating profit**

The operating profit is stated after charging:

	2018 £000	2017 £000
Research & development charged as an expense	1,190	948
Depreciation of tangible fixed assets	1,507	1,276
Exchange differences	(63)	836
Other operating lease rentals	770	838

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**BOURNS (UK) ACQUISITION LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**7. Auditor's remuneration**

	<b>2018</b>	<i>2017</i>
	<b>£000</b>	<i>£000</i>
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<b>66</b>	<i>50</i>
<b>Fees payable to the Group's auditor and its associates in respect of:</b>		
Other services relating to taxation	<b>17</b>	<i>19</i>

**8. Employees**

Staff costs were as follows:

	<b>Group</b>	<i>Group</i>	<b>Company</b>	<i>Company</i>
	<b>2018</b>	<i>2017</i>	<b>2018</b>	<i>2017</i>
	<b>£000</b>	<i>£000</i>	<b>£000</b>	<i>£000</i>
Wages and salaries	<b>12,163</b>	<i>11,616</i>	<b>-</b>	<i>-</i>
Social security costs	<b>471</b>	<i>405</i>	<b>-</b>	<i>-</i>
Cost of defined benefit scheme	<b>107</b>	<i>105</i>	<b>-</b>	<i>-</i>
Cost of defined contribution scheme	<b>922</b>	<i>865</i>	<b>-</b>	<i>-</i>
	<b>13,663</b>	<i>12,991</i>	<b>-</b>	<i>-</i>

During the year, no directors received any emoluments (*2017: £Nil*).

Key management personnel do not receive any remuneration from the group (*2017: £Nil*).

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

	<b>2018</b>	<i>2017</i>
	<b>No.</b>	<i>No.</i>
Manufacturing	<b>2,250</b>	<i>2,141</i>
Administration	<b>2,008</b>	<i>1,977</i>
	<b>4,258</b>	<i>4,118</i>

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**BOURNS (UK) ACQUISITION LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**9. Interest receivable**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Other interest receivable	<b>73</b>	<b>94</b>

**10. Interest payable and similar expenses**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Other interest payable	<b>66</b>	<b>4</b>

**11. Other finance costs**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Net interest on net defined benefit liability	<b>112</b>	<b>(72)</b>

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BOURNS (UK) ACQUISITION LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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12. Taxation

	2018 £000	2017 £000
<b>Corporation tax</b>		
Current tax on profits for the year	992	1,119
Adjustments in respect of previous periods	(9)	-
	<u>983</u>	<u>1,119</u>
<b>Total current tax</b>	<u>983</u>	<u>1,119</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	38	34
<b>Total deferred tax</b>	<u>38</u>	<u>34</u>
<b>Taxation on profit on ordinary activities</b>	<u>1,021</u>	<u>1,153</u>

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## BOURNS (UK) ACQUISITION LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 12. Taxation (continued)

##### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017: the same as) the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

	2018 £000	2017 £000
Profit on ordinary activities before tax	6,932	5,716
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	1,317	1,153
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(299)	2
Adjustments to tax charge in respect of prior periods	(7)	(2)
Adjust closing DT	1	-
Adjust opening DT	(1)	-
Other timing differences leading to an increase (decrease) in taxation	10	-
<b>Total tax charge for the year</b>	<b>1,021</b>	<b>1,153</b>

##### Factors that may affect future tax charges

In the current year, the main rate of UK corporation tax was 19% (2017: 19.25%). A reduction in the main rate of UK corporation tax from 19% to 17% for the year beginning 1 April 2020 had been substantively enacted at the Balance Sheet date. Temporary differences have been measured using enacted rates that are expected to apply where the liability is settled or the asset realised.

#### 13. Exceptional items

	2018 £000	2017 £000
Exceptional items	21	48



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BOURNS (UK) ACQUISITION LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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14. Intangible assets

Group

	Goodwill £000
<b>Cost</b>	
At 1 January 2018	16,539
At 31 December 2018	<u>16,539</u>
<b>Amortisation</b>	
At 1 January 2018	16,539
At 31 December 2018	<u>16,539</u>
<b>Net book value</b>	
At 31 December 2018	<u>-</u>
At 31 December 2017	<u>-</u>

15. 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 profit after tax of the parent company for the year was £4 thousand (2017 - loss £10 thousand).

**BOURNS (UK) ACQUISITION LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**16. Tangible fixed assets**

**Group**

	<b>Assets under construction £000</b>	<b>Short-term leasehold property £000</b>	<b>Plant and machinery £000</b>	<b>Motor vehicles £000</b>	<b>Total £000</b>
<b>Cost or valuation</b>					
At 1 January 2018	1,965	571	37,448	128	40,112
Additions	1,796	-	911	-	2,707
Disposals	-	(40)	(1,412)	-	(1,452)
Transfers between classes	(1,394)	-	1,394	-	-
Exchange adjustments	-	-	55	-	55
At 31 December 2018	<u>2,367</u>	<u>531</u>	<u>38,396</u>	<u>128</u>	<u>41,422</u>
<b>Depreciation</b>					
At 1 January 2018	-	139	29,976	80	30,195
Charge for the year on owned assets	-	19	1,462	26	1,507
Disposals	-	(40)	(1,258)	-	(1,298)
At 31 December 2018	<u>-</u>	<u>118</u>	<u>30,180</u>	<u>106</u>	<u>30,404</u>
<b>Net book value</b>					
At 31 December 2018	<u>2,367</u>	<u>413</u>	<u>8,216</u>	<u>22</u>	<u>11,018</u>
At 31 December 2017	<u>1,965</u>	<u>432</u>	<u>7,472</u>	<u>48</u>	<u>9,917</u>

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BOURNS (UK) ACQUISITION LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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17. Fixed asset investments

Company

	Investments in subsidiary companies £000
<b>Cost or valuation</b>	
At 1 January 2018	22,426
Revaluations	43,534
At 31 December 2018	<u>65,960</u>
At 1 January 2018	2,100
Revaluations	(2,100)
At 31 December 2018	<u>-</u>
<b>Net book value</b>	
At 31 December 2018	<u><u>65,960</u></u>
At 31 December 2017	<u><u>20,326</u></u>

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## BOURNS (UK) ACQUISITION LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 17. Fixed asset investments (continued)

##### Subsidiary undertakings

On the 31 December 2018 the group acquired 100% of the shares of Bourns Electronics Taiwan Limited and therefore all of the business assets of Bourns Electronics Taiwan Limited. The acquisition of Bourns Electronics (Taiwan), Ltd was made from an entity which shares the same ultimate parent company and as such merger accounting has been applied.

The following were subsidiary undertakings of the company:

Name	Principal Activity	Class of shares	Holding
Bourns Limited	Provision of power semiconductor products	Ordinary	100%
Bourns Electronics Limited	Agent for distribution of passive electronic components	Ordinary	100%
Power Innovations Limited	Dormant	Ordinary	100%
Bourns Electronic (Taiwan) Ltd	Provision of power semiconductor products	Ordinary	100%

The registered office of Bourns Limited, Bourns Electronic Limited and Power Innovations Limited is the same as that of that of the company, in the United Kingdom. The registered office for Bourns Electronics (Taiwan) Ltd is in Taiwan.

#### 18. Stocks

	Group 2018 £000	Group 2017 £000
Raw materials and consumables	3,013	4,380
Work in progress (goods to be sold)	1,281	920
Finished goods and goods for resale	3,553	2,529
	<u>7,847</u>	<u>7,829</u>

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

Stock recognised in cost of sales during the year as an expense was £19,715k (2017: £18,852k).

**BOURNS (UK) ACQUISITION LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS  
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**19. Debtors**

	<b>Group 2018 £000</b>	<i>Group 2017 £000</i>
Trade debtors	664	1,082
Amounts owed by group undertakings	6,147	7,339
Other debtors	477	649
Prepayments and accrued income	1,816	362
Tax recoverable	115	232
	<u>9,219</u>	<u>9,664</u>

**20. Cash and cash equivalents**

	<b>Group 2018 £000</b>	<i>Group 2017 £000</i>	<b>Company 2018 £000</b>	<i>Company 2017 £000</i>
Cash at bank and in hand	4,216	6,927	132	125

**21. Creditors: Amounts falling due within one year**

	<b>Group 2018 £000</b>	<i>Group 2017 £000</i>	<b>Company 2018 £000</b>	<i>Company 2017 £000</i>
Trade creditors	2,225	2,451	-	-
Amounts owed to group undertakings	1,249	2,437	36	31
Corporation tax	51	346	-	-
Other taxation and social security	26	987	-	-
Other creditors	134	202	-	-
Accruals and deferred income	3,077	3,238	3	2
	<u>6,762</u>	<u>9,661</u>	<u>39</u>	<u>33</u>

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

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**BOURNS (UK) ACQUISITION LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**22. Creditors: Amounts falling due after more than one year**

	<b>Group 2018 £000</b>	<i>Group 2017 £000</i>
Amounts owed to group undertakings	<u><b>1,090</b></u>	<u><i>1,049</i></u>

**23. Financial instruments**

	<b>Group 2018 £000</b>	<i>Group 2017 £000</i>	<b>Company 2018 £000</b>	<i>Company 2017 £000</i>
<b>Financial assets</b>				
Financial assets measured at fair value through profit or loss	<b>4,216</b>	<i>6,927</i>	<b>132</b>	<i>125</i>
Financial assets measured at amortised cost	<b>7,292</b>	<i>9,071</i>	<b>-</b>	<i>-</i>
	<u><b>11,508</b></u>	<u><i>15,998</i></u>	<u><b>132</b></u>	<u><i>125</i></u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	<b>(4,698)</b>	<i>(6,142)</i>	<b>(36)</b>	<i>(31)</i>

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.

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**24. Deferred taxation**

**Group**

	<b>2018 £000</b>
At beginning of year	(84)
Charged to profit or loss	(59)
Arising on business combinations	(383)
<b>At end of year</b>	<b>(526)</b>

	<b>Group 2018 £000</b>	<b>Group 2017 £000</b>
Accelerated capital allowances	(526)	(84)
	<b>(526)</b>	<b>(84)</b>

**25. Share capital**

	<b>2018 £000</b>	<b>2017 £000</b>
<b>Allotted, called up and fully paid</b>		
10,000,001 (2017: 10,000,000) Ordinary shares of £1.00 each	<b>10,000</b>	<b>10,000</b>

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

On 31 December 2018, the company issued one ordinary £1 share for a consideration of £45,633,623.

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**26. 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.

**Other reserves**

This represents a legal reserve which is required to be maintained within Bourns Electronics (Taiwan) Limited to maintain compliance with Company Law.

**Other reserves arising on consolidation**

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

**Profit and loss account**

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



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**27. Pension commitments**

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 2018.

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

Reconciliation of present value of plan liabilities:

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
<b>Reconciliation of present value of plan liabilities</b>		
At the beginning of the year	<b>9,215</b>	<b>8,808</b>
Interest cost	<b>91</b>	<b>116</b>
Actuarial gains/losses	<b>180</b>	<b>411</b>
Benefits paid	<b>(125)</b>	<b>(225)</b>
Past service cost	<b>107</b>	<b>105</b>
Foreign exchange movement	<b>458</b>	<b>-</b>
<b>At the end of the year</b>	<b>9,926</b>	<b>9,215</b>

Reconciliation of present value of plan assets:

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
At the beginning of the year	<b>4,922</b>	<b>4,582</b>
Interest income	<b>203</b>	<b>43</b>
Contributions	<b>2,323</b>	<b>522</b>
Benefits paid	<b>(125)</b>	<b>(225)</b>
Foreign exchange movement	<b>78</b>	<b>-</b>
<b>At the end of the year</b>	<b>7,401</b>	<b>4,922</b>

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Fair value of plan assets	<b>7,401</b>	<b>4,922</b>
Present value of plan liabilities	<b>(9,926)</b>	<b>(9,215)</b>
<b>Net pension scheme liability</b>	<b>(2,525)</b>	<b>(4,293)</b>

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**27. Pension commitments (continued)**

The amounts recognised in profit or loss are as follows:

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Current service cost	<b>(107)</b>	<b>(105)</b>
Net finance income/(cost)	<b>112</b>	<b>(72)</b>
<b>Total</b>	<b>5</b>	<b>(177)</b>

The cumulative amount of actuarial gains and losses recognised in the Consolidated Statement of Comprehensive Income was £(591k) (2017 - £(411k)).

The Group expects to contribute £584k to its Defined Benefit Pension Scheme in 2019.

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):

	<b>2018</b>	<b>2017</b>
	<b>%</b>	<b>%</b>
Discount rate	<b>0.9</b>	<b>1.4</b>
Future salary increases	<b>2.5</b>	<b>2.5</b>
Inflation assumption	<b>1.5</b>	<b>1.75</b>

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

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**28. Commitments under operating leases**

At 31 December 2018 the group had future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group 2018 £000</b>	<b>Group 2017 £000</b>
<b>Land and buildings</b>		
Not later than 1 year	<b>408</b>	<b>390</b>
Later than 1 year and not later than 5 years	<b>1,632</b>	<b>1,560</b>
Later than 5 years	<b>5,202</b>	<b>5,363</b>
	<b>7,242</b>	<b>7,313</b>

	<b>Group 2018 £000</b>	<b>Group 2017 £000</b>
Not later than 1 year	<b>118</b>	<b>112</b>
Later than 1 year and not later than 5 years	<b>131</b>	<b>228</b>
	<b>249</b>	<b>340</b>

At 31 December 2018 and 31 December 2017 the company had no future minimum lease payments under non cancellable operating leases.

**29. Acquisition of Bourns Electronics Taiwan Limited**

On 31 December 2018, the group acquired 100% of the shares of Bourns Electronics (Taiwan), Ltd and therefore all of the business assets of Bourns Electronics (Taiwan), Ltd.

**30. 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.

**31. 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.