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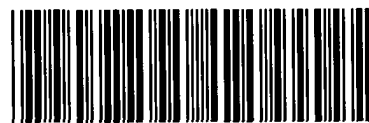
**BOURNS (UK) ACQUISITION LIMITED AND ITS SUBSIDIARY  
UNDERTAKINGS**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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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>	Steven Phelps
<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 2017**

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#### **Introduction**

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

#### **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 £24.9m (2016: £19.3m) and profit after tax was £1.9m (2016: £0.5m). The company declared and paid a dividend of £Nil (2016: £Nil).

#### **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.

#### **Financial key performance indicators**

1. Turnover is a key measure of the group's performance. Sales for the year were £24.9m (2016: £19.3m).
2. Overall profitability is a key indicator of the group's performance. The profit before tax for the financial year was £2.4m (2016: £0.6m).
3. Working capital management is seen as an important target for the business. At the year end, the net current asset level was £6.5m (2016: £5.6m).
4. Net worth is seen as an important target for the business. At the year end the level of shareholders' funds was £10.4m (2016: £8.5m).

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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 2017

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#### 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 9.7 weeks through 2017, and on time delivery, one of the group's KPIs has averaged around 83% for much of the year caused by a surge in marketing demand, as a consequence we put in additional capacity, 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.

This report was approved by the board on *September 17, 2018* and signed on its behalf.



**L. Erik G. Meijer**  
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 2017**

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

#### **Results and dividends**

The profit for the year, after taxation, amounted to £1,919 thousand (2016: £486 thousand).

The group has not recommended a dividend for the year (2016: £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 of the 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.

#### **Post balance sheet events**

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

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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 2017**

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**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 *September 17, 2018* and signed on its behalf.



**L. Erik G. Meijer**  
Director

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

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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 2017, 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 2017 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Who we are reporting to**

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.

#### **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.



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

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### **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 by 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.

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

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### **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.

*Grant Thornton UK LLP*

Gareth Norris FCA (Senior Statutory Auditor)

for and on behalf of

**Grant Thornton UK LLP**

Chartered Accountants

Statutory Auditor

Milton Keynes

Date: *26 September 2018*

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

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	<b>Note</b>	<b>2017 £000</b>	<b>2016 £000</b>
Turnover	4	<b>24,941</b>	19,338
Cost of sales		<b>(17,667)</b>	(14,144)
<b>Gross profit</b>		<b>7,274</b>	5,194
Administrative expenses		<b>(4,894)</b>	(4,601)
<b>Operating profit</b>	5	<b>2,380</b>	593
Interest receivable and similar income	8	-	1
Interest payable and expenses		<b>(4)</b>	-
<b>Profit before taxation</b>		<b>2,376</b>	594
Tax on profit	10	<b>(457)</b>	(108)
<b>Profit for the financial year</b>		<b>1,919</b>	486
<b>Profit for the year attributable to:</b>			
Owners of the parent company		<b>1,919</b>	486
		<b>1,919</b>	486

There was no other comprehensive income for 2017 (2016 : £Nil).

The notes on pages 14 to 32 form part of these financial statements.

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

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2017**

	Note	2017 £000	2016 £000
<b>Fixed assets</b>			
Intangible assets	11	-	-
Tangible assets	13	3,977	2,910
		<u>3,977</u>	<u>2,910</u>
<b>Current assets</b>			
Stocks	15	6,703	4,319
Debtors: amounts falling due after more than one year	16	329	-
Debtors: amounts falling due within one year	16	2,627	1,798
Cash at bank and in hand	17	836	1,180
		<u>10,495</u>	<u>7,297</u>
Creditors: amounts falling due within one year	18	(3,969)	(1,660)
<b>Net current assets</b>		<u>6,526</u>	<u>5,637</u>
<b>Total assets less current liabilities</b>		<u>10,503</u>	<u>8,547</u>
<b>Provisions for liabilities</b>			
Deferred taxation	20	(111)	(74)
		<u>(111)</u>	<u>(74)</u>
<b>Net assets excluding pension asset</b>		<u>10,392</u>	<u>8,473</u>
<b>Net assets</b>		<u>10,392</u>	<u>8,473</u>
<b>Capital and reserves</b>			
Called up share capital	21	10,000	10,000
Profit and loss account	22	392	(1,527)
<b>Equity attributable to owners of the parent company</b>		<u>10,392</u>	<u>8,473</u>

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

  
**Lars Erik G. Meijer**  
 Director

*September 17, 2018.*

The notes on pages 14 to 32 form part of these financial statements.

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

**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER 2017**

	Note	2017 £000	2016 £000
<b>Fixed assets</b>			
Investments	14	20,326	20,326
		<u>20,326</u>	<u>20,326</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	16	-	3
Cash at bank and in hand	17	125	130
		<u>125</u>	<u>133</u>
Creditors: amounts falling due within one year	18	(33)	(31)
<b>Net current assets</b>		<u>92</u>	<u>102</u>
<b>Total assets less current liabilities</b>		<u>20,418</u>	<u>20,428</u>
<b>Net assets excluding pension asset</b>		<u>20,418</u>	<u>20,428</u>
<b>Net assets</b>		<u>20,418</u>	<u>20,428</u>
<b>Capital and reserves</b>			
Called up share capital	21	10,000	10,000
Profit and loss account brought forward		10,428	10,421
Loss/(profit) for the year		(10)	7
<b>Profit and loss account carried forward</b>		<u>10,418</u>	<u>10,428</u>
		<u>20,418</u>	<u>20,428</u>

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



**L. Erik G. Meijer**  
Director

*September 17, 2018.*

The notes on pages 14 to 32 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 2017**

	Share capital £000	Retained Earnings £000	Total equity £000
At 1 January 2017	10,000	(1,527)	8,473
<b>Comprehensive income for the year</b>			
Profit for the year	-	1,919	1,919
<b>Other comprehensive income for the year</b>	-	-	-
<b>Total comprehensive income for the year</b>	-	1,919	1,919
<b>Total transactions with owners</b>	-	-	-
<b>At 31 December 2017</b>	<b>10,000</b>	<b>392</b>	<b>10,392</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Share capital £000	Retained Earnings £000	Total equity £000
At 1 January 2016	10,000	(2,013)	7,987
<b>Comprehensive income for the year</b>			
Profit for the year	-	486	486
<b>Other comprehensive income for the year</b>	-	-	-
<b>Total comprehensive income for the year</b>	-	486	486
<b>Total transactions with owners</b>	-	-	-
<b>At 31 December 2016</b>	<b>10,000</b>	<b>(1,527)</b>	<b>8,473</b>

The notes on pages 14 to 32 form part of these financial statements.

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

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

	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)
<b>Other comprehensive income for the year</b>	-	-	-
<b>Total comprehensive income for the year</b>	-	(10)	(10)
<b>Total transactions with owners</b>	-	-	-
<b>At 31 December 2017</b>	<b>10,000</b>	<b>10,418</b>	<b>20,418</b>

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Share capital £000	Retained Earnings £000	Total equity £000
At 1 January 2016	10,000	10,421	20,421
<b>Comprehensive income for the year</b>			
Profit for the year	-	7	7
<b>Other comprehensive income for the year</b>	-	-	-
<b>Total comprehensive income for the year</b>	-	7	7
<b>Total transactions with owners</b>	-	-	-
<b>At 31 December 2016</b>	<b>10,000</b>	<b>10,428</b>	<b>20,428</b>

The notes on pages 14 to 32 form part of these financial statements.

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

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
<b>Cash flows from operating activities</b>		
Profit for the financial year	1,919	486
<b>Adjustments for:</b>		
Depreciation of tangible assets	579	606
Loss on disposal of tangible assets	(8)	-
(Increase) in stocks	(2,384)	(85)
Interest paid	4	-
Interest received	-	(1)
Taxation charge	457	108
(Increase) in debtors	(1,158)	(368)
Increase in creditors	1,957	138
Corporation tax (paid)	(68)	(165)
<b>Net cash generated from operating activities</b>	<b>1,298</b>	<b>719</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(1,739)	(880)
Sale of tangible fixed assets	101	-
Interest received	-	1
<b>Net cash from investing activities</b>	<b>(1,638)</b>	<b>(879)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(4)	-
<b>Net cash used in financing activities</b>	<b>(4)</b>	<b>-</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(344)</b>	<b>(160)</b>
Cash and cash equivalents at beginning of year	1,180	1,340
<b>Cash and cash equivalents at the end of year</b>	<b>836</b>	<b>1,180</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	836	1,180
	<b>836</b>	<b>1,180</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 2017**

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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:

##### **2.2 Basis of consolidation**

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

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.

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/

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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 2017**

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

### **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.

### **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.

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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 2017**

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#### **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:

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 within 'other operating income' 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.

##### **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.

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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 2017

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#### 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 instruments 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 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**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 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 2017**

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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.

**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.

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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 2017**

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

##### **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.

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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 2017**

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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 that unit.

Other key sources of estimation uncertainty:

#### Tangible fixed assets (see note 13)

Tangible fixed assets, other than investments 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 15)

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 2017**

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**4. Analysis of turnover**

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

	2017 £000	2016 £000
Sale of goods	24,941	19,338

Analysis of turnover by country of destination:

	2017 £000	2016 £000
United States of America	20,543	16,213
Europe	3,889	2,495
Rest of the world	509	630
	24,941	19,338

**5. Operating profit**

The operating profit is stated after charging:

	2017 £000	2016 £000
Research & development charged as an expense	140	104
Depreciation of tangible fixed assets	579	606
Exchange differences	474	458
Other operating lease rentals	721	796

**6. Auditor's remuneration**

	2017 £000	2016 £000
Fees payable to the group's auditor and its associates for the audit of the group's annual financial statements	37	35
<b>Fees payable to the group's auditor and its associates in respect of:</b>		
Other services supplied pursuant to such legislation	3	3
Other services relating to taxation	8	6
	11	9

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**7. Employees**

Staff costs were as follows:

	<b>Group 2017 £000</b>	<b>Group 2016 £000</b>
Wages and salaries	4,626	4,231
Social security costs	405	373
Cost of defined contribution scheme	240	232
	<u>5,271</u>	<u>4,836</u>

During the year, no directors received any emoluments (2016: £Nil).

Key management personnel do not receive any remuneration from the group (2016: £Nil).

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

	<b>2017 No.</b>	<b>2016 No.</b>
Manufacturing	127	109
Administration	16	14
	<u>143</u>	<u>123</u>

**8. Interest receivable**

	<b>2017 £000</b>	<b>2016 £000</b>
Other interest receivable	-	1
	<u>-</u>	<u>1</u>

**9. Interest payable and similar charges**

	<b>2017 £000</b>	<b>2016 £000</b>
Other interest payable	4	-
	<u>4</u>	<u>-</u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**10. Taxation**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
<b>Corporation tax</b>		
Current tax on profits for the year	<b>423</b>	<b>101</b>
Adjustments in respect of previous periods	<b>-</b>	<b>(12)</b>
	<b>423</b>	<b>89</b>
<b>Total current tax</b>	<b>423</b>	<b>89</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>34</b>	<b>19</b>
<b>Total deferred tax</b>	<b>34</b>	<b>19</b>
<b>Taxation on profit on ordinary activities</b>	<b>457</b>	<b>108</b>

**Factors affecting tax charge for the year**

The tax assessed for the year is the same as (2016: *higher than*) the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below:

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Profit on ordinary activities before tax	<b>2,376</b>	<b>594</b>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20%)	<b>457</b>	<b>119</b>
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	<b>2</b>	<b>1</b>
Adjustments to tax charge in respect of prior periods	<b>(2)</b>	<b>(12)</b>
<b>Total tax charge for the year</b>	<b>457</b>	<b>108</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 2017**

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**10. Taxation (continued)****Factors that may affect future tax charges**

In the current year, the main rate of UK corporation tax was 19.25% (2016: 20%). Reductions in the main rate of UK corporation tax from 20% to 19% for the year beginning 1 April 2017 and from 19% to 17% for the year beginning 1 April 2020 have 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.

**11. Intangible assets****Group**

	<b>Goodwill £000</b>
<b>Cost</b>	
At 1 January 2017	16,539
At 31 December 2017	<u>16,539</u>
<b>Amortisation</b>	
At 1 January 2017	16,539
Charge for the year	-
At 31 December 2017	<u>16,539</u>
<b>Net book value</b>	
At 31 December 2017	<u>-</u>
At 31 December 2016	<u>-</u>

**12. 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 thousand (2016: profit £7 thousand).

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**13. 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 2017	1,115	571	18,393	78	20,157
Additions	1,542	-	170	27	1,739
Disposals	(93)	-	-	(26)	(119)
Transfers between classes	(922)	-	922	-	-
At 31 December 2017	<u>1,642</u>	<u>571</u>	<u>19,485</u>	<u>79</u>	<u>21,777</u>
<b>Depreciation</b>					
At 1 January 2017	-	120	17,080	47	17,247
Charge for the year	-	19	544	16	579
Disposals	-	-	-	(26)	(26)
At 31 December 2017	<u>-</u>	<u>139</u>	<u>17,624</u>	<u>37</u>	<u>17,800</u>
<b>Net book value</b>					
At 31 December 2017	<u>1,642</u>	<u>432</u>	<u>1,861</u>	<u>42</u>	<u>3,977</u>
At 31 December 2016	<u>1,115</u>	<u>451</u>	<u>1,313</u>	<u>31</u>	<u>2,910</u>

# BOURNS (UK) ACQUISITION LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 14. Fixed asset investments

#### Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Bourns Limited	Ordinary	100 %	Provision of power semiconductor products
Bourns Electronics Limited	Ordinary	100 %	Agent for distribution of passive electronic components
Power Innovations Limited	Ordinary	100 %	Dormant

#### Company

	Investments in subsidiary companies £000
<b>Cost or valuation</b>	
At 1 January 2017	22,426
At 31 December 2017	22,426
<b>Impairment</b>	
At 1 January 2017	2,100
At 31 December 2017	2,100
<b>Net book value</b>	
At 31 December 2017	20,326
At 31 December 2016	20,326

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**15. Stocks**

	<b>Group 2017 £000</b>	<i>Group 2016 £000</i>	<b>Company 2017 £000</b>	<i>Company 2016 £000</i>
Raw materials and consumables	<b>3,509</b>	2,300	-	-
Work in progress (goods to be sold)	<b>720</b>	850	-	-
Finished goods and goods for resale	<b>2,474</b>	1,169	-	-
	<b>6,703</b>	4,319	-	-

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 £9,713k (2016: £7,694k).

**16. Debtors**

	<b>Group 2017 £000</b>	<i>Group 2016 £000</i>	<b>Company 2017 £000</b>	<i>Company 2016 £000</i>
<b>Due after more than one year</b>				
Other debtors	<b>329</b>	-	-	-
	<b>329</b>	-	-	-
<b>Due within one year</b>				
Trade debtors	<b>13</b>	-	-	-
Amounts owed by group undertakings	<b>1,931</b>	1,247	-	-
Other debtors	<b>125</b>	185	-	-
Prepayments and accrued income	<b>326</b>	198	-	-
Tax recoverable	<b>232</b>	168	-	-
Deferred taxation	-	-	-	3
	<b>2,627</b>	1,798	-	3

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**17. Cash and cash equivalents**

	<b>Group 2017 £000</b>	<i>Group 2016 £000</i>	<b>Company 2017 £000</b>	<i>Company 2016 £000</i>
Cash at bank and in hand	<b>836</b>	<i>1,180</i>	<b>125</b>	<i>130</i>

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

	<b>Group 2017 £000</b>	<i>Group 2016 £000</i>	<b>Company 2017 £000</b>	<i>Company 2016 £000</i>
Trade creditors	<b>909</b>	<i>1,063</i>	<b>-</b>	<i>-</i>
Amounts owed to group undertakings	<b>1,621</b>	<i>96</i>	<b>31</b>	<i>25</i>
Corporation tax	<b>346</b>	<i>56</i>	<b>-</b>	<i>-</i>
Other creditors	<b>95</b>	<i>28</i>	<b>-</b>	<i>-</i>
Accruals and deferred income	<b>998</b>	<i>417</i>	<b>2</b>	<i>6</i>
	<b>3,969</b>	<i>1,660</i>	<b>33</b>	<i>31</i>

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



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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**19. Financial instruments**

	<b>Group 2017 £000</b>	<b>Group 2016 £000</b>	<b>Company 2017 £000</b>	<b>Company 2016 £000</b>
<b>Financial assets</b>				
Financial assets measured at fair value through profit or loss	836	1,180	125	130
Financial assets that are debt instruments measured at amortised cost	2,398	1,432	-	-
	<u>3,234</u>	<u>2,612</u>	<u>125</u>	<u>130</u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	(2,560)	(1,187)	(31)	(25)

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.

**20. Deferred taxation**

**Group**

	<b>2017 £000</b>	<b>2016 £000</b>
At beginning of year	(74)	(55)
Charged to profit or loss	(37)	(19)
<b>At end of year</b>	<u>(111)</u>	<u>(74)</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 2017**

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**20. Deferred taxation (continued)**

**Company**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
At beginning of year	<b>3</b>	<b>5</b>
Charged to profit or loss	<b>(3)</b>	<b>(2)</b>
<b>At end of year</b>	<b>-</b>	<b>3</b>

The provision for deferred taxation is made up as follows:

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Accelerated capital allowances	<b>(111)</b>	<b>(74)</b>	<b>-</b>	<b>3</b>

**21. Share capital**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
10,000,000 Ordinary shares of £1 each	<b>10,000</b>	<b>10,000</b>

**22. Reserves**

**Profit and loss account**

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

**23. Pension commitments**

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £240,000 (2016: £232,000). Contributions totalling £30,294 (2016: £25,000) were payable to the fund at the balance sheet date.

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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 2017**

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**24. Commitments under operating leases**

At 31 December 2017 the group had future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group 2017 £000</b>	<i>Group 2016 £000</i>
Not later than 1 year	<b>560</b>	650
Later than 1 year and not later than 5 years	<b>2,328</b>	2,600
Later than 5 years	<b>2,799</b>	3,033
<b>Total - buildings</b>	<b>5,687</b>	6,283

	<b>Group 2017 £000</b>	<i>Group 2016 £000</i>
Not later than 1 year	<b>141</b>	146
Later than 1 year and not later than 5 years	-	125
<b>Total - other</b>	<b>141</b>	271

At 31 December 2017 and 31 December 2016 the company had no future minimum lease payments under non cancellable operating leases.

**25. 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.

**26. 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.